SKEENA RESOURCES LTD.

(an exploration stage enterprise)

Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 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."

Walter Coles, Jr.
CEO

"Andrew MacRitchie"

Andrew MacRitchie
Chief Financial Officer

Vancouver, British Columbia
November 24, 2017

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

	Note	September 30, 2017	December 31, 2016
ASSETS			
Current			
Cash and cash equivalents		$ 986,493	$ 2,617,268
Receivables		832,161	738,877
Prepaid expenses		415,302	220,713
		2,233,956	3,576,858
Deposits		2,046,993	483,993
Exploration and evaluation interests	5	18,097,264	18,041,014
Equipment	6	543,156	196,629
		$ 22,921,369	$ 22,298,494
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	$ 2,810,831	$ 1,450,684
Flow-through share premium liability	9	343,129	121,617
		3,153,960	1,572,301
Provision for closure and reclamation	10	375,635	432,301
		3,529,595	2,004,602
SHAREHOLDERS' EQUITY			
Capital stock	8	65,158,922	60,241,924
Reserves	8	9,299,442	8,610,320
Deficit		(55,066,590)	(48,558,352)
		19,391,774	20,293,892
		$ 22,921,369	$ 22,298,494

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

ON BEHALF OF THE BOARD OF DIRECTORS:

signed "Don Siemens"	*signed "Ronald K. Netolitzky"*
Director	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 September 30		For the nine months ended September 30	
		2017	2016	**2017**	2016
ADMINISTRATIVE EXPENSES					
Exploration and evaluation	5	$ 2,617,241	$ 5,986,029	$ 4,419,827	$ 7,687,199
Share-based payments	8	-	1,084,909	606,123	2,245,440
Investor relations		203,092	227,647	442,873	583,968
Consulting	7	101,295	212,346	392,639	493,067
Rent and administration		53,173	54,272	171,584	142,050
Wages		53,124	46,226	165,961	106,306
Professional fees		4,152	338,868	127,024	480,486
Office expenses		23,491	37,954	90,708	85,929
Travel		15,525	54,145	71,756	141,889
Property research		242	206,591	60,175	345,951
Transfer agent and listing fees		2,893	32,403	30,646	61,600
Shareholder communications		205	480	9,750	11,863
Foreign exchange loss (gain)		(6,185)	(2,026)	(1,502)	2,221
Flow-through share premium recovery		(30,255)	(768,627)	(151,873)	(1,091,941)
Loss on loan conversion	4, 7	-	-	-	375,000
Interest income		(24,675)	(8,393)	(27,343)	(18,633)
Amortization		48,364	8,277	99,890	16,418
Net loss and comprehensive loss for the period		$ (3,061,682)	$ (7,511,101)	$ (6,508,238)	$ (11,668,813)
Loss per share		$ (0.05)	$ (0.16)	$ (0.11)	$ (0.31)
Weighted average number of common shares outstanding	8	64,435,032	46,235,844	57,912,552	37,852,605

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'
	Shares	Amount	Options	Warrants	Total Reserves	Deficit	Equity
Balance at December 31, 2015	32,540,117	$ 40,956,304	$ 3,061,859	$ 1,356,018	$ 4,417,877	$ (35,006,873)	$ 10,367,308
Acquisition of Sona	1,493,642	2,091,098	80,491	1,131,656	1,212,147	-	3,303,245
Acquisition of Mt. Rainey	2,653,958	4,113,634	-	-	-	-	4,113,634
Property option payment	200,000	190,000	-	-	-	-	190,000
Conversion of loan	2,500,000	1,875,000	-	-	-	-	1,875,000
Private placement	10,798,269	8,060,456	-	-	-	-	8,060,456
Share issue costs	-	(247,540)	-	247,540	247,540	-	-
Warrant exercises	1,924,407	1,924,407	-	-	-	-	1,924,407
Option vesting	-	-	2,717,105	-	2,717,105	-	2,717,105
Loss for the nine months	-	-	-	-	-	(11,668,813)	(11,668,813)
Balance at Sept. 30, 2016	52,110,393	$ 58,963,359	$ 5,859,455	$ 2,735,214	$ 8,594,669	$ (46,675,686)	$ 20,882,342
Balance at December 31, 2016	53,587,771	$ 60,241,924	$ 5,875,106	$ 2,735,214	$ 8,610,320	$ (48,558,352)	$ 20,293,892
Private placement	10,622,154	5,747,424	-	-	-	-	5,747,424
Share issue costs	125,925	(513,291)	-	-	-	-	(513,291)
Property option payment	125,000	56,250	-	-	-	-	56,250
Flow-through share premium	-	(373,385)	-	-	-	-	(373,385)
Option vesting	-	-	689,122	-	689,122	-	689,122
Loss for the nine months	-	-	-	-	-	(6,508,238)	(6,508,238)
Balance at Sept. 30, 2017	64,460,850	$ 65,158,922	$ 6,564,228	$ 2,735,214	$ 9,299,442	$ (55,066,590)	$ 19,391,774

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 nine months ended September 30	
	2017	**2016**
OPERATING ACTIVITIES		
Loss for the period	$ (6,508,238)	$ (11,668,813)
Items not effecting cash		
Amortization	99,890	16,418
Share-based payments	689,122	2,717,105
Flow-through share premium recovery	(151,873)	(1,091,941)
Loss on conversion of loan	-	375,000
Accretion or assumption of asset retirement obligation	7,107	233,771
Changes in non-cash working capital		
Receivables	(93,284)	8,518
Prepaid expenses	(194,589)	(32,946)
Accounts payable and accrued liabilities	1,422,680	2,293,166
Net cash used in operating activities	(4,729,185)	(7,149,722)
INVESTING ACTIVITIES		
Deposits	(1,563,000)	(60,000)
Purchase of equipment	(508,950)	(70,500)
Earn-in on exploration and evaluation interests	-	(691,325)
Reclamation	(63,773)	-
Net cash (used in) / from investing activities	(2,135,723)	(821,825)
FINANCING ACTIVITIES		
Proceeds from share issuances	5,234,133	10,592,040
Net cash from financing activities	5,234,133	10,592,040
Change in cash during the period	(1,630,775)	2,620,493
Cash, beginning of the period	2,617,268	3,557,252
Cash, end of the period	$ 986,493	$ 6,177,745

Supplemental non-cash information
In 2016, a loan of $1,500,000 was converted to 2,500,000 common shares with no impact on cash.

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, including subsequent to September 30, 2017 (Note 12), through the issuance of additional equity and borrowing from non-arm's length parties, 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.

		September 30, 2017		December 31, 2016
Working capital	**$**	**(920,004)**	$	2,004,557
Deficit	**$**	**(55,066,590)**	$	(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 Audit Committee of the Board of Directors approved these condensed consolidated interim financial statements on November 24, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of measurement

These condensed consolidated interim financial statements have been prepared on an historical cost basis, 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 integrated subsidiaries, Sona Resources Corp. ("Sona"), No. 75 Corporate Ventures Ltd., Mount Rainey Silver Inc., Seeker Resources Corp., each British Columbia corporations, Auric Resources Inc. and Golden Trend Resources Inc., each US Corporations, and Skeena Mexico S.A. de C.V. ("Skeena Mexico"), a Mexican corporation. All significant intercompany balances and transactions have been eliminated.

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.

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, this change had no impact on the financial statements.

Upcoming standards issued and effective in future years:

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

Effective beginning 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

Effective beginning 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 are expected to be different at the time of implementation of the new standard.

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 September 30, 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 September 30, 2017, the Company is not exposed to significant market risk.

5. EXPLORATION AND EVALUATION INTERESTS

Snip Property, British Columbia, Canada

On July 31, 2017, the Company acquired a 100% interest in the Snip past-producing 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, a work commitment of $2 million was completed, 200,000 common shares (valued at $190,000) were issued to the vendor in April of 2016, and a further 125,000 shares (valued at $56,250) were issued in July of 2017 as the final condition to complete the exercise of the option. Barrick has retained 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, within 12 months after notification, 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. An additional 3% NSR is payable on high grade gold extracted from ore containing at least 0.3 ounces per ton. This additional NSR is not payable on ore containing less than 0.3 ounces of gold per ton, as mined from any distinct section of the Snip mine. An environmental bond of $1,542,000 has been posted with the British Columbia Ministry of Energy, Mines and Petroleum Resources in relation to the Snip property.

