SKEENA RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2016 and 2015

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

INTRODUCTION

The Management Discussion & Analysis has been prepared by management and reviewed and approved by the Board of Directors on May 1, 2017. 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, 2016 and December 31, 2015. 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, 2016 and the subsequent period up to May 1, 2017, 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 Michael S. Cathro, MSc, PGeo, the Company's vice-president of operations 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, primarily in northwest British Columbia. The Company owns or controls several exploration-stage properties in northwest British Columbia including a 100% interest in the Spectrum gold and copper property ("Spectrum Property"), an option to acquire a 100% interest in the adjoining GJ copper and gold property ("GJ Property"), and an option to earn a 100% interest in the past-producing Snip gold mine ("Snip").

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 March 23, 2016 Skeena announced the signing of an agreement with Barrick Gold Inc., ("**Barrick**") granting the Company an option to acquire a 100% interest in the past-producing, high-grade Snip gold mine in northwest British Columbia. The property consists of one mining lease and four mineral tenures totaling approximately 1,932 hectares. The Snip mine produced approximately 1.1 million ounces of gold from 1991 until 1999 at an average head grade of 27.5 g/t.

Under the terms of the option agreement, Skeena may acquire a 100% interest in the Snip Property in consideration for:

- The issuance of up to 3,250,000 common shares of the Company (2,000,000 issued)
- The completion by Skeena of a work commitment of $2,000,000 within the 30 months of the agreement (completed)
- Satisfying the requirements of the Ministry of Energy and Mines for title transfer, which is expected to include providing satisfactory environmental reclamation security (underway)
- 1% Net Smelter Returns royalty interest ("NSR") retained by Barrick on the Snip property
- Subject to exercise of the option and 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 expenditures, following which the parties will form a joint venture, and Barrick would relinquish its 1% NSR.

Spectrum Project, Northwest British Columbia

The 100% owned 3,580-hectare Spectrum Gold property is situated approximately 37 kilometres ("km") west of Imperial Metals' Red Chris Mine. The property contains more than 10 occurrences of high-grade sulphide-gold and bulk tonnage gold-copper mineralization, spatially associated with steeply-dipping fractured and brecciated zones. These are contained within a broad area of propyllitic and potassic-altered Stuhini Group intermediate volcanics and volcaniclastic rocks at the contact zone and within the dike-like monzonite intrusion of Jurassic age. This is the same type of geological setting as many of the major copper-gold deposits in the Golden Triangle area of northwest British Columbia.

An N.I. 43-101 compliant technical report, including a resource estimate by Mr. J. R. Stacey, M.Sc., P.Geol, and Mr. G.H. Giroux, P.Eng., M.A.Sc., dated May 31, 2016 and entitled "Technical Report on the Spectrum Gold-Copper

Property, Liard Mining Division British Columbia Canada" is available on the Company website and on SEDAR at www.sedar.com. On April 20, 2017, the Company announced the results of a Preliminary Economic Assessment on the Spectrum-GJ copper-gold project. A summary of the results is provided under the "Recent Progress: Spectrum-GJ Preliminary Economic Analysis" section, below. The detailed technical report will be released within 45 days and will be available both on SEDAR and on the Company's website.

GJ Project, Northwest British Columbia

On November 4, 2015, the Company announced the closing of the acquisition of an option, from Teck Resources Ltd. and NGEx Resources Inc., to earn a 100% interest in the GJ Property, located adjacent to the Company's Spectrum property. The 100% interest may be earned in exchange for consideration of $500,000 in cash (paid) and an aggregate of 12,947,538 common shares of the Company (paid), with a value of $1,000,000 based on a 10-day weighted average price of $0.0772 per share as of the closing share price and further staged payments as follows:

- $1,500,000 worth of common shares to be issued on or before the 2nd anniversary of the closing;
- $1,500,000 worth of common shares to be issued on or before the 5th anniversary of the closing; and
- $4,000,000 cash payment on or before the date that is 45 days from commencement of commercial production from the GJ property.

The main GJ Property claim block is subject to a 2% net smelter return royalty ("NSR") in favour of the vendors, of which 50% can be purchased for a $2,000,000 cash payment. The northern GJ Property is subject to a 1% NSR of which 50% can be purchased for a $1,000,000 cash payment. The GJ Property is also subject to a 1% NSR payable pursuant to a royalty agreement dated January 21, 2005, as amended, originally entered into between Canadian Gold Hunter Corp. and 650399 B.C. Ltd, of which 50% can be purchased for a$500,000 cash payment .

Details pertaining to the Company's GJ Project are available in an amended and restated NI 43-101 technical report by Dr. Giles Peatfield, Ph.D., P. Eng., Mr. Gary H. Giroux, M.A.Sc., P.Eng., and Mr. Michael S. Cathro, M.Sc., P.Geo., titled "Revised Technical Report on the Donnelly-GJ Deposit Area, GJ Property, Liard Mining Division B.C. Canada" originally filed February 26th, 2016 under Skeena's profile on the SEDAR website www.sedar.com. A revised version of this report, dated April 11, 2016 and incorporating minor changes, was filed on SEDAR on April 20, 2016, and is also available on the Company's website, www.skeenaresources.com. On April 20, 2017, the Company announced the results of a Preliminary Economic Assessment on the Spectrum-GJ copper-gold project. A summary of the results is provided under the "Recent Progress: Spectrum-GJ Preliminary Economic Analysis" section, below. The detailed technical report will be released within 45 days and will be available both on SEDAR and on the Company's website.

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

On September 22, 2016, the Company announced that it had successfully acquired all of the issued and outstanding common shares of Mount Rainey Silver Inc. ("Mount Rainey"), in exchange for 26,539,576 common shares of the Company. 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.

Blackdome Property, British Columbia, Canada

On September 15, 2016, the Company announced that it had successfully acquired all of the issued and outstanding common shares of Sona Resources Corporation ("Sona"), in exchange for 14,936,415 common shares of the Company and other additional consideration. 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. A legal dispute against Sona by the two vendors of the Elizabeth and surrounding Blue mineral claims, alleging non-performance under the option agreements, is currently being adjudicated before the Supreme Court and is being vigorously defended by Skeena.

RECENT TRANSACTIONS

The Company has recently completed two transactions:

Sona Resources Corp.

On September 15, 2016, Skeena announced that it had been successful in acquiring Sona Resources Corp. ("Sona") in exchange for 14,936,415 common shares of the Company. Holders of options to acquire common shares of Sona ("Sona Options") have exchanged their Sona Options for options to acquire shares in the Company ("Skeena Options") at a ratio of 1 Sona Option to 0.5111 Skeena Option. In addition, Skeena was able to settle approximately $1 million of related-party accounts payable, in respect of wages due to Executive Officers of Sona, by the issuance of 10,000,000 non-transferable Skeena share purchase warrants, exercisable for a period of three years at $0.10 per share.

Sona's primary asset is the past-producing underground Blackdome gold mine, located in the Clinton mining district in southwestern British Columbia. From 1986 to 1989, Blackdome produced 225,000 ounces of gold from a low-sulphidation, gold-and-silver-rich epithermal vein system at a head grade of 20 grams per tonne Au at a 10 g/t Au cut-off, with recoveries of 93 per cent gold.

Mount Rainey Silver Inc.

In addition, on September 22, 2016, Skeena announced that it had been successful in acquiring Mount Rainey Silver Inc. ("Mount Rainey") in exchange for 25,089,576 common shares of Skeena. In addition, Skeena issued 1,450,000 common shares of Skeena to Raimount Energy Inc. ("Raimount") in exchange for the transfer of certain additional claims to Mount Rainey, and for the extinguishment of existing liabilities aggregating approximately $155,000 owed by Mount Rainey to Raimount.

