SKEENA
RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2018 and 2017

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

INTRODUCTION

The Management Discussion & Analysis has been prepared by management and reviewed and approved by the Board of Directors on April 30, 2019. 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, 2018 and December 31, 2017. 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, 2018 and the subsequent period up to April 30, 2019, 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 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.

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

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

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

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

Concurrent with the Hochschild agreement, Skeena raised gross proceeds of $6,767,398 from the sale of 7,519,331 flow-through common shares of the Company at a price of $0.90 per share.

The 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 drill program was initiated in March 2018 and completed in November 2018.

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 $3,500,000 in exploration expenditures on the Property prior to December 18, 2020 of which $1,500,000 must be incurred prior to December 18, 2019 ("Exploration Requirement");
- Pay to Barrick $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 $7,700,000, provided that the Purchase Price will be reduced if those amounts, in aggregate, exceed $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.

On February 28, 2019, the Company released an updated pit constrained mineral resource estimate, and a technical report was filed on the Company's website and SEDAR on April 15, 2019.

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 $216 million, a base case pre-tax 8% NPV of $546 million and a 27% IRR. Skeena is actively seeking a partner or financing to advance the project.

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. On September 28, 2018, the BC Court of Appeal rendered its reasons for judgment in the appeal of the trial decision. The BC Court of Appeal agreed with the majority of the factual findings and legal conclusions of the trial decision, including that the option agreements remain in full force and effect, but the vendors appealed the judgement. The BC Court of Appeal gave Sona until December 31, 2020 to produce a bankable feasibility study – the final remaining obligation to satisfy under the option agreements. As a result of the court case, which was pending at the time of acquisition by Skeena, none of the total purchase consideration of $3,428,165 was allocated to the Elizabeth exploration property.

RECENT TRANSACTIONS, including events subsequent to December 31, 2018

Financing Transactions

On March 29, 2018, the Company raised total gross proceeds of $8,462,664. The Company issued 9,176,940 Units at a price of $0.60 per Unit for gross non flow-through ("NFT") proceeds of $5,506,164, and 4,223,571 flow-through ("FT") Shares at a price of $0.70 per FT Share for gross FT proceeds of $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 $0.90 until March 29, 2020. In connection with the financing, the Company issued 750,179 broker warrants, exercisable at $0.70 until March 29, 2019. The Company incurred share issuance costs of $677,609 in association with the financing.

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

Subsequent to December 31, 2018, On April 10, 2019, the Company raised gross proceeds of $2,000,000 through a private placement financing, issuing 5,194,805 common shares at a price of $0.385. Cash finder's fees of $65,975 were paid in connection with the private placement. No warrants, options, or bonus shares were issued in conjunction with this financing.

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 a 9,583 metre Phase II drill program initiated in March 2018 and completed in August 2018.

Both drill programs at the Snip Project have been 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 current interpretation based upon the Phase II drilling information, is that the gold mineralization occurs within a shallowly plunging zone contained within the larger 200 Footwall structure in the relatively small area currently drilled. A significant exploration target, the 200 Footwall remains open for expansion both down-dip and down-plunge. 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 was designed to expand upon this newly modelled and largely untested area.

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

The recently completed Phase II drilling on the Eastern Twin Zone encountered gold grades and mineralization thicknesses which are significantly above those from historical drilling programs. These results are in part due to a more comprehensive sampling protocol which does not rely on selective sampling but instead samples the entirety of the drillhole. This protocol is intended to provide a complete database to support economic analyses using current gold prices and cut-off grades.

Phase II drillhole UG18-110, which intersected 13.80 g/t Au over 18.00 m including 42.84 g/t Au over 2.90 m in the Eastern Twin Zone, is located on section between previously reported 2018 drillholes UG18-096 and UG18-097 which averaged 11.81 g/t Au over 12.20 m and 16.02 g/t Au over 12.25 m respectively.

The UG18-110 intercept occurs 12 m up-dip of historic drill hole UG-1706 which intercepted 36.80 g/t Au over only 0.40 m from within a selectively sampled interval of 7 m. The inconsistency in zone thickness and gold grade is either related to incomplete historical sampling practices or geological and grade variability within the same mineralized zone of interest, or both.

