SKEENA RESOURCES LIMITED
Management Discussion and Analysis
March 31, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

1st QUARTER ENDED MARCH 31, 2016

*This Management Discussion and Analysis ("MD&A") is intended to supplement the unaudited condensed interim consolidated financial statements of Skeena Resources Limited (the "Company" or "Skeena") and the related notes thereto for the quarter ended March 31, 2016. This report is as at **May 30, 2016.***

All monetary amounts are in Canadian dollars unless otherwise specified.

*The above referenced consolidated financial statements and the Company's other public filings can be found on SEDAR at (*www.sedar.com)*.*

INTRODUCTION

The MD&A has been prepared by management and reviewed and approved by the Board of Directors on May 30, 2016. The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited condensed interim consolidated financial statements and the related notes thereto for the quarter ended March 31, 2016 and the audited consolidated financial statements for the years ended December 31, 2015 and December 31, 2014. The information provided herein supplements but does not form part of the consolidated financial statements. This discussion covers the three months ended March 31, 2016 and the subsequent period up to the date of issue of this MD&A. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain information included in this MD&A contains forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws, including, without limitation, in respect of the Company's priorities, plans and strategies, anticipated financial and operating performance and prospects, anticipated outcomes of lawsuits and other legal issues, particularly in relation to potential receipt of regulatory approvals, permits and licenses, treatment under governmental regulatory regimes, estimates of the Company's mineral resources, expectations of market prices and costs, and exploration, development and expansion plans and objectives.. 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.

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 work permits; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; 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; disruptions or changes in the credit or securities markets; inflationary pressures; and various other events, conditions or circumstances that could disrupt Skeena's priorities, plans, strategies and prospects.*

Shareholders are cautioned that all forward-looking statements and information involve risks and uncertainties, including those risks and uncertainties set out above and as detailed in Skeena's continuous disclosure and other filings with applicable Canadian securities regulatory authorities, copies of which are available on SEDAR at www.sedar.com. This information speaks only as of the date of this MD&A.. The Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements and information that may be made to reflect events or circumstances after the above-stated date or to reflect the occurrence of unanticipated events, except as otherwise required by applicable legislation.

The technical information presented here 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.

THE COMPANY

Skeena Resources Limited ("the Company") is a mineral exploration stage corporation that owns or controls several properties in northwest British Columbia including a 100% interest in the Spectrum gold property ("Spectrum Property"), an option to acquire a 100% interest in the recently acquired GJ copper and gold property ("GJ Property"), 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 an option to the Company 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 million ounces of gold from 1991 until 1999 at an average gold grade of 25 g/t at a 12 g/t reserve cut-off.

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 of which 2,000,000 shares will be issued upon receipt of TSX Venture Exchange approval and a further 1,250,000 shares will be issued once all other conditions to the exercise of the option have been completed
- Work commitment by Skeena of $500,000 within the first 12 months of the agreement
- An additional work commitment of $1,500,000 within 30 months of the agreement
- 1% NSR royalty interest 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.

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 fracture 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.

A N.I. 43-101 compliant technical report by Mr. Jacques Stacy, M.Sc., P.Geol, dated August 5, 2014 and entitled "Evaluation and Technical Report on the Spectrum Gold Property, Liard Mining Division, BC" is available on the Company website and on SEDAR at www.sedar.com.

GJ Project, Northwest British Columbia

On November 4, 2015, the Company announced the closing of the acquisition of an option to earn a 100% interest in the GJ Property in consideration for $500,000 in cash and an aggregate of 12,947,538 common shares, 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.

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 website.

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 3000 m of drilling. Numerous exploration targets away from the historic mine workings have been identified and are highlighted below. These represent excellent initial drill targets for high-grade resource definition.

- **Deep Footwall** intercepts below the partially mined 150 and 130 veins, which accounted for approximately 25% of Snip's production, and 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 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 has resulted in the following highlighted 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) which has yielded the following 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 returned the following 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 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 intersected 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.