Mount Rainey's primary asset is a 100-per-cent-owned 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. The Porter Idaho project has two known silver-bearing vein systems approximately 2,000 metres apart on opposite sides of Mount Rainey with a surface portion of the intervening terrain masked by the icefield capping Mount Rainey. All veins have the same strike, are intimately associated as splays off the well-delineated Silverado fault and remain open at depth.

The Porter Idaho project contains a historical indicated resource of 394,700 tonnes grading 868 grams per tonne silver, 3.37 per cent lead and 1.41 per cent zinc (435,000 tons of 25.2 ounces per ton silver, or a contained 11 million ounces) and an inferred resource of 88,900 tonnes grading 595 grams per tonne silver (97,900 tons of 17.3 ounces per ton silver, or a contained 1.7 million ounces).

Estimates of mineral resources are dated March 10, 2008, and were prepared by independent consulting geologist Dr. N.C. Carter, PhD, PEng, for Raimount Energy Inc. and restated for Mount Rainey Silver Inc. on May 15, 2012. The foregoing estimates made use of an extensive database detailing results of both underground sampling programs, as well as surface and underground diamond drilling, and were prepared pursuant to CIM standards on mineral resources and reserves. Nevertheless, the reader is cautioned that a qualified person on behalf of Skeena has not done sufficient work to verify either the underlying sampling data or the calculation methodology to consider this to be a current resource, and, as a result, Skeena is treating this mineral resource as a historical estimate, as defined in National Instrument 43-101. Skeena has not yet determined what work needs to be completed in order to upgrade or verify the historical estimate.

Since the initial discovery of silver mineralization on Mount Rainey in the early 1900s, various portions of the property have been investigated by more than 6,000 metres of underground workings, including nine adits, several internal shafts and raises, as well as numerous exploration drifts. The majority of the exploration and development work to date, including surface and underground drill programs in the 1980s, was directed at the Prosperity and Porter Idaho silver-bearing, shear-zone-hosted epithermal vein structures. Limited production of direct shipping high-grade material, mainly from the Prosperity vein, between 1929 and 1931 amounted to 27,123 tonnes with recovered grades of 2,542 grams per tonne silver (73.8 ounces per ton), 0.96 gram per tonne gold, and 4.08 per cent lead (yielding approximately 2.2 million ounces silver).

RECENT PROGRESS

Snip Gold Mine Progress, Northwest British Columbia:

On May 16, 2016, the Company released results of historic drill compilation on the Snip Mine, and plans for up to 3,000 m of drilling. On June 20, 2016, the Company announced that exploration plans had doubled to 6,000m of drilling. The Company's drill program was designed to confirm and expand on historical drill results from the extensive database that was generated throughout the life of the Snip mine. This database includes over 280,000 metres of drilling from both surface and underground. Numerous exploration targets proximal to the historic mine workings were identified and are highlighted below. These represent excellent initial drill targets for high-grade resource definition.

- **Deep Footwall** The partially mined 150 and 130 veins accounted for approximately 25% of Snip's production. Historic drill intercepts by prior operators Cominco Ltd. (now Teck Resources Ltd.) and Homestake Mining Company (now Barrick Gold Corporation) below the partially mined 150 and 130 veins include the following high-grade intercepts:

Drill hole	Intercept
S-18	26.95 g/t Au over 3.0 m
S-54	837.20 g/t Au over 0.6 m
S-55	69.95 g/t Au over 0.9 m
S-60	336.50 g/t Au over 0.9 m

- The **Lamp Zone**, located just east of the old mine workings, and explored by 2 adit levels, yielding the following historic results from surface and underground drilling:

UG-1742	135.60 g/t Au over 1.9 m
UG-1755	75.30 g/t Au over 1.4 m
S-3	15.20 g/t Au over 13.5 m
S-12	91.90 g/t Au over 3.5 m
S-106	12.95 g/t Au over 7.2 m