Since mineralization in areas such as the Eastern Twin Zone did not meet the required grade cut-off and mining widths when the mine was in operation, these areas were never drilled at spacings necessary for advancing future resource development and mine planning. Furthermore, the high cut-off grades used during operation meant that drillholes were not sampled in their entirety as only high-grade mineralization was relevant and hence drillholes were selectively assayed.

Prior to the implementation of National Instrument 43-101 standards, reclamation of the mine in 1999 included disposal of all historical drill core, resulting in the inability to fully validate any prior operators' databases to modern standards. The lack of historic drill core and supporting drilling documentation, paired with the wide spacing of historical drilling in undeveloped areas necessitates that Skeena devote a percentage of its drilling campaign to validate the historical data. This will allow for high confidence underground resources to be reported.

The kilometer scale structures which are host to the Twin Zone and the 200 Footwall are well defined but only sporadically tested by drilling. As the results of the Phase II drilling program are incorporated into the geological and grade models, the Company plans to assess the property-scale potential by performing regional surface-based drilling to test new targets.

Eskay Creek Project, Northwest British Columbia

In December 2017, Skeena secured an option to acquire 100% interest in the Eskay Creek property from Barrick. From 1994 until 2008 the Eskay Creek mine produced approximately 3.3 million ounces of gold and 160 million ounces of silver at average grades of 45 g/t gold and 2,224 g/t silver and was once the world's highest-grade gold mine and the fifth-largest silver mine by volume.

A precious and base metal-rich volcanogenic massive sulphide (VMS) deposit, Eskay-style mineralization has been the focus of considerable exploration activity in the Golden Triangle dating back to 1932. Exploration programs in 1988 led to the discovery of the 21A and 21B Zones, followed by underground development of the 21B Zone starting in 1990, with the official opening of the Eskay Creek mine in 1994. Over the 14-year life of the mine, approximately 2.2 million tonnes of ore were mined with cut-off grades ranging from 12 to 15 g/t gold equivalent for mill ore and 30 g/t gold equivalent for direct shipping smelter ore. Eskay Creek has excellent infrastructure including all-weather road access and proximity to the new 287-kilovolt Northwest Transmission Line. The Project consists of eight mineral leases, two surface leases and several unpatented mining claims which total 6,151 hectares.

Since announcing the option agreement to acquire Eskay Creek from Barrick in December 2017, Skeena has completed an extensive review of the historical database provided by Barrick.

Updated Mineral Resource Estimate - Eskay Creek Project

On February 28, 2019, the Company released an updated pit constrained mineral resource estimate (MRE), for the Eskay Creek Project. The effective date of the MRE was February 28, 2019 and a technical report was filed on the Company's website and SEDAR on April 15, 2019.

The updated 2019 MRE has a larger component of pit constrained resources as opposed to the 2018 MRE which was principally reported as underground resources. Remaining mineralization below the optimized resource reporting pit shell with reasonable prospects of economic extraction by underground mining methods is reported accordingly.

Updated 2019 Pit Constrained Resource Estimate

The pit constrained Indicated resource includes **2.46 million** gold equivalent ounces within 12.7 million tonnes at an average gold equivalent grade of 6.0 g/t. The pit constrained Inferred resource includes **1.23 million** gold equivalent ounces within 13.6 million tonnes at an average gold equivalent grade of 2.8 g/t.

Table 1: Indicated and Inferred pit constrained resources reported at a 0.7 g/t AuEQ cut-off grade.

		GRADE			CONTAINED OUNCES		
	TONNES	AUEQ	AU	AG	AUEQ	AU	AG
	(000)	G/T	G/T	G/T	OZ (000)	OZ (000)	OZ (000)
TOTAL INDICATED	12,711	6.0	4.5	117	2,455	1,818	47,791
TOTAL INFERRED	13,557	2.8	2.2	42	1,230	984	18,455

Updated 2019 Underground Resource Estimate

The underground Indicated resource estimate includes **218,000** gold equivalent ounces within 819,000 tonnes at an average gold equivalent grade of 8.2 g/t. The underground Inferred resource estimate includes **78,000** gold equivalent ounces within 295,000 tonnes at an average gold equivalent grade of 8.2 g/t.

Table 2: Indicated and Inferred underground resources reported at a 5.0 g/t AuEQ cut-off grade.

