Gold Newsletter

Vol. XLV February 2018

Skeena Resources

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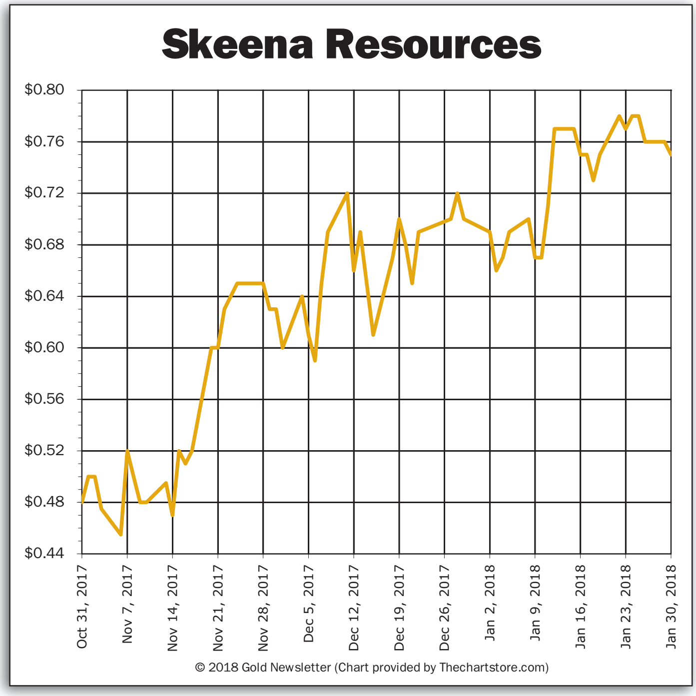

The recent interest in the Golden Triangle in British Columbia has much to do with the glacial retreat that has occurred in the area. Zones of mineralization that were previously inaccessible have now opened up.

That's been the story behind recent Gold Newsletter additions GT Gold, Aben Resources and Sojourn Exploration.

But there's also the history of high-grade mining that's keeping the focus on the Golden Triangle. And Skeena Resources, our last new recommendation this month, has recently snapped up two of the highest-grade projects ever mined in the area: Snip and Eskay Creek.

These storied projects helped put the Golden Triangle on the map in the 1990s and 2000s. Snip produced 1.1 million ounces of gold between 1991 and 1999 — at an average grade of 27.5 g/t. Eskay Creek produced 3.3 million ounces of gold and 160 million ounces of silver between 1994 and 2008 — at average grades of 45 g/t gold and 2,224 g/t silver.

There are high-grade deposits, and then there are these monsters.

Skeena bought Snip in July 2017 from Barrick Gold, and recently completed a successful, 8,650-meter underground drilling program there. The assays from this effort indicate the company may well be able to resuscitate project.

The main problem with Snip was its remote location, which made mining extremely high grades a must to maintain profitability. By the time the mine closed in 1999, only 16% of production at Snip was mechanized. Lack of good road and power access, combined with low gold prices, conspired to close the mine.

Fast forward to 2018, and the area's infrastructure has been built out substantially. Highway 37 has been paved north from Smithers, and the Forrest Kerr and McLymont Creek Power Station is within 17 kilometers of the project. Ocean port facilities are now available at Stewart.

Skeena's recent underground drilling at Snip has focused on Upper Twin Zone, an offshoot of the Twin Zone that generated the lion's share of the mine's historical production. Highlights have been myriad from the Upper Twin Zone, but two assays give you a sense of the extraordinary grades here: 91.51 g/t gold over 3.82 meters and 19.26 g/t gold over 11.85 meters.

(Continued...)

Also promising is the 412 Zone, where the most recent highlights include 44.10 g/t gold over 1.50 meters and 9.2 g/t gold over 2.66 meters.

Skeena plans to start a Phase 2 underground program in February that will further define the Twin, Upper Twin and 412 zones and test the newly defined 200 Footwall targets. A round of surface drilling to test other areas of the property is planned for the summer.

All of this made me seriously consider Skeena for a recommendation. But before I could do so, the company made big news with the option to acquire Eskay Creek from Barrick last month.

Its goal with Eskay is to use drilling to assess the potential of areas of mineralization that were previously identified, but deemed uneconomic to mine at the time.

Skeena's plans to drill 20,000 meters at Eskay Creek to convert the unclassified exploration potential left behind at the project to measured and indicated resources. It will then begin final data compilation and metallurgical testing with the goal of generating an internal scoping study.

Skeena has two other Golden Triangle projects, but Snip and Eskay Creek will receive the lion's share of its focus in 2018.

Can this upstart junior breathe new life into these storied deposits?

Time will tell. But the initial results from drilling at Snip suggest the answer is yes. The share price has been rising steadily over the last couple of months, but Skeena is still a buy at current levels.

Skeena Resources Ltd.

Recent Share Price:................C$0.80
Shares Outstanding:.......76.1 million
Market Cap: ....C$60.9 million
Shares Outstanding
Fully Diluted:.................97.4 million
Market Cap
Fully Diluted: ....C$77.9 million

Gold Newsletter In Our 46th Year

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