- The **Twin West Zone** (west and down dip of the old mine workings), which has limited underground development and produced approximately 10,000 tonnes at 18.1 g/t Au. Exploration drilling over a 550 metre strike length along the Twin West structure yielded the following highlighted historic intersections:

S-157	37.25 g/t Au over 1.0 m
S-171	21.80 g/t Au over 2.0 m
S-202	17.66 g/t Au over 1.4 m
S-216	10.50 g/t Au over 8.3 m
S-223	37.60 g/t Au over 1.4 m

- The **Eastern Deeps** (also down dip of the Twin West Zone old mine workings) yielded the following historic intersections:

S-247	24.27 g/t Au over 2.1 m
S-249	34.80 g/t Au over 2.1 m

- **Boundary Pond** & **Gold Ring** which are partially drill tested and have yielded the following historic intersections:

S-229	20.50 g/t Au over 1.5 m
S-244	374.4 g/t Au over 0.3 m

- **Monsoon Ridge** which is partially drill tested and historically yielded up to 7.65 g/t Au over 1.4 metres in DDH S-219.
- The **Jim Porphyry** which represents another hydrothermal system with limited drilling that yielded a historic intersection up to 1.02 g/t Au over 49.1 metres in DDH J92-9, indicating potential for a large tonnage, low-grade gold target located on the SW portion of the Snip claims.

The Company announced the receipt of exploration permits on July 27, 2016. Drilling began in August of 2016.

A total of 28 diamond drill holes totaling 7,180 metres were completed with the goal being to discover new parallel high-grade vein structures. Three significant high-grade zones were identified or confirmed, all of which are located outside of historic mine working areas:

- **The Lamp Zone**, which is located just east of the historic Twin Zone mine workings and explored by two adit levels. Drill assays indicate at least two new high-grade vein structures that remain open along strike. Highlights include S-16-03 which intersected 59.5 g/t Au over 1.4 metres and 21.3 g/t Au over 1.15 metres and S-16-02 which intersected 33.07 g/t Au over 2.4 metres including 50.3 g/t Au over 1.5 metres.
- **The 200 Footwall Zone**, which is located 200 metres into the footwall below the main Twin Zone historic mine workings. Intercepts suggests a vein structure with a dip length of 110 metres that remains open down-dip and

along strike. Highlights include S-16-06, which intersected 16.24 g/t Au over 13.5 metres including 30.99 g/t Au over 4.5 metres.

- **The Twin West Structural Corridor**, which is located west of the historic Twin West mine workings. Several parallel veins have been identified with an overall strike length of 300+ metres and remains open down-dip and along strike. Highlights include S-16-11, which intersected 16.01 g/t Au over 4.7 metres, including 37.7 g/t Au over 1.65 metres.

With this drilling, Skeena completed the $2 million spending commitment (the primary requirement to earn 100% interest in the property from Barrick Gold) and has begun the process of transferring ownership. As the Option Agreement with Barrick Gold required Skeena to refrain from drilling within 25 metres of historic underground workings, planning for the 2017 exploration program can now include drilling from underground. Access to the underground workings will allow for year-round drilling and the ability to delineate vein structures in a much more efficient and cost-effective manner.

Spectrum-GJ Project Progress, Northwest British Columbia
Spectrum Project

The maiden National Instrument 43-101 independent resource estimate on the Spectrum deposit is presented in an N.I. 43-101 compliant technical report by Mr. J.R. Stacey, M.Sc., P.Geol. and Mr. G.H. Giroux, P.Eng., M.A.Sc., dated May 31, 2016 and entitled "Technical Report on the Spectrum Gold-Copper Property, Liard Mining Division British Columbia Canada" is available on the Company website and on SEDAR at www.sedar.com.

A drill program was laid out to define the limits of the deposit, guided by an Induced Polarization geophysical survey covering the entire target zone. Drilling of the porphyry-style gold-copper mineralization will be wider spaced and less detailed than previous drilling directed at the narrow, high-grade gold zones. However, definition drilling along the margins of the Central Zone and future in-fill drilling is still expected to capture more of the high-grade structures.

On May 9, 2016, the Company released details of the proposed drill program for the 2016 field season. It involves an initial ground investigation program, overlapping with and followed by a drill program totalling up to 10,000 metres comprising 6000 m of resource drilling on the Central Zone, and 4000 m on outlying targets. The program began in early June.

On June 20, 2016, the Company released flotation test results on porphyry gold-copper mineralization which indicate that recoveries in excess of 90% for gold and 85% for copper are achievable from average grade material. Recoveries are consistent with the results of a mineralogical study that shows the gold to be free and very fine-grained.

On August 24 the Company released the initial assays from the first three resource definition holes at Spectrum, which intersected long intervals of Au-Cu mineralization as predicted by geological and geophysical work. The highlight was Hole S16-077 which intersected 180 m grading 0.55 g/t Au and 0.15% Cu, including 73 m grading 0.97 g/t Au and 0.26% Cu. The increasing thickness, improving copper and gold grades, presence of pervasive magnetite-potassium feldspar alteration and more abundant quartz-magnetite-sulphide veining in this hole, all combine to suggest that the porphyry system is getting stronger to the southwest. These results were incorporated into the Preliminary Economic Analysis on the combined Spectrum-GJ project released on April 20, 2017. A summary of the results is provided under the "Recent Progress: Spectrum-GJ Preliminary Economic Analysis" section, below. The detailed technical report will be released within 45 days and will be available both on SEDAR and on the Company's website.

GJ Project

On February 12, 2016, the Company announced it had compiled historic work on high-grade gold-silver and bulk tonnage copper-gold exploration targets on its GJ property. The review focused on targets within the northern portion of the GJ property and does not include the Donnelly, North Donnelly, GJ and Camp (North) porphyry copper-gold deposits in the central core of the property.

The review identified five additional high-priority targets, four of which have received minimal or no previous drilling. Two are drill-ready bulk tonnage copper-gold porphyry targets (QC and Wolf Plateau – Blow Down), and three are high-grade gold-silver vein targets (Gordon, Trevor Peak, and Seestor) that require only minimal work to bring to the drill stage. The Company anticipates beginning drilling at the Donnelly deposit at GJ in September 2016.

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 Spectrum-GJ copper-gold project ("Spectrum-GJ").

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

Preliminary Economic Analysis:

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

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

SELECTED ANNUAL INFORMATION

The following table sets forth selected annual information from the audited consolidated financial statements for the years ended December 31, 2016, 2015, and 2014:

Year ended		2016		2015		2014
Loss	$	(1) (13,551,479)	$	(2) (7,070,154)	$	(3) (3,123,760)
Basic & diluted loss per share	$	(0.03)	$	(0.03)	$	(0.06)
Total assets	$	22,298,494	$	12,768,740	$	8,091,192
Non-current financial liability		Nil		Nil		Nil
Cash dividends paid		Nil		Nil		Nil

(1) 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.
(2) Includes $6,667,976 of exploration and evaluation expenditures, primarily on the Spectrum Property and $(1,576,980) flow-through share premium recovery.
(3) Includes $1,252,442 of exploration and evaluation expenditures, primarily on the Spectrum Property and $759,495 in share-based payment calculated using Black-Scholes fair valuation

DISCUSSION OF OPERATIONS

The Company completed the year with working capital[1] of $2,004,557. Being in the exploration stage, the Company does not have revenue from operations, and relies on equity funding and non-arm's length loans for its continuing financial liquidity.