		GRADE			CONTAINED OUNCES		
	TONNES	AUEQ	AU	AG	AUEQ	AU	AG
	(000)	G/T	G/T	G/T	OZ (000)	OZ (000)	OZ (000)
TOTAL INDICATED	819	8.2	6.4	139	218	169	3,657
TOTAL INFERRED	295	8.2	7.1	82	78	68	778

2019 Resource Estimate – Additional Considerations

To constrain the pit optimization, the Company requested the application of a Mining Cost Adjustment Factor (MCAF) to certain blocks in the resource model to limit the ultimate depth of the resource reporting pit. The applied MCAF resulted in a tightly constrained resource reporting pit shell with a maximum depth of only 230 meters below surface. Due to the resource being advantageously located below a topographic ridge, the average maximum depth below surface of the pit constrained resources is only 180 meters resulting in a modest strip ratio of 7.5:1.

Table 3: Combined pit constrained and underground resources.

		GRADE			CONTAINED OUNCES		
	TONNES	AUEQ	AU	AG	AUEQ	AU	AG
	(000)	G/T	G/T	G/T	OZ (000)	OZ (000)	OZ (000)
INDICATED							
PIT CONSTRAINED	12,711	6.0	4.5	117	2,455	1,818	47,791
UNDERGROUND	819	8.2	6.4	139	218	169	3,657
INFERRED							
PIT CONSTRAINED	13,557	2.8	2.2	42	1,230	984	18,455
UNDERGROUND	295	8.2	7.1	82	78	68	778
TOTAL INDICATED	13,530	6.1	4.6	118	2,673	1,987	51,448
TOTAL INFERRED	13,852	2.9	2.3	43	1,308	1,052	19,233

The majority of remaining mineralization at Eskay Creek is hosted in the rhyolite facies feeder structures which are not enriched in the exhalative epithermal suite of elements (Hg-As-Sb). Preferential historical development and mining of the bonanza grade mineralization hosted in the mudstone has resulted in extensive depletion of resources in this rock type. The 2019 pit constrained MRE indicates that on a tonnage weighted basis, 70% of the contained gold equivalent ounces are hosted within the rhyolite facies with only 30% hosted in the remaining unmined mudstone.

Metallurgical process recovery assumptions applied to not only the pit optimizations but also the calculations to determine cut-off grades for reasonable prospects of economic extraction are well founded from historical Eskay Creek mill recoveries. Averaged across all rock types, gold recovery was 80% and silver recovery was 92%. It is noteworthy that liberation of free milling gold is excellent as demonstrated by the historical gravity gold recoveries which ranged from 10-30%.

The 2019 MRE was derived from 7,583 historical surface and underground diamond drill holes totalling 651,332 meters, with an additional 46 surface diamond drill holes completed by Skeena in 2018 totalling 7,738 meters.

Eskay Creek Deposit Mineral Resource Estimate Notes:

The mineral resources disclosed were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards on mineral resources and reserves definitions, and guidelines prepared by the CIM standing committee on reserve definitions and adopted by the CIM council

- Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.
- As defined by NI 43‑101, the Independent and Qualified Person for the Eskay Creek MRE is Sheila Ulansky P.Geo., of SRK Consulting (Canada) Inc. who has reviewed and validated the Eskay Creek MRE. The effective date of the MRE is February 28, 2019.
- Resources are reported in-situ and diluted for the pit constrained scenario and undiluted for the underground scenario; both are considered to have reasonable prospects for economic extraction.
- In accordance with NI 43-101 recommendations, the number of metric tonnes was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects.
- Metal prices used for the AuEQ calculation are US$1,275 per ounce of gold, and US$17.00 per ounce of silver. AuEQ = Au (g/t) + [Ag (g/t)/75].
- Historical metallurgical recoveries of 80% AuEQ were utilized in the determination of cut-off grades for underground resources.
- The calculated pit constrained cut-off grade was determined to be 0.7 g/t AuEQ and the underground cut-off grade was determined to be 4.5 g/t AuEQ. Cut-off grades must be re-evaluated considering prevailing market conditions (including gold prices, exchange rates and costs).
- At the request of the Company, the underground resources are reported at a higher cut-off grade of 5.0 g/t AuEQ as opposed to the calculated 4.5 g/t AuEQ.
- Block tonnage was estimated from volumes using a bulk density formula that was applied using interpolated lead, zinc, copper and antimony grades. This density formula was derived from the historic operator based on comparisons between actual measurements and analyses at the Eskay Creek Mine. SG = (Pb + Zn + Cu + Sb) x 0.03491 + 2.67 (where all metals are reported in percent).
- Two models were constructed in a two-stage process: a pit constrained model using a 9 x 9 x 4 meter block size using 2 meter capped composites was estimated in stage one, and an underground model using a 3 x 3 x 2 meter block size using 1 meter capped composites was estimated in stage two.
- All ten mineralization domains were estimated in stage one and that proportion of mineralization captured in the optimized pit were reported as pit constrained resources. The mineralization domains below the level of the optimized pit were estimated in stage two and reported as resources amenable for underground extraction.
- Mineralization domains were created in Leapfrog Geo™ (Seequent) using Indicator RBF Interpolants and utilizing a cut-off grade of 0.5 g/t AuEQ and a probability of 50%. The domains were split according to two primary lithology

types: (1) rhyolite and (2) mudstone and andesite combined. Domains were further refined by means of separating into major fault block and historical mining zones. Each domain was modified or reassessed individually to consider presiding mineralization features.

- A 3.0 meter hard boundary around all underground working was constructed so that high grade composites from within mined out areas had limited influence. The 3.0 meter limiting domain was utilized in both the pit constrained and underground estimation models.
- Grade capping was performed on each lithology-split domain using 1.0 meter down the hole composites that honoured mineralized domain boundaries. Small composites less than 0.5 meters were merged with the previous sample.
- Gold capping values ranged from 10 to 900 g/t and silver capping values ranged from 600 to 30,000 g/t. A total of 190 and 418 samples were capped for gold and silver, respectively. Preliminary Ordinary Kriged (OK) block models were run using (1) capped and (2) uncapped 1.0 meter composites to determine the percent metal lost per estimation domain. Capping values were subsequently readjusted to ensure that capping was neither too severe nor too lenient. The 2.0 meter composites utilized for the pit constrained model inherited the capped values established from the 1.0 meter composites.
- Gold and silver variograms were used to determine the spatial relationship of composites over distance. One-meter composites established the primary orientation, nugget, sills and ranges per domain, and were used to estimate the mineralization domains in the underground model. Variograms for 2.0 meter composites were updated for nugget and first sill and were used to estimate the domains in the pit constrained model.
- Ordinary Kriging was used for the estimation of gold and silver in all domains. Resources were estimated using Maptek Vulcan™ 11.0.1 using sub-blocking capabilities of 3 x 3 x 2 meter cell sizes for the pit constrained model, and 1 x 1 x 1 meter cell sizes for the underground model.
- Search orientations were modified with Dynamic Anisotropy using a surface which mimicked the local lithological units. Dynamic Anisotropy was used for all domains except for Zone 22, Pumphouse and Zone 109 where the variogram model was appropriate.
- The mineral resources were estimated using two passes with increasing search radii based on variogram ranges. Pass 1 approximated 90% of the range of the variogram; Pass 2 equalled two times the range of the variogram.
- In the pit constrained model, Pass 1 used a minimum of 5 composites and a maximum of 15 composites. Pass 2 used a minimum of 3 composites and a maximum of 15 composites. In the underground model Pass 1 used a minimum of 5 composites and a maximum of 10 composites. Pass 2 used a minimum of 3 composites and a maximum of 10 composites. For both models, a maximum of 2 composites per hole were specified.
- Hard boundary interpolations were honoured except for domains having the same orientation and structure but split by lithology; between these zones soft boundary estimation was applied.
- A waste model was estimated using Inverse Distance Squared (ID^2) methodology using 2 meter capped composites. Five waste domains were partitioned and anisotropy and ranges within each waste domain were inherited from the nearest mineralization domain. One estimation pass using 100% of the range was allocated using a minimum of 3 composites and a maximum of 10 composites. A maximum of 2 composites per hole were specified. Only coherent waste zone blocks were included into the Inferred category.
- Indicated and Inferred resources were classified according to interpolation Passes 1 and 2, respectively.
    - The Indicated category is defined by blocks interpolated from Pass 1 for gold using a minimum of 3 holes and a maximum distance of 43 meters to a drill hole showing reasonable geological and grade continuity. In areas where blocks were interpolated during Pass 1 where continuity is lacking, or blocks were isolated, the blocks were reclassified to Inferred on a visual basis.
    - The Inferred category is defined by blocks interpolated from Pass 2 for gold using a minimum of 2 holes and a maximum distance to a drill hole composite of 95 meters.
- In consultation with SRK's geotechnical team who reviewed the documentation on fill-type used previously at the Eskay Creek Mine, an exclusion buffer of 3.0 meters surrounding the underground workings for the underground model was specified, whereas a buffer of 1.0 meters surround the underground workings in the proposed pit constrained model was adopted. Estimated mineralization that occurs within these buffers is not included in this MRE.

