SKEