SKEENA RESOURCES LTD.

(an exploration stage enterprise)

Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2017 and 2016

(Unaudited - expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

NOTICE TO READERS

Under National Instrument 51-102, Part 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The condensed consolidated interim financial statements of Skeena Resources Limited (an exploration stage company) are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with Canadian generally accepted accounting principles 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 Company's independent auditors have not performed an audit or review of these condensed consolidated interim financial statements.

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

Vancouver, British Columbia
May 30, 2017

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

	Note	March 31, 2017	December 31, 2016
ASSETS			
Current			
Cash and cash equivalents		$ 1,209,591	$ 2,617,268
Receivables		666,740	738,877
Prepaid expenses		200,295	220,713
		2,076,626	3,576,858
Deposits		483,993	483,993
Exploration and evaluation interests	5	18,041,014	18,041,014
Equipment	6	167,973	196,629
		$ 20,769,606	$ 22,298,494
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	$ 1,187,529	$ 1,450,684
Flow-through share premium liability	9	30,677	121,617
		1,218,206	1,572,301
Provision for closure and reclamation	10	408,945	432,301
		1,627,151	2,004,602
SHAREHOLDERS' EQUITY			
Capital stock	8	60,241,924	60,241,924
Reserves	8	9,287,979	8,610,320
Deficit		(50,387,448)	(48,558,352)
		19,142,455	20,293,892
		$ 20,769,606	$ 22,298,494

GOING CONCERN (NOTE 1)
SUBSEQUENT EVENTS (NOTE 12)

ON BEHALF OF THE BOARD OF DIRECTORS:

signed "Peter Tredger"
Director

signed "Ronald K. Netolitzky"
Director

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

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

	Note		For the three months ended March 31 **2017**		2016
ADMINISTRATIVE EXPENSES					
Exploration and evaluation	5	$	815,783	$	269,290
Share-based payments	8		594,661		--
Consulting	7		115,136		107,901
Investor relations			107,636		184,485
Professional fees			8,894		34,366
Travel			30,900		50,266
Transfer agent and listing fees			20,391		16,321
Office and administration			36,303		21,250
Rent and other			54,439		38,764
Property research			39,830		91,420
Shareholder communications			8,903		10,795
Wages			57,168		29,247
Foreign exchange (gain) loss			(406)		3,015
Flow-through share premium recovery			(90,940)		(62,144)
Interest expense (income)			707		(5,756)
Amortization			29,691		1,986
Net loss and comprehensive loss for the year		$	(1,829,096)	$	(791,206)
Loss per share		$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding			535,877,707		163,375,428

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

SKEENA RESOURCES LIMITED

(an exploration stage enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - expressed in Canadian dollars)

	Capital Stock		Reserves				Total Shareholders' Equity
	Shares	Amount	Options	Warrants	Total Reserves	Deficit	
Balance at December 31, 2015	325,401,172	40,956,304	3,061,859	1,356,018	4,417,877	(35,006,873)	10,367,308
Share issue costs	-	(61,035)	-	-	-	-	(61,035)
Loss for the three months	-	-	-	-	-	(791,206)	(791,206)
Balance at March 31, 2016	325,401,172	40,895,269	3,061,859	1,356,018	4,417,877	(35,798,079)	9,515,067
Balance at December 31, 2016	535,877,707	60,241,924	5,875,106	2,735,214	8,610,320	(48,558,352)	20,293,892
Share issue costs	-	-	677,659	-	677,659	-	677,659
Loss for the three months	-	-	-	-	-	(1,829,096)	(1,829,096)
Balance at March 31, 2017	535,877,707	$ 60,241,924	$ 6,552,765	$ 2,735,214	$ 9,287,979	$ (50,387,448)	$ 19,142,455

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

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

	For the three months ended March 31	
	2017	**2016**
OPERATING ACTIVITIES		
Loss for the period	$ (1,829,096)	$ (791,206)
Items not effecting cash		
Amortization	29,691	1,986
Accretion of reclamation liability	2,369	-
Share-based payments	677,659	-
Flow-through recovery	(90,940)	(62,144)
Changes in non-cash working capital		
Receivables	72,137	310,420
Prepaid expenses	20,418	7,811
Accounts payable and accrued liabilities	(239,065)	(212,367)
Net cash used in operating activities	(1,356,827)	(745,500)
FINANCING ACTIVITIES		
Share issuance costs	-	(61,035)
Net cash used in financing activities	-	(61,035)
INVESTING ACTIVITIES		
Reclamation costs paid	(25,725)	-
Purchase of equipment	(25,125)	-
Net cash (used in) investing activities	(50,850)	-
Change in cash during the period	(1,407,677)	(806,535)
Cash, beginning of the period	2,617,268	3,557,252
Cash, end of the period	$ 1,209,591	$ 2,750,717

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

(Unaudited - expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Skeena Resources Limited (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 condensed consolidated interim 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 limited cash resources, has incurred significant operating losses and negative cash flows from operations in the past, and will require additional funding in order to continue operations. While the Company has been successful in obtaining funding in the past, through the issuance of additional equity and non-arm's length loans, there is no assurance that such 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.

		March 31, 2017		December 31, 2016
Working capital	**$**	**858,420**	$	2,004,557
Deficit	**$**	**(50,387,448)**	$	(48,558,352)

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting,* are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared using the accounting policies as set out in the audited annual financial statements for the year ended December 31, 2016, with the adoption of updated policies described in Note 3. The disclosures which follow do not include all disclosures required for the annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements and notes thereon for the year ended December 31, 2016.

The Board of Directors approved these condensed consolidated interim financial statements on May 30, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of measurement

These consolidated financial statements have been prepared on an historical cost basis. 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.

Significant accounting estimates and judgments

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

These consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Seeker Resources Corp. ("Seeker"), a British Columbia corporation, and Skeena Mexico S.A. de C.V. ("Skeena Mexico"), a Mexican corporation. All significant intercompany balances and transactions have been eliminated.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

Several amendments to existing accounting standards have been adopted effective January 1, 2017.

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 addition of these amendments has not had a material impact on the 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, the company anticipates that this change will have no impact on the financial statements. This standard is effective for annual reporting periods beginning on or after January 1, 2017.
IFRS 9 Financial Instruments

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

Accounting standards issued and effective January 1, 2018

A finalized version of IFRS 9 *Financial Instruments*, which contains accounting requirements for financial instruments, replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements for classification and measurement of financial liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from IAS 39. The Company is in the process of determining the impact of IFRS 9 on its financial statements.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

Accounting standards issued and effective January 1, 2019

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 16 on its financial statements. 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.

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. The Company classifies its financial instruments as follows: cash is classified as FVTPL; receivables and deposits are classified as loans and receivables; and accounts payable and accrued liabilities and exploration advances, if any, as other financial liabilities. The carrying values of these instruments approximate their fair values due to their short term to maturity.

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company manages credit risk, in respect of cash, by placing its cash with major Canadian financial institutions. Management believes that credit risk with respect to receivables is minimal, as the majority consists of amounts due from Canadian governmental agencies.

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 March 31, 2017.

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 March 31, 2017, the Company is not exposed to significant market risk.

5. 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 property consists of one mining lease, holding the former Snip gold mine, and four mineral tenures totalling approximately 1,932 hectares. Under the terms of the option agreement, 2,000,000 common shares were issued to the vendor on April 7, 2016, and a further 1,250,000 shares will be issued as the final condition to complete the exercise of the option. Pursuant to the agreement, a work commitment of $500,000 must be completed within the first 12 months and a work commitment of $1,500,000 must be completed within 30 months of signing the agreement. Both expenditure commitments have been met. In addition, Barrick retains either a 1% net smelter return royalty (“NSR”) on the property, or, subject to Skeena delineating in excess of 2 million ounces of gold, Barrick may instead exercise the 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 the property, following which the parties would form a joint venture and Barrick would relinquish its 1% NSR.

Spectrum Property, British Columbia, Canada

On October 27, 2014, the Company acquired a 100% interest in the Spectrum Property in exchange for 80,000,000 common shares valued at $6,000,000 and an interest-free promissory note in the amount of $700,000. The total acquisition cost for the Spectrum Property amounted to $6,862,175, which includes capitalized legal fees of $162,175.

In June 2015, the Company entered into a letter of intent with Eros Resources Corp. (“Eros”) whereby Eros may earn an 8.7% interest in the Spectrum property by spending $1,500,000 (spent) on exploration. The agreement contained exclusivity terms, and a conversion option. The funds were to be used exclusively for exploration activities that qualify as eligible Canadian Exploration Expenditures (“CEE”). Upon completion of the earn-in the parties were to negotiate a joint venture agreement, whereby the Company would continue to be the operator and Eros would contribute its proportionate share of funding to maintain its 8.7% interest in the property. Under the term of the agreement, since the Company and Skeena did not negotiate a joint venture agreement, the 8.7% interest was converted to 25,000,000 common shares of the Company, with a fair value of $2,000,000 in April 2016.

GJ Property, British Columbia, Canada

On November 4, 2015, the Company acquired a 100% interest in the GJ Property in exchange for cash consideration of $500,000 and 12,947,538 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 in year two, shares valued at $1,500,000 on or before the end of year five 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.

An environmental bond of $103,000 has been posted with the British Columbia Ministry of Energy, Mines and Petroleum Resources.

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.

5. EXPLORATION AND EVALUATIONS INTERESTS (Continued)

Prosperity – Porter Idaho – Silverado 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"), in exchange for 26,539,576 common shares of the Company, valued at $4,113,634. In addition, legal and property transfer costs of $184,624 were also capitalised as acquisition costs. 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 has treated this transaction as an asset acquisition.

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 exchange for 14,936,415 common shares of the Company. In addition, the Company issued 10 million warrants to three members of Sona management, in exchange for waiving their contractual severance requirements. Finally the Company also issued 779,438 common share purchase options (Note 8) to replace Sona options that were cancelled. The Company determined that Blackdome and Elizabeth were a group of assets that did not constitute a business, and so has treated this transaction as an asset acquisition. Sona's primary assets are the past-producing Blackdome gold mine and related infrastructure, and an option to earn a 100% interest in the adjoining Elizabeth property which is considered prospective for gold. In addition, $12 million in Canadian corporate income tax loss carry forwards were also acquired. Due to the age and condition of the related infrastructure, including a mill, mobile equipment and a camp, it was assigned zero value as part of the acquisition. As a result, the purchase price allocated to intangible exploration and evaluation interests increased to $4,630,015. Other assets and liabilities acquired in the transaction include cash and receivables ($20,279), bonds placed with the BC Ministry of Energy and Mines as security over reclamation obligations ($97,993), a provision for closure and reclamation ($430,301), and accounts payable and accrued liabilities ($692,821). A legal dispute against Sona by the vendors of the Elizabeth property, alleging non-performance under the option agreements, is currently being adjudicated before the Supreme Court and is being vigorously defended by Skeena. As a result, none of the total purchase consideration of $3,428,165 was allocated to the Elizabeth property.

Tropico Property, Mexico

In September 2010, the Company acquired a 100% interest in, and clear title to, the Tropico Property, in consideration for 800,000 common shares of the Company, valued at $400,000, and warrants exercisable to acquire an additional 800,000 common shares (expired), from Anthem Resources Incorporated, Almaden Minerals Corp. and Minera Cascabel S.A. de C.V. The total acquisition cost for the Tropico Property amounted to $686,784. Mining concession fees due twice a year from January 31, 2014 remain outstanding and are estimated to be $100,000 per year. Interest and penalties would also be assessed. The Company recognized an impairment loss of $686,784 against the Tropico mineral properties during the year ended December 31, 2014, which has written down the property to $nil. In addition, field equipment was written off.

(Unaudited - expressed in Canadian dollars)

5. EXPLORATION AND EVALUATIONS INTERESTS (Continued)

Exploration and evaluation interests assets

	Snip	Spectrum	GJ	Porter Idaho	Blackdome	Total
Total at Dec. 31, 2015	-	6,862,175	1,521,535	-	-	8,383,710
Share payments	190,000	500,000	-	4,113,634	2,091,098	6,894,732
Options & warrants	-	-	-	-	1,212,147	1,212,147
Assumption of liabilities	-	-	-	-	1,201,851	1,201,851
Costs	34,030	-	5,000	184,624	124,920	348,574
Total at Dec. 31, 2016 and Mar. 31, 2017	$ 224,030	$ 7,362,175	$ 1,526,535	$ 4,298,258	$ 4,630,016	$ 18,041,014

Exploration and evaluation expenses

2017	**Blackdome**	**Porter Idaho**	**Spectrum**	**GJ**	**Snip**	**Total**
Claim renewals and permits	$ 10,029	$ 927	$ 30	$ 100	$ 14,011	$ 25,097
Fieldwork, camp support and local office	-		3,773	6,056	993	10,822
Assays and analysis/storage	-	161	6,306	3,881	3,478	13,826
Community relations	-	-	14,515	14,558	11,724	40,797
Environmental studies	2,801	-	13,153	24,812	15,794	56,560
Geology, geophysics, and geochemical	6,088	6,428	158,745	186,183	114,585	472,029
Metallurgy	-	-	56,827	56,827	-	113,654
Share based payments	-	-	27,666	27,666	27,666	82,998
Total for the three months ended March 31, 2017	$ 18,918	$ 7,516	$ 281,015	$ 320,083	$188,251	$815,783

2016	**Blackdome**	**Porter Idaho**	**Spectrum**	**GJ**	**Tropico**	**Total**
Claim renewals and permits	$ -	$ -	$ 3,114	$ 6,100	$ -	9,214
Fieldwork, camp support and local office	-	-	4,572	-	1,920	6,492
Assays & analysis/storage	-	-	13,051	3,354	-	16,405
Community relations	-	-	5,053	1,800	-	6,853
Environmental studies	-	-	20,936	-	-	20,936
Geology, geophysics, and geochemical	-	-	170,850	38,540	-	209,390
Total for the three months ended March 31, 2016	$ -	$ -	$ 217,576	$ 49,794	$ 1,920	$269,290

(Unaudited - expressed in Canadian dollars)

6. EQUIPMENT

Cost	Computer Software	Computer Equipment	Field Equipment	Office Equipment	Total
Balance, December 31, 2015	$ -	$ 16,046	$ 2,893	$ 63,411	$ 82,350
Additions	30,537	9,596	86,040	32,205	158,378
Balance, December 31, 2016	30,537	25,642	88,933	95,616	240,728
Additions	-	1,035	-	-	1,035
Balance, March 31, 2017	**$ 30,537**	**$ 26,677**	**$ 88,933**	**$ 95,616**	**$ 241,763**
Accumulated Amortization					
Balance, December 31, 2015	$ -	$ 2,862	$ 291	$ 6,341	$ 9,494
Amortization	8,284	5,043	6,817	14,461	34,605
Balance, December 31, 2016	8,284	7,905	7,108	20,802	44,099
Amortization	11,522	2,324	9,872	5,973	29,691
Balance, March 31, 2017	**$ 19,806**	**$ 10,229**	**$ 16,980**	**$ 26,775**	**$ 73,790**
Carrying Value					
Balance, December 31, 2016	$ 22,253	$ 17,737	$ 81,825	$ 74,814	$ 196,629
Balance, March 31, 2017	**$ 10,731**	**$ 16,448**	**$ 71,953**	**$ 68,841**	**$ 167,973**

7. 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 periods is as follows:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Director remuneration[1]	$ 19,500	$ 15,000
Officer remuneration[1]	$ 180,362	$ 118,899
Share-based payments	$ 611,353	$ -

[1] Remuneration consists exclusively of salaries, bonuses, health benefits, if applicable, and consulting 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 three months ended March 31, 2017 and 2016.

7. RELATED PARTY TRANSACTIONS (CONTINUED)

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at March 31, 2017 is $34,695 (December 31, 2016 - $82,105) due to directors or officers or companies with common directors or officers. These amounts owed are in relation to key management compensation noted above.

Loans

In 2016, the Company received an exploration advance of $1,500,000 from Eros. As further described in Note 5, Spectrum property, Eros earned an 8.7% interest in the Spectrum property, which was subsequently converted to 25,000,000 common shares of the Company, on April 21, 2016. The Company and Eros share two common directors and one officer.