- Estimates use metric units (meters, tonnes and g/t). Metal contents are presented in troy ounces (metric tonne x grade / 31.10348).
- Neither the Company, nor SRK, is aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect this mineral resource estimate.
- The abundance and significance of As, Hg and Sb are unknown but currently under evaluation.
- The quantity and grade of reported Inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to re-define the Inferred mineral resources as Indicated mineral resources. It is uncertain if further exploration will result in upgrading them to the Indicated mineral resources category.

Table 4: Pit constrained scenario assumptions for determining cut-off grades with reasonable prospects of economic extraction.

INPUT PARAMETERS	VALUE	UNIT
PIT WALL ANGLES	45	DEGREES
REFERENCE MINING COST	$2.00	US DOLLARS PER TONNE MINED
MINING RECOVERY	95	PERCENT
MINING DILUTION	5	PERCENT
PROCESSING COST	$15.00	US DOLLARS PER TONNE PROCESSED
GENERAL AND ADMINISTRATION	$5.75	US DOLLARS PER TONNE PROCESSED
PROCESS RECOVERY AU	80%	PERCENT
PROCESS RECOVERY AG	90%	PERCENT
SELL PRICE AU	$1,275.00 X (0.95)	US DOLLARS PER OUNCE (95% PAYABLE)
SELL PRICE AG	$17.00 X (0.95)	US DOLLARS PER OUNCE (95% PAYABLE)
TRANSPORTATION/REFINING COSTS	$25.00	US DOLLARS PER OUNCE AUEQ
COMBINED STRIP RATIO	7.5:1	UNITLESS

Table 5: Underground scenario assumptions for determining cut-off grades with reasonable prospects of economic extraction.

INPUT PARAMETERS	VALUE	UNIT
REFERENCE MINING COST	$79.25	US DOLLARS PER TONNE MINED
PROCESSING COST	$15.00	US DOLLARS PER TONNE MILLED
GENERAL AND ADMINISTRATION	$5.75	US DOLLARS PER TONNE MILLED
PROCESS RECOVERY AU	80%	PERCENT
PROCESS RECOVERY AG	90%	PERCENT
SELL PRICE AU	$1,275.00 X (0.95)	US DOLLARS PER OUNCE (95% PAYABLE)
SELL PRICE AG	$17.00 X (0.95)	US DOLLARS PER OUNCE (95% PAYABLE)
TRANSPORTATION/REFINING COSTS	$25.00	US DOLLARS PER OUNCE AUEQ

Eskay Creek Mineralization

The Eskay Creek deposits represent a shallow water, bimodal volcanic sequence hosted in a fault bounded basin with an epithermal VMS signature. Rhyolite facies volcanics are overlain by mafic volcanics with a clastic mudstone occurring at the contact between the two volcanic episodes. This mudstone represents the period of quiescence between the two volcanic events and is spatially and temporally related to the main mineralizing event at Eskay Creek. The epithermal suite of elements (Hg-Sb-As) and bonanza precious metal grades dominantly occur at this interface but are not homogenously distributed throughout the mudstone. Rather, they are spatially associated with vents fed from underlying synvolcanic feeders.

Due to the higher precious metal tenor of the mudstone-hosted mineralization, the vast majority of historical production at Eskay Creek occurred within this rock type whilst the rhyolite-hosted feeder style mineralization was less developed due to its lower Au-Ag grades. Rhyolite-hosted mineralization is not enriched in Hg-Sb-As and was often blended with mudstone-hosted zones to reduce smelter penalties for the on-site milled concentrates and Direct Shipped Ore (DSO).