Spectrum Project Progress, Northwest British Columbia

The maiden **National Instrument 43-101 independent resource estimate on the Spectrum** deposit was released on April 25, 2016. Within a conceptual open pit and at a 0.50 g/t gold equivalent ("AuEq") NSR cut-off (Tables 1 and 2 below), the Central Zone of the Spectrum deposit hosts an **Indicated Mineral Resource of 8.95 million tonnes grading 1.04 g/t Au, 6.58 g/t Ag and 0.11% Cu** and containing 290,000 ounces of gold, 1.82 million ounces of silver and 20.835 million pounds of copper. At the same cut-off, the deposit hosts an additional **22.63 million tonnes in the Inferred category, with average grades of 1.03 g/t Au, 3.85 g/t Ag and 0.11% Cu** and containing 750,000 ounces gold, 2.8 million ounces silver and 54.889 million pounds copper. Drilling to date shows that the Central Zone extends from surface to 400 m below surface and that it has lateral dimensions of approximately 1100 m (north-south) and 380 m (east-west). It remains open to the west, south, north and to depth. Mineralization comprises high-grade gold-bearing quartz-carbonate-sulphide veinlet stockworks cutting a broad zone of porphyry gold-copper mineralization.

Table 1: Indicated Mineral Resource Within Conceptual Pit at Various Cut-Off Grades

AuEq NSR Cut-Off (g/t)	Tonnes	Average Grades			Contained Metal		
		Au (g/t)	Ag (g/t)	Cu (%)	Au (oz)	Ag (oz)	Cu (lb)
0.25	26,610,000	0.56	3.40	0.10	480,000	2,910,000	58,675,000
0.30	21,010,000	0.64	3.88	0.10	430,000	2,620,000	46,327,000
0.50	**8,590,000**	**1.04**	**6.58**	**0.11**	**290,000**	**1,820,000**	**20,835,000**
0.70	4,610,000	1.39	8.82	0.11	210,000	1,310,000	11,182,000

Table 2: Inferred Mineral Resource Within Conceptual Pit at Various Cut-off Grades

AuEq NSR Cut-Off (g/t)	Tonnes	Average Grades			Contained Metal		
		Au (g/t)	Ag (g/t)	Cu (%)	Au (oz)	Ag (oz)	Cu (lb)
0.25	61,660,000	0.61	2.42	0.11	1,200,000	4,800,000	149,556,000
0.30	56,460,000	0.64	2.52	0.11	1,160,000	4,570,000	136,944,000
0.50	**22,630,000**	**1.03**	**3.85**	**0.11**	**750,000**	**2,800,000**	**54,889,000**
0.70	9,270,000	1.64	5.93	0.09	490,00	1,770,000	18,396,000

The Central Zone Mineral Resource estimate has an effective date of December 02, 2015. It was completed by Mr. Gary H. Giroux, M.A.Sc., P.Eng. of Giroux Consultants Ltd. of Vancouver B.C., Canada, an Independent Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The estimate was prepared in accordance with Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council, as amended. The methods used to estimate the Mineral Resource are summarized in the April 25 news release. The updated NI 43-101 Technical Report, including the above summarized Mineral Resource Estimate, authored by G.H. Giroux, M.A.Sc., P.Eng., Mr. J. Stacey, M.Sc., P.Geol., and Mr. M. Cathro, P. Geo. will be filed on SEDAR (www.sedar.com) and the Company's website before June 9, 2016.

The Mineral Resource estimate is considered preliminary because the porphyry gold-copper style mineralization is open to the west along its known 1.1 kilometre length, as well as to the north and south. Evidence for continuity of the mineralization to the south is provided by several widely-spaced and well-documented historic holes that report good gold and copper grades. Evidence that the mineralization extends to the west is provided by four well-defined and strong, multi-element soil geochemical anomalies (predominantly gold and copper).

A drill program has been laid out to define the limits of the deposit in each of the directions outlined. The entire target zone will also be investigated in 2016 by an Induced Polarization geophysical survey, as soon as field conditions permit. 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 totaling up to 10,000 metres comprising 6000 m of resource drilling on the Central Zone, and 4000 m on outlying targets. The program is expected to begin in early June.