The Company completed the seasonal 2015 exploration program having drilled 17,350 m before demobilization in

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

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

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

In June and July of 2016, the Company raised gross proceeds of $9.37 million through issuing 107,982,690 common shares and 53,991,345 subscriber-warrants. Each subscriber-warrant is exercisable into one common share until July 2019 at a price of $0.12 in the first year, $0.14 in the second year and $0.16 in the third year. In addition finders fees of $542,780 were paid to finders in cash and 4,110,183 finder-warrants were issued. Each finder-warrant is exercisable into one common share for a period of two years at a price of $0.08.

On September 15 and 23rd, 2016, Skeena announced that it had successfully acquired Sona Resources Corp and Mount Rainey Silver Inc. respectively. Each of these transactions is described in more detail in the sections below. Skeena is now working to create near-term value with each of these acquisitions.

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

On April 20, 2017, Skeena released the Preliminary Economic Analysis on the combined Spectrum-GJ project. A summary of the results is provided under the “Recent Progress: Spectrum-GJ Preliminary Economic Analysis” section, above. The detailed technical report will be released within 45 days and will be available both under Skeena’s profile on SEDAR and on the Company’s website.

EXPLORATION AND EVALUATION EXPENSES

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

2015	Blackdome	Porter Idaho	Spectrum	GJ	Tropico	Total
	$	$				
Claim renewals and permits	-	-	$ 130,343	$ 1,816	$ (91,117)	41,042
Fieldwork, camp support and local office	-	-	2,955,280	31,474	4,400	2,991,154
Assays & analysis/storage	-	-	379,023	-	-	379,023
Community relations	-	-	8,141	-	-	8,141
Drilling	-	-	2,099,549	-	-	2,099,549
Environmental studies	-	-	47,566	-	-	47,566
Geology, geophysics, and geochemical	-	-	1,028,898	24,630	-	1,053,528
Maps and reports	-	-	17,214	-	-	17,214
Road construction	-	-	17,620	13,139	-	30,759
	$	$				
Total, for the year ended December 31, 2015	-	-	$ 6,683,634	$ 71,059	$ (86,717)	$6,667,976

SUMMARY OF QUARTERLY RESULTS

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

Quarter ended		31-Dec-16		30-Sep-16		30-Jun-16		31-Mar-16
Revenue [(1)]		-		-		-		-
Loss for the quarter	$	[(2)] (1,882,666)	$	[(3)] (7,511,101)	$	[(4)] (3,366,506)	$	[(5)] (791,206)
Loss per share	$	(0.01)	$	(0.01)	$	(0.01)	$	(0.00)

Quarter ended		31-Dec-15		30-Sep-15		30-Jun-15		31-Mar-15
Revenue[(1)]		-		-		-		-
Loss for the quarter	$	[(6)] (1,157,994)	$	[(7)] (4,652,800)	$	[(8)] (856,670)	$	(402,690)
Loss per share	$	(0.00)	$	(0.02)	$	(0.01)	$	(0.00)

(1) this being an exploration stage company, there are no revenues from operations;
(2) includes exploration expenditures of $1,562,486
(3) includes exploration expenditures of $5,986,029 and $1,084,909 in share-based payments expense
(4) includes exploration expenditures of $1,431,880 and $1,160,531 in share-based payments expense
(5) includes exploration expenditures of $269,290
(6) includes exploration expenditures of $1,362,391
(7) includes exploration expenditures of $4,713,343
(8) includes exploration expenditures of $531,391
(9) includes exploration expenditures of $940,423 in fall of 2014 and $759,495 share based payments expense

Loss for the fourth quarter

Losses of $1,882,666 in the three months ended December 31, 2016 (“Q416”) were lower than the previous two quarters, reflecting seasonal exploration activity. Skeena’s projects are most safely and efficiently explored during the summer. Losses in the current quarter were higher than in the quarter ended December 31, 2015 (2015 - $1,157,994) primarily due to the absence in Q416 of the $877,620 flow-through share premium liability recovery shown in the three months ended December 31, 2015 (“Q415”). This recovery is recorded when qualifying flow-through expenditures (“Canadian Exploration Expenditures” or “CEE”) are made by Skeena, thereby satisfying the commitment. As a result, Skeena’s liability associated with making these expenditures is reduced.