8. CAPITAL STOCK AND RESERVES

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

Private placements

On several dates from June 29, 2016, to July 22, 2016, the Company raised gross proceeds of $9,372,291 by closing a private-placement financing in multiple tranches, issuing an aggregate 107,982,690 units consisting of 30,569,848 Flow Through ("FT") Units at a price of $0.104 per share and 77,412,842 Non-Flow Through ("NFT") Units at a price of $0.08 per share. Each NFT Unit consists of one non-flow through common share and one half of a non-flow through warrant. Each FT Unit consists of one flow through common share and one half of a non-flow through warrant. Each whole warrant will be exercisable into one non-flow through common share for a period of three years from closing at a price of $0.12 in the first year, $0.14 in the second year and $0.16 in the third year. Finders fees of $542,780 were paid in cash and 4,110,183 finders warrants were issued in conjunction with the financing. Finders warrants are exercisable at $0.10 for a period of two years from the date of issuance.

On December 23, 2016, the Company issued an aggregate 8,107,777 flow-through common shares at $0.09 per share for gross proceeds of $729,700. The Company paid a total of $53,618 in share issuance costs.

Acquisition offers

On September 15, 2016, the Company announced that it had completed the acquisition of all of the issued and outstanding common shares of Sona Resources Corp. ("Sona"), in exchange for 14,936,415 common shares of the Company (Note 5, "Blackdome property"). Holders of options to acquire common shares of Sona ("Sona Options") exchanged their 1,524,991 Sona Options for 779,438 options to acquire shares in the Company ("Skeena Options") at an exercise price of $1.1744. Expiry dates were not changed. In addition, Skeena settled approximately $1 million of Sona's related-party accounts payable, in respect of wages due to Executive Officers of Sona, by the issuance of 10,000,000 non-transferable Skeena share purchase warrants exercisable for a period of three years at $0.10 per share.

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"), in exchange for 26,539,576 common shares of the Company. (Note 5 *Prosperity – Porter Idaho – Silverado property*)

8. CAPITAL STOCK AND RESERVES (CONTINUED)

Escrow shares

Under the policies of the TSX Venture Exchange (the “Exchange”), an aggregate 99,018,452 common shares, 400,000 incentive stock options and 200,000 warrants to purchase common shares held by insiders of the Company were deposited with Computershare Investor Services Inc. as escrow agent to be released over a 36 month period. On May 9, 2016, the Company commenced trading as a Tier 1 issuer on the TSX-Venture Exchange. As a result, all of the shares remaining in escrow were released from escrow. Those shares subject to the pooling agreement were to be forwarded to the pooling agent.

The common shares held by Eilat Exploration Ltd. ("Eilat") and Keewatin Consultants (2002) Inc. ("Keewatin") were subject to a pooling agreement that included a voting trust over such shares, which was controlled by the Company’s chairman. Throughout the pooling period, the Company retained a right-of-first-offer to find a purchaser, at the prevailing volume-weighted average price on the Exchange, with respect to sales of blocks of common shares having a value of more than $250,000. After many attempts, Eilat was successful in having the pooling agreement set aside by a court of law.

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.

Share-based payments

On June 23, 2016, the Company granted 20,000,000 stock options to directors, officers, employees and consultants, exercisable at $0.10 per option until June 23, 2021. The options were valued using the Black-Scholes option pricing model and have a fair value of $1,458,915. 500,000 of the stock options are subject to vesting over one year with the balance vesting immediately.

On July 25, 2016, the Company granted 10,000,000 stock options to directors, officers, employees and consultants, exercisable at $0.15 per option until July 25, 2021. The options were valued using the Black-Scholes option pricing model and have a fair value of $1,306,629. 200,000 of the stock options are subject to vesting over one year with the balance vesting immediately.

On September 15, 2016, as part of the acquisition of Sona, the Company granted 779,438 stock options to consultants, exercisable at $1.1744 with various lives (weighted average remaining life of 4.083 years at Sept 30, 2016). These options were issued to replace Sona options that were cancelled. The options were valued using the Black-Scholes option pricing model and have a fair value of $80,491.