GJ Project Progress, Northwest British Columbia

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 Paek, and Seestor) that require only minimal work to bring to the drill stage.

DISCUSSION OF OPERATIONS

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.

The Company completed their seasonal exploration program drilling 17,350 m before demobilization in early 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 addition, 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.

EVALUATION AND EXPLORATION EXPENDITURES

	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/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 exploration and evaluation expenses during 2015	$ 6,683,634	$ 71,059	$ (86,717)	$ 6,667,976
Claim renewals and permits	$ 3,114	$ 6,100	$ -	$ 9,214
Assays and analysis	13,051	3,354	-	16,405
Fieldwork, camp support and local office	4,572	-	1,920	4,572
Community relations	5,053	1,800	-	6,853
Environmental studies	20,936	-	-	20,936
Geology/geophysics/geochemical	170,850	38,540	-	209,390
Total exploration and evaluation expenses during the three months ended March 31, 2016	$ 217,576	$ 49,794	$ 1,920	$ 269,290

SUMMARY OF QUARTERLY RESULTS

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

Quarter ended	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15
Revenue [(1)]	-	-	-	-
Loss for the quarter	$ [(2)] (791,206)	$ [(3)] (1,157,994)	$ [(4)] (4,652,800)	$ [(5)] (856,670)
Loss per share	$ (0.00)	$ (0.00)	$ (0.02)	$ (0.01)

Quarter ended	31-Mar-15	31-Dec-14	30-Sep-14	30-Jun-14
Revenue[(1)]	-	-	-	-
Loss for the quarter	$ (402,690)	[(6)] (1,754,028)	$ (440,287)	$ (903,454)
Loss per share	$ (0.00)	(0.02)	$ (0.02)	$ (0.04)

(1) this being an exploration stage company, there are no revenues from operations;
(2) includes exploration expenditures of $269,290
(3) includes exploration expenditures of $1,362,391
(4) includes exploration expenditures of $4,713,343
(5) includes exploration expenditures of $531,391
(6) includes exploration expenditures of $940,423 in fall of 2014 and $759,495 share based payments expense

Loss for the first quarter

Losses of $791,206 in the three months ended March 31, 2016 (2015 - $402,690) were lower than the previous two quarters as the exploration drilling program had been completed. Losses in the current quarter were higher than in the quarter ended March 31, 2015 as Skeena continues to build a robust team to carry its projects forward. The exploration expenditures for the quarter were $269,290, (2015 – 60,851), spent primarily on Spectrum. Investor relations which has increased to $184,485 (2014 – $67,976), reflect the increasing emphasis that Skeena has placed on communicating with shareholders. The increase in property research costs of $91,420 (2015 – nil) reflects the resources that Skeena is investing in examining other exploration properties as potential acquisition targets.

A flow-through share premium recovery of $62,144 (2015 - $2,430) was recognized. This recovery is recorded as qualifying flow-through expenditures (“Canadian Exploration Expenditures,” or “CEE”) are made, and the commitment to incur these expenditures is reduced. As a result of the issuances of flow-through shares on June 2, 2015 and November 6, 2015, the Company had a commitment to incur $7,220,500 in qualifying CEE on or before December 31, 2016. As of March 31, 2016, the remaining commitment was $2,783,189.

Cash flows for the three months ended March 31, 2016

The Company’s operating activities consumed net cash of $745,500 (2015 – $247,337) during the quarter ended March 31, 2016. This was primarily due to the net loss for the period, which was larger in 2016 than in 2015. In addition, the Company paid $61,035 in share issuance costs in relation to filings with the TSX-Venture exchange.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital[1] of $767,487 as of March 31, 2016. The decrease in cash and cash equivalents since year-end reflects a decrease in liquidity, as a result of the funds spent 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.

The Company’s most recent private placement was completed on November 6, 2015, when the Company raised $4,685,500 by issuing a combination of 600,000 non-flow through shares priced at $0.075 and 47,594,874 flow through shares issued at $0.0975.