In August 2018 Skeena commenced an initial surface drill program at Eskay Creek. This first phase of exploratory and definition drilling was focused on the unmined 21A, 21C and 22 Zones. These near-surface targets are located proximal to the historical mine footprint and hold high potential for expansion of mineralization which may be suitable for open-pit mining. The goal of the Phase I program was to increase drill density in select areas of mineralization to allow for future mine planning, collect fresh material for preliminary metallurgical testing and expand known mineralization into areas that have not previously been drill tested.

Initiation of Eskay Creek Metallurgical Optimizations

Demonstrated metallurgy from the past producing Eskay Creek mine involved a 350 TPD flotation plant with average gold and silver recoveries of 80% and 92% respectively. Gravity separation of gold accounted for 10-30% of preliminary separation. Sulphide concentrates were subsequently transported via truck to either the Port of Stewart for further smelting in Japan or trucked to Kitwanga for loading onto rail cars and transported to a smelter in Quebec.

Notwithstanding the proven historical process associated with flotation, the Company will be investigating the amenability of the Eskay Creek blended mineralization to leaching.

The Blue Coast Research Group (“Blue Coast”), located in Parksville British Columbia, is currently undertaking the metallurgical investigations and subsequent optimizations. Blue Coast provides metallurgical laboratory test work services, specializing in precious and base metals, metallurgical flowsheet development, evaluation of processes and technologies including grinding, froth flotation, gravity concentration, leaching, heap leaching, to full continuous pilot plant testing.

The Phase I metallurgical testing is proceeding on schedule with results anticipated in Q2 2019.

Initiation of Eskay Creek Preliminary Economic Assessment

Ausenco Engineering Canada Inc. (“Ausenco”) has been engaged to perform a Preliminary Economic Assessment (“PEA”) for Eskay Creek. The PEA will contemplate an open pit mining scenario with a small up-front contribution of underground resources. Dependent on the results of the metallurgical optimizations, subsequent trade-off analyses will contemplate either the leaching or flotation processes. The Eskay Creek PEA is scheduled for completion in Q3 2019.

Ausenco is a global diversified engineering, construction and project management company providing consulting, project delivery and asset management solutions to the resources, energy and infrastructure sectors. Ausenco's experience in gold projects ranges from conceptual, pre-feasibility and feasibility studies for new project developments to project execution with EPCM and EPC delivery. Ausenco is currently engaged on a number of global projects with similar characteristics and opportunities to Eskay Creek.

Spectrum-GJ Project Progress, Northwest British Columbia

Spectrum-GJ Preliminary Economic Analysis

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

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

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

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

Preliminary Economic Analysis:

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

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

Relations with Indigenous Communities

Skeena's Board of Directors has established the following principles to guide the Company and its management, workers and contractors in responsible exploration:

- Foster cooperation and understanding through frequent communication with our neighbours
- Encourage and support exploration and development activities that limit impacts to wildlife and the environment
- Communicate our proposed project plans and activities openly, and work to address concerns
- Hire workers locally and provide training
- Offer local businesses the opportunity to supply materials and services
- Align our exploration and development activities with local social, environmental and economic considerations
- Use local knowledge and build capacity to support cooperative approaches to resource management, and promote long term sustainability
- Continue to improve our health and safety, environmental and social programs

One of the founding principles of our company is to work closely with Indigenous Communities to achieve the responsible development of our projects, and to make a positive difference in the places we work. We believe in building and sustaining mutually beneficial and supportive relationships with Indigenous Communities by creating a foundation of trust and respect, through open, honest and timely communication.

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

SELECTED ANNUAL INFORMATION

The following table sets forth selected annual information from the audited consolidated financial statements for the years ended December 31, 2018, 2017, and 2016:

Year ended			2018			2017			2016
Loss	$	(1)	(15,520,022)	$	(2)	(10,002,067)	$	(3)	(13,551,479)
Basic & diluted loss per share	$		(0.18)	$		(0.16)	$		(0.33)
Total assets	$		24,554,386	$		25,793,029	$		22,298,494
Non-current financial liability			Nil			Nil			Nil
Cash dividends paid			Nil			Nil			Nil

(1) Includes $11,488,196 of exploration and evaluation expenditures, primarily on the Snip Property, $1,166,000 of non-exploration share-based payments, and $1,052,467 of flow-through share premium recovery.
(2) 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.
(3) 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.

DISCUSSION OF OPERATIONS

The Company completed the year with cash of $1,092,291 (2017 - $1,017,391). Being in the exploration stage, the Company does not have revenue from operations, and relies on equity funding for its continuing financial liquidity.