Spectrum Property, British Columbia, Canada

On October 27, 2014, the Company acquired a 100% interest in the Spectrum Property in exchange for 8,000,000 common shares valued at $6,000,000 and an interest-free promissory note in the amount of $700,000. Skeena's interest in Spectrum is subject to a 1.75% NSR. The total acquisition cost for the Spectrum Property amounted to $6,862,175, which includes capitalized legal fees of $162,175.

In 2015, Eros Resources Corp. ("Eros") earned an 8.7% interest in the Spectrum property by spending $1,500,000 on exploring the property. In April 2016, the 8.7% interest was converted to 2,500,000 common shares of the Company, with a fair value of $2,000,000.

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 1,294,754 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 (issued on November 7, 2017), 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 for the acquisition of the GJ Property were capitalized. The majority of claims that constitute GJ are subject to three different royalties varying from 1% to 3%. In each case the royalty may be halved by making a payment of $500,000, $1,000,000 or $2,000,000. A total of 5 mineral claims at GJ are subject to no royalty whatsoever. An environmental bond of $103,000 has been posted with the British Columbia Ministry of Energy, Mines and Petroleum Resources in relation to the GJ property.

5. EXPLORATION AND EVALUATIONS INTERESTS (Continued)

Prosperity – Porter Idaho – Silverado property, British Columbia, Canada

On September 22, 2016, the Company acquired all of the issued and outstanding common shares of Mount Rainey Silver Inc. ("Mount Rainey"), in exchange for 2,653,958 common shares of the Company, valued at $4,113,634. 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 treated this acquisition as an asset acquisition.

Blackdome Property, British Columbia, Canada

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. In addition, the Company issued 1 million warrants to three members of Sona management, in exchange for their waiving their contractual severance requirements. Finally the Company also issued 77,944 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, was adjudicated before the Supreme Court who dismissed the claims on July 28, 2017; 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 Company will continue to defend the Elizabeth option agreement in court.

Tropico Property, Mexico

In September 2010, the Company acquired a 100% interest in, and clear title to, the Tropico Property, in consideration for 80,000 common shares of the Company, valued at $400,000, and warrants exercisable to acquire an additional 80,000 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 from January 31, 2014 remain outstanding and are estimated to be $100,000 per year. Interest and penalties would also be assessed if the amounts were collectible. The Company recognized an impairment loss of $686,784 against the Tropico mineral properties during the year ended December 31, 2014, which reduced the carrying value of the property to $nil. Field equipment was also written off.

(Unaudited - expressed in Canadian dollars)

5. EXPLORATION AND EVALUATIONS INTERESTS (Continued)

Exploration and evaluation expenses

2017	Blackdome	Porter Idaho	Spectrum	GJ	Snip	Total
Claim renewals and permits	$ 10,287	$ 14,705	$ 30	$ 100	$ 37,727	$ 62,849
Fieldwork & camp support	2,878	12,806	17,795	7,721	1,435,578	1,476,778
Assays and analysis/storage	-	161	17,573	5,793	3,478	27,005
Community relations	788	-	29,053	29,118	32,393	91,352
Environmental studies	32,709	-	23,213	34,872	117,238	208,032
Fuel	-	-	-	-	108,779	108,779
Geology, geophysics, and geochemical	173,759	42,051	275,751	318,482	692,107	1,502,150
Government relations	-	-	-	-	3,231	3,231
Helicopter	-	10,585	-	-	526,476	537,061
Metallurgy	-	-	76,175	76,175	-	152,350
Mine infrastructure	-	-	-	-	275,875	275,875
Share based payments	-	-	27,666	27,666	27,666	82,998
Cost recovery	(4,187)	(352)	(11,311)	(12,103)	(16,906)	(44,859)
Reduction of Asset Reclamation Obligation	(63,774)	-	-	-	-	(63,774)
Total for the nine months ended Sept. 30, 2017	$ 152,460	$ 79,956	$ 455,945	$ 487,824	$3,243,642	$4,419,827