While funds were raised during the prior 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.

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

CHANGES IN ACCOUNTING POLICIES

Policies newly adopted in the current year:

Several amendments to existing accounting standards have been adopted on January 1, 2016.

Additional or specific guidance is provided in standards IFRS 5 *Non-current Assets Held for Sale* for cases in which an entity reclassifies an asset from held for sale to held-for-distribution or vice versa and IFRS 7 Financial Instruments: Disclosure to clarify servicing contract involvement and offsetting disclosures. These amendments may result in additional disclosure in future periods but had no impact on the current period.

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.

Accounting standards issued and effective January 1, 2018

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

Accounting standards issued and effective January 1, 2019

In January 2016, the IASB announced its new leasing standard, IFRS 16 *Leases*. The new standard will eliminate the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The new standard will, instead, present a single on-balance sheet accounting model that is similar to current finance lease accounting. The new standard will take effect for fiscal years starting on or after January 1, 2019. The Company expects the new standard to result in some leases that are currently accounted for under the operating lease method being added to the balance sheet. Such adjustments, however, are not yet quantifiable as the Company's assets under lease may be different at the time of standard implementation.

FINANCIAL INSTRUMENTS

The audited consolidated financial statements for the year ended December 31, 2015 contain a comprehensive discussion of financial instruments, which has been updated in Note 4 of unaudited condensed interim consolidated financial statements for the period ended March 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 periods is as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Short-term benefits[1]	$ 133,899	$ 97,902
Share-based payments	$ Nil	$ 43,918

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

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 Forde Management & Associates Ltd. for services of the 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 March 31, 2016 and 2015.

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at March 31, 2016 is $120,661 (December 31, 2015 - $164,664) due to directors or officers or companies with common directors or officers.

Loans

In conjunction with a financing in 2015, the Company received $1,500,000 from Eros. The funds were to be used exclusively for exploration activities that qualify as eligible CEE. Subsequent to March 31, 2016, the loan was converted to 25,000,000 common shares of the Company, on April 21, 2016. The Company and Eros share a common director and an 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 for such items when a liability is both probable and the amount can be reasonably estimated. Eilat has 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 Skeena's acquisition of the Spectrum property. To avoid the possible risk of selective disclosure, the Company is disclosing the existence of the claims regardless of the fact that the Company considers that the claims have no merit. . The Company has now received formal notices of civil claims in relation to the APA. In the opinion of management, these matters will not have a material effect on the consolidated financial statements of the Company.

On February 17, 2015, Skeena Resources Limited ("Skeena") and Keewatin Consultants (2002) Inc ("Keewatin") brought an action in British Columbia Supreme Court against Eilat arising out of an alleged breach of a pooling agreement between Skeena, Keewatin, Eilat and others. The action alleges that Eilat breached the pooling agreement by failing to deliver pooled shares to the pooling agent and wrongfully pledging pooled shares to a third party. The action seeks an order for specific performance of the pooling agreement, or in the alternative, damages for breach of the pooling agreement. Eilat has denied the allegation that it breached the pooling agreement. At present, the action has not been scheduled for trial.

OFF BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

The Company has not entered into any proposed transactions.

OTHER MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional disclosure for venture issuers without significant revenue:

Capital Stock and Distributed Surplus as at May 30, 2016:

Authorized:

Unlimited common shares without par value

Issued:

350,401,172 common shares

Warrants:

Number	Exercise Price	Date of Expiry
40,397,000	$0.10	October 27, 2016
40,397,000		

Stock options:

Number	Exercise Price	Date of Expiry
13,900,000	$0.10	November 6, 2019
600,000	$0.10	January 29, 2020
14,500,000		

Fully diluted:

405,298,172

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*

Officers

Walter Coles, Jr., President & CEO
Rupert Allan, VP Exploration
Mike Cathro, VP Operations
Karen A. Allan, CPA, CMA, CFO & Corporate Secretary

Auditors:
Smythe LLP

Company solicitors:
Fasken Martineau DuMoulin LLP