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.

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

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 $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.

On March 29, 2018, the Company raised total gross proceeds of $8,462,664. The Company issued 9,176,940 Units at a price of $0.60 per Unit for gross NFT proceeds of $5,506,164, and 4,223,571 FT Shares at a price of $0.70 per FT Share for gross FT proceeds of $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 $0.90 until March 29, 2020. In connection with the financing, the Company issued 750,179 broker warrants, exercisable at $0.70 until March 29, 2019, which expired unexercised.

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

Subsequent to December 31st, 2018, On April 10, 2019, the Company raised gross proceeds of $2,000,000 through a private placement financing, issuing 5,194,805 common shares at a price of $0.385. Cash finder's fees of $65,975 were paid in connection with the private placement. No warrants, options, or bonus shares were issued in conjunction with this financing.

EXPLORATION AND EVALUATION EXPENSES

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

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

SUMMARY OF QUARTERLY RESULTS

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

Quarter ended	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18
Revenue [1]	-	-	-	-
Loss for the quarter	$ [2] (4,639,536)	$ [3] (2,930,849)	$ [4] (4,715,984)	$ [5] (3,233,653)
Loss per share	$ (0.05)	$ (0.03)	$ (0.05)	$ (0.04)

Quarter ended	31-Dec-17	30-Sep-17	30-Jun-17	31-Mar-17
Revenue[1]	-	-	-	-
Loss for the quarter	$ [6] (3,493,429)	$ [7] (3,061,682)	$ [8] (1,617,460)	$ [9] (1,829,096)
Loss per share	$ (0.05)	$ (0.05)	$ (0.03)	$ (0.03)

(1) this being an exploration stage company, there are no revenues from operations;
(2) includes exploration expenditures of $4,020,959 and gain on option of mineral property of $391,251
(3) includes exploration expenditures of $2,935,231 and unrealized gain on marketable securities of $332,500
(4) includes exploration expenditures of $3,026,330 and impairment of mineral property interests of $1,325,759
(5) includes exploration expenditures of $1,505,676 and share-based payments of $1,166,000
(6) includes exploration expenditures of $3,547,455 and flow-through premium recovery of $1,350,078
(7) includes exploration expenditures of $2,617,241
(8) includes exploration expenditures of $956,803
(9) includes exploration expenditures of $815,783

Loss for the fourth quarter

Losses of $4,639,536 in the three months ended December 31, 2018 (“Q418”) were greater in size to the three months ended December 31, 2017 (“Q417”). The primary reasons for the increase in losses between Q417 and Q418 are an increase in exploration and evaluation expenditures to $4,020,959 in Q418 (Q417 - $3,547,455), an unrealized loss on marketable securities of $380,000 in Q418 (Q417 - $Nil), and a decrease in flow-through share premium recovery of $376,114 in Q418 (Q417 - $1,350,078), partially offset by a gain on option of mineral property of $391,251 in Q418 (Q417 - $Nil). Exploration and evaluation expenses increased due to the increase in wages paid to exploration staff, as well as additional studies performed during Q418. The unrealized loss in Q418 is a result of the decrease in share price of StrikePoint Gold Inc. shares that the Company acquired during 2018. The flow through share premium recovery was less in Q418 than in Q417, due to a decrease in flow-through eligible exploration expenses in Q417. 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 gain on option of mineral property in Q4 was a result of an agreement whereby the Company granted Hochschild Mining Holdings Limited an option to acquire a portion on the Company’s Snip Property. As a result of the agreement the Company recovered all of its previously capitalized acquisition costs on the Snip Property, and the gain on option was the remaining proceeds received as a result of the agreement. Losses of $1,617,460 and $1,829,096 in the first two quarters of 2017 (“Q117” and “Q217”) were lower than the other comparable three-month periods, primarily due to the lower exploration expenditures ($0.82M in Q117 and $0.96M in Q217 vs. $1.51M to $4.02M in the other periods).

The issuance of flow-through shares in 2018 created a commitment by Skeena to incur $9,723,898 in qualifying CEE on or before December 31, 2019. As of December 31, 2018, the remaining commitment was $6,834,575.