2016	Blackdome	Porter Idaho	Spectrum	GJ	Snip	Total
Claim renewals and permits	$ 2,394	$ -	$ 15,040	$ 11,465	$ 44,932	$ 73,831
Fieldwork & camp support	-	6,276	1,103,653	483,039	707,826	2,300,794
Assays & analysis/storage	-	-	114,000	14,456	75,848	204,304
Community relations	-	-	53,384	46,658	43,208	143,250
Drilling	-	-	784,165	239,485	639,928	1,663,578
Environmental studies	12,236	-	103,994	50,568	4,905	171,703
Geology, geophysics, and geochemical	1,618	17,088	568,211	250,086	269,059	1,106,062
Aviation fuel	-	-	113,619	35,840	95,234	244,693
Helicopter	-	-	564,084	256,285	486,950	1,307,319
Share based payments	-	-	243,006	132,712	95,947	471,665
Total for the nine months ended Sept. 30, 2016	$ 16,248	$ 23,364	$ 3,663,156	$1,520,594	$2,463,837	$7,687,199

(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	224,030	7,362,175	1,526,535	4,298,258	4,630,016	18,041,014
Share payments	56,250	-	-	-	-	56,250
Total at Sep. 30, 2017	$ 280,280	$ 7,362,175	$ 1,526,535	$ 4,298,258	$ 4,630,016	$ 18,097,264

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	16,827	3,546	426,044	-	446,417
Disposals	-	(3,746)	-	-	(3,746)
Balance, September 30, 2017	**$ 47,364**	**$ 25,442**	**$ 514,977**	**$ 95,616**	**$ 683,399**
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
Disposals	-	(3,746)	-	-	(3,746)
Amortization	35,300	7,289	43,838	13,463	99,890
Balance, September 30, 2017	**$ 43,584**	**$ 11,448**	**$ 50,946**	**$ 34,265**	**$ 140,243**
Carrying Value					
Balance, December 31, 2016	$ 22,253	$ 17,737	$ 81,825	$ 74,814	$ 196,629
Balance, September 30, 2017	**$ 3,780**	**$ 13,994**	**$ 464,031**	**$ 61,351**	**$ 543,156**

(Unaudited - expressed in Canadian dollars)

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:

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Director remuneration[1]	$ 58,500	$ 63,500
Officer remuneration[1]	$ 472,886	$ 567,933
Share-based payments	$ 611,353	$ 2,245,453

[1] Remuneration consists 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 nine months ended September 30, 2017 and 2016.

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at September 30, 2017 is $201,230 (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 2015, 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 2,500,000 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.

Share consolidation

As further described in Note 12, Subsequent Events, Skeena implemented a 10:1 share consolidation subsequent to September 30th, 2017. As a result, all share figures in these condensed consolidated interim financial statements are stated as post-consolidation share figures.

8. CAPITAL STOCK AND RESERVES (CONTINUED)

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 10,798,269 units consisting of 3,056,985 Flow Through ("FT") Units at a price of $1.04 per unit and 7,741,284 Non-Flow Through ("NFT") Units at a price of $0.80 per unit. 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 $1.20 in the first year, $1.40 in the second year and $1.60 in the third year. Finders fees of $542,780 were paid in cash and 411,018 finders warrants were issued in conjunction with the financing. Finders warrants are exercisable at $1.00 for a period of two years from the date of issuance.

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. The Company paid a total of $53,618 in share issuance costs.

On June 13, 2017, 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 flow-through or non-flow-through common share of the Company, and one-half of one non-flow-through common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one common share of the Company at a price of C$1.00 until June 13, 2020.

Option payments in shares

On April 28, 2017, the Company provided Barrick with notice of exercise of the Snip option, following which the Company issued to Barrick the final share payment of 125,000 shares (Note 5 - Snip Property) on July 19, 2017, and advanced funds to the province to provide security over the on-going costs of environmental monitoring at the site.

As described in Note 12, Subsequent Events, additional shares and warrants were issued subsequent to September 30, 2017, as a private placement, and pursuant to the purchase agreement for the GJ property.

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 1,493,642 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 77,944 options to acquire shares in the Company ("Skeena Options") at an exercise price of $11.74. 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 1,000,000 non-transferable Skeena share purchase warrants exercisable for a period of three years at $1.00 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 2,653,958 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 9,901,845 common shares, 40,000 incentive stock options and 20,000 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 2,000,000 stock options to directors, officers, employees and consultants, exercisable at $1.00 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. 50,000 of the stock options were subject to vesting over one year with the balance vesting immediately.