Exploration expenditures increased by $200,000 in Q416 as compared with Q415. This increase was due to staffing required to produce the Preliminary Economic Assessment. The increased exploration expenditures were offset by decreases of $137,758 in investor relations, and $79,827 in professional fees as the Company focused its efforts inward on the Preliminary Economic Analysis.

The issuance of flow-through shares on December 23, 2016 created a commitment by Skeena to incur $729,700 in qualifying CEE on or before December 31, 2017.

Loss for the year ended December 31, 2016

In the year ended December 31, 2016 (“F2016”), losses of $13,551,479 (2015 - $7,070,154) were higher than in the year ended December 31, 2015 (“F2015”) for a variety of reasons. The exploration expenditures for F2016 were $9,249,685, (2015 – $ 6,667,976) due to exploring Spectrum, GJ and Snip in 2016. Exploration in 2015 was primarily focused on Spectrum. Share-based payments increased to $2,261,091 in F2016 from $64,701 in F2015. This figure reflects the Black-Scholes calculated value of stock-options vested in the year, with more options vesting in F2016 than in F2015. Professional fees and property research increased substantially in F2016 as a result of the company’s efforts to secure additional projects. These efforts resulted in the acquisition of Sona’s Blackdome mine and Mount Rainey’s Prosperity – Porter-idaho – Silverado project in September of 2016. Professional fees also increased due to increased use of the Company’s legal team in relation to the Eilat contingency, further described in the section “Contingency.” Rent and administration costs, consulting and wages have also all increased as Skeena continues to build a robust team to carry its projects forward, requiring additional space for the increased number of staff and consultants.

A flow-through share premium recovery of $1,091,941 (2015 - $1,576,970) was recognized in F2016. 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, 2016

The Company’s operating activities consumed net cash of $12,221,119 (2015 – $8,649,569) during the year ended December 31, 2016. This was primarily due to increased exploration spending in 2016, 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 $12,018,782 through private placement activity and warrant exercises during the 2016 period, which was higher than $10,481,080 raised in 2015. The proceeds from exploration advances in 2015 were not realized again in 2016, bringing net cash provided by financing activities to $12 million for each year.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital[2] of $2,004,557 (2015 - $1,617,742) as of December 31, 2016. The increase in cash and cash equivalents since the 2015 year-end reflects an increase in liquidity, as a result of the financing activities during the quarter.

Being in the exploration stage, the Company does not have revenues from operations, and relies on equity funding and non-arm’s length loans for its continuing financial liquidity.

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

The Company's most recent private placement was completed on December 23, 2016. The Company issued an aggregate 8,107,777 flow-through common shares at $0.09 per share for gross proceeds of $729,700 and paid a total of $53,618 in share issuance costs.

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

Policies 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 condensed consolidated interim financial statements.

IAS 7 Statement of Cash Flows – Disclosure Initiative

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

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

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. As the Company has no debt instruments, the company anticipates that this change will have no impact on the financial statements. This standard is effective for annual reporting periods beginning on or after January 1, 2017.

IFRS 9 Financial Instruments

A finalized version of IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from IAS 39. This standard is effective for annual reporting periods beginning on or after January 1, 2018. The Company is in the process of determining the impact of IFRS 9 on its financial statements.