Loss for the year ended December 31, 2018

In the year ended December 31, 2018 (“F2018”), losses of $15,520,022 were greater than losses of $10,002,067 in the year ended December 31, 2017 (“F2017”) for a variety of reasons. Exploration expenditures for F2018 were $11,488,196, (F2017 – $7,967,682) and increased due to larger exploration budgets for F2018 than F2017. Exploration in F2017 was primarily focused on Snip ($6.6M of a total $8M), compared to F2018 where the Company focused on Snip and Eskay ($7M and $3.8M respectively, out of a total $11.5M). Share-based payments increased to $1,166,000 in F2018 from $606,124 in F2017. This figure reflects the Black-Scholes calculated value of stock-options vested in the year, with more, higher Black-Scholes-valued options vesting in F2018 than in F2017. Consulting fees decreased by $542K, and Wages increased by $539K from F2017 to F2018, primarily due to certain consultants in F2017 being converted to payrolled employees in F2018. The Company also recognized an impairment loss of $1.3M on Porter Idaho offset by a gain on option agreement on Snip of $390,251 in F2018, both of which were $Nil in F2017.

A flow-through share premium recovery of $1,052,467 (F2017 - $1,501,951) was recognized in F2018. 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, 2018

The Company's operating activities consumed net cash of $15,114,015 (2017 – $10,884,849) during the year ended December 31, 2018. This was primarily due to increased exploration spending in 2018, 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 $11,953,477 through share issuance activity during the 2018 period, which was slightly more than the total of $11,750,011 raised in 2017. Finally, the investing activities provided $3,235,438 in F2018, compared to cash consumed of $2,465,039 in 2017. The difference consists primarily of the $2.6M provided from the mineral property sale of the Snip option in 2018 in addition to the $1.5 million deposit posted in 2017 in relation to the bonding requirements for the Snip project.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital[1] surplus of $2,082,636 as of December 31, 2018 (2017 – $50,768). The decrease in payables and increase in receivables since December 31, 2017 has resulted in a working capital surplus and reflects an increase in liquidity. The Company has raised capital subsequent to December 31, 2018, which adds to its working capital, and increases its ability to fund business and exploration expenditures. Being in the exploration stage, the Company does not have revenues from operations, and relies on equity funding for its continuing financial liquidity.

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

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, 2018, and so have been applied in preparing the consolidated financial statements for the year ended December 31, 2018 and referenced to throughout this Management Discussion and Analysis:

IFRS 15 Revenue from Contracts with Customers

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

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

IFRS 9 Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking “expected loss” impairment model. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively for assets that continued to be recognized at the date of initial application. The adoption of IFRS 9 had no material impact on the financial statements.

New accounting standards expected to be adopted in future years:

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

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, marketable securities, 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 of the receivables balance included in financial instruments consists of amounts owing from StrikePoint Gold Inc. 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, 2018.

RELATED PARTY TRANSACTIONS

Key management compensation

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

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

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

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

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 Cold Stream Exploration Ltd. for services of a former director, and to Paul Geddes for services of the Vice-President of Exploration. 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, 2018 and 2017.

Recoveries

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

Accounts payable and accrued liabilities

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

Receivables

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

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 governing the Company's purchase of the Spectrum property. The Company received formal notices of civil claims in relation to the APA, in April of 2016. Notably, no further steps have been taken by the litigant since bringing the claims. In the opinion of management, the outcome of these events is not determinable at this time, and these matters are not expected to have a material effect on the consolidated financial statements of the Company.

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

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, 2018.

Common Shares:	
Shares outstanding at December 31, 2018	97,847,879
Private placement on April 10, 2019	5,194,805
Shares outstanding at April 30, 2019	103,042,684
Stock Options:	
Options outstanding at December 31, 2018	7,416,444
Granted at $0.41 expiring April 15, 2024	3,600,000
Options outstanding at April 30, 2019	11,016,444
Warrants:	
Warrants outstanding at December 31, 2018	21,278,489
Warrants expired March 29, 2019, exercisable at $0.70	(750,179)
Warrants outstanding at April 30, 2019	20,528,310

OTHER INFORMATION

List of Directors and Officers

Directors

Walter Coles, Jr., *New York, NY*
Craig Parry, *Vancouver, BC*
Don Siemens, *Langley, BC*
Borden R. Putnam III, *Halfmoon Bay, California*
Isac Burnstein, *Lima, Peru*

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:

DuMoulin Black LLP