On January 31, 2017, the Company granted 8,300,000 stock options to directors, officers, employees and consultants, exercisable at $0.10 per option until January 31, 2022. The options were valued using the Black-Scholes option pricing model and have a fair value of $672,083. 75,000 of the stock options are subject to vesting over one year with the balance vesting immediately.

(Unaudited - expressed in Canadian dollars)

8. 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.

	2017	2016
Expected life	5.0 yrs	3.8 to 5.0 yrs
Annualized volatility	135%	139%
Dividend rate	0.00%	0.00%
Fair value of a share at grant date	$0.095	$0.085, $0.15 & $0.17
Risk-free interest rate	1.11%	0.59% - 0.75%

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

	Warrants		Stock Options	
	Number	Weighted Average Exercise	Number	Weighted Average Exercise
Outstanding, December 31, 2015	40,397,000	$ 0.10	14,700,000	$ 0.10
Expired	(14,486,923)	$ 0.10	(200,000)	$ 0.10
Exercised	(25,910,077)	$ 0.10	-	$ 0.10
Issued/granted	68,101,528	$ 0.11	30,779,438	$ 0.14
Outstanding, December 31, 2016	68,101,528	$ 0.11	45,279,438	$ 0.13
Issued/granted	-	-	8,300,000	$ 0.10
Outstanding, March 31, 2017	68,101,528	$ 0.11	53,579,438	$ 0.12
Number exercisable, March 31, 2017	68,101,528	$ 0.11	53,298,188	$ 0.10

The weighted average remaining contractual life of the stock options is 3.89 years (March 31, 2016 - 3.61 years).

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

	Number	Exercise Price	Expiry Date
Options	13,900,000	$ 0.10	November 6, 2019
	600,000	$ 0.10	January 29, 2020
	20,000,000	$ 0.10	June 23, 2021
	10,000,000	$ 0.15	July 25, 2021
	779,438	$ 1.17	Various – approx. 3.6 years left.
	8,300,000	$ 0.10	January 31, 2022
	53,579,438	$ 0.12	
Warrants	4,110,183	$ 0.08	June 29, 2018
	53,991,345	$ 0.12*	June 29 to July 22, 2019
	10,000,000	$ 0.10	September 15, 2019
	68,101,528	$ 0.11	

*$0.12 in year one, $0.14 in year two, $0.16 in year three.

(Unaudited - expressed in Canadian dollars)

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

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

Balance at December 31, 2015	$	358,264
Flow-through share premium liability		855,294
Settlement of flow-through share premium liability pursuant to qualified expenditures		(1,091,941)
Balance at December 31, 2016		121,617
Settlement of flow-through share premium liability pursuant to qualified expenditures		(90,940)
Balance at March 31, 2017	$	30,677

As a result of the issuances of flow-through shares on June 2, 2015 and November 6, 2015, the Company committed to incurring $7,220,500 in qualifying Canadian exploration expenditures on or before December 31, 2016, which it has satisfied.

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 March 31, 2017, the remaining commitment was $185,000.

10. PROVISION FOR CLOSURE AND RECLAMATION

The following is a continuity schedule of the provision for closure and reclamation related to the Blackdome mine:

Balance at September 15, 2016	$	430,301
Accretion		2,000
Balance at December 31, 2016		432,301
Accretion		2,369
Closure and reclamation costs paid in the period		(25,725)
	$	408,945

After acquiring the past-producing Blackdome Mine on September 15, 2016, the Company began gathering information in order to enable it to estimate the present value of its future closure and reclamation obligation. As this information-gathering exercise is underway, the estimate of the closure and reclamation obligation is subject to additional uncertainty in both timing and amount of expenditures that may be required.

At its active exploration sites, the Company fulfils its 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 Companies other properties. Management will continue to assess the provision for closure and reclamation as future exploration activity is undertaken.

11. 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, 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, 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 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.

12. SUBSEQUENT EVENTS

On April 28, 2017, the Company provided Barrick with notice of exercise of the Snip option. The Companies will now work together to have title transferred, following which the Company will issue to Barrick the final share payment of 1,250,000 shares (Note 5 - Snip Property).