IFRS 16 Leases

A finalized version of IFRS 16 *Leases* replaces IAS 17 *Leases*. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods beginning on or after January 1, 2019. The Company is in the process of determining the impact of IFRS 9 on its financial statements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, deposits, accounts payable and accrued liabilities and exploration advances. It is management's opinion that the Company is not exposed to significant interest risk arising from the financial instruments. The Company is exposed to credit risk in relation to the receivables balances, however, most receivables are in relation to sales tax due from the Canadian government. Interest risk and credit risk are managed for cash by maintaining deposits in redeemable GIC's or savings accounts belonging to a major Canadian bank or credit union. Credit risk is managed for receivables by seeking prompt payment, monitoring the age of receivables, and making follow up inquiries when receivables are not paid in a timely manner. The Company manages its currency risk by periodically adjusting the principal foreign currency cash balances to approximately match foreign currency liabilities. This helps to reduce the Company's gains and losses as a result of fluctuations in foreign exchange rates. Interest on short-term deposits is classified as interest income on the Consolidated Statement of Comprehensive Loss. There are no gains, losses or expenses associated with this financial instrument. The Company does not engage in any hedging activities. Other financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 4 of the audited consolidated financial statements for the year ended December 31, 2016.

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, 2016 and 2015 is as follows:

		2016		2015
Short-term benefits[1]	$	837,080	$	449,502
Share-based payments	$	2,245,453	$	43,918

[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, 2016 and 2015.

In accordance with Item 1.9 of Part 2 of Form 51-102.F1 the Company has no ongoing contractual commitments with related parties. Short term benefits were paid or are payable to Virginia Uranium Inc. for services of the Chief Executive Officer, to Andrew MacRitchie for services of the Chief Financial Officer, to Forde Management & Associates Ltd. for services of the former Chief Financial Officer, to Cold Stream Exploration Ltd. for services of the Vice-President of Exploration and to Cathro Exploration Inc. for services of the Vice-President of Operations. 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, 2016 and 2015.

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at December 31, 2016 is $82,105 (December 31, 2015 - $37,055) due to directors or officers or companies with common directors or officers.

Capital transaction

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

RISK FACTORS AND MANAGEMENT'S RESPONSIBILITY OVER FINANCIAL REPORTING

Risk Factors

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

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

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

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

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

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

CONTINGENCY

Due to the nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues such items as liabilities when the amount can be reasonably estimated, and settlement of the matter is probable to require an outflow of future economic benefits from the Company.

Eilat, and related parties, have on a number of occasions asserted certain claims against the Company pertaining to the Asset Purchase Agreement ("APA") dated April 14, 2014 and April 27, 2015. The Company received formal notices of civil claims in relation to the APA in April 2016. Notably, no further steps have been taken by the litigant since bringing the claims. In the opinion of management, these matters will not have a material effect on the consolidated financial statements of the Company.

The Company has previously had operations in other countries, and has not yet completed the formal process of dissolution of the relevant subsidiary companies. There may be amounts owed by those subsidiary companies that are not probable to require an outflow of future economic benefits to satisfy. As a result, the Company has not accrued those amounts as liabilities.

OFF BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

The following section updates the Outstanding Share Data provided in the unaudited consolidated financial statements for the year ended December 31, 2016.

Common Shares:		
	Shares outstanding at December 31, 2016 and May 1, 2017	535,877,707
Stock Options:		
	Options outstanding at December 31, 2016	45,279,438
	Granted at $0.10 expiring January 31, 2022	8,300,000
	Options outstanding at May 1, 2017	53,579,438
Warrants:		
	Warrants outstanding at December 31, 2016 and May 1, 2017	68,101,528

OTHER INFORMATION

List of Directors and Officers

Directors

J. Rupert Allan, *Victoria, BC*
Ronald K. Netolitzky, *Victoria, BC*
Peter N. Tredger, *Vancouver, BC*
Walter Coles, Jr., *New York, NY*
Craig Parry, *Vancouver, BC*
Don Siemens, *Langley, BC*

Officers

Walter Coles, Jr., President & CEO
Rupert Allan, VP Exploration
Mike Cathro, VP Operations
Andrew MacRitchie, CFO & Corporate Secretary

Auditors:
Ernst & Young LLP

Company solicitors:
Fasken Martineau DuMoulin LLP