On July 25, 2016, the Company granted 1,000,000 stock options to directors, officers, employees and consultants, exercisable at $1.50 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. 20,000 of the stock options were 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 77,944 stock options to consultants, exercisable at $11.74 with various lives (weighted average remaining life of 3.87 years at Sept 15, 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 830,000 stock options to directors, officers, employees and consultants, exercisable at $1.00 per option until January 31, 2022. The options were valued using the Black-Scholes option pricing model and have a fair value of $672,083. 7,500 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	$0.95	$0.85, $1.50 & $1.70
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 Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2015	4,039,700	$ 1.00	1,470,000	$ 1.00
Expired	(1,448,692)	$ 1.00	(20,000)	$ 1.00
Exercised	(2,591,008)	$ 1.00	-	$ 1.00
Issued/granted	6,810,153	$ 1.10	3,077,943	$ 1.40
Outstanding, December 31, 2016	6,810,153	$ 1.10	4,527,943	$ 1.30
Issued/granted	5,374,039	$ 1.10	830,000	$ 1.00
Outstanding, September 30, 2017	12,184,192	$ 1.17	5,357,943	$ 1.25
Number exercisable, September 30, 2017	12,184,192	$ 1.17	5,357,943	$ 1.25

The weighted average remaining contractual life of the stock options is 3.89 years (September 30, 2016 - 3.61 years).

(Unaudited - expressed in Canadian dollars)

8. CAPITAL STOCK AND RESERVES (CONTINUED)

As at September 30, 2017, incentive stock options and share purchase warrants were outstanding as follows:

	Number		Exercise Price	Expiry Date
Options	1,390,000	$	1.00	November 6, 2019
	60,000	$	1.00	January 29, 2020
	2,000,000	$	1.00	June 23, 2021
	1,000,000	$	1.50	July 25, 2021
	77,944	$	11.74	Various – approx. 2.8 years left.
	830,000	$	1.00	January 31, 2022
	5,357,944	$	1.25	
Warrants	411,018	$	0.80	June 29, 2018
	5,399,134	$	1.40*	June 29 to July 22, 2019
	1,000,000	$	1.00	September 15, 2019
	5,374,039	$	1.00	June 13, 2020
	12,184,191	$	1.17	

*$1.20 in year one, $1.40 in year two, $1.60 in year three.

Refer also to Note 12, Subsequent Events, for details of shares and warrants issued subsequent to the period end.

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		(121,617)
Flow-through share premium liability		373,385
Settlement of flow-through share premium liability pursuant to qualified expenditures		(30,256)
Balance at September 30, 2017	$	343,129

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 September 30, 2017, the remaining related commitment was $nil.

As a result of the issuances of flow-through shares on June 13, 2017, the Company had a commitment to incur $1,618,000 in qualifying CEE on or before December 31, 2018. As of September 30, 2017, the remaining related flow-through-share premium liability was $343,129.

(Unaudited - expressed in Canadian dollars)

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		7,107
Closure and reclamation costs paid in the period		(63,773)
	$	375,635

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 above-ground exploration sites, the Company fulfils its site restoration obligations on an ongoing basis when a drill site is no longer required, and accordingly no liability has been accrued for in relation to the Company's other properties. Management will continue to assess the provision for closure and reclamation as future exploration activity is undertaken. Notably, the Company has advanced significant reclamation deposits to the provincial government in order to fund the reclamation of the Company's exploration sites.

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

A) On October 3rd and 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 half of one non-flow-through share purchase warrant. Each whole warrant is exercisable for a period of 2 years at a price of $1.00.

B) On October 20, 2017, the Company completed a share consolidation, exchanging 10 pre-consolidation Skeena common shares for 1 post-consolidation Skeena common share. All common share figures quoted in these condensed consolidated interim financial statements are post-consolidation common shares.

As a result of the share consolidation, all securities convertible into pre-consolidation Skeena common shares (primarily options and warrants) became exercisable for 1/10th the number of post-consolidation Skeena common shares, and post-consolidation exercise prices became 10 times the pre-consolidation exercise prices. In addition, any payments of fixed-numbers of pre-consolidation Skeena common shares, generally under mineral property option agreements, were also adjusted to 1/10th the number of post-consolidation Skeena common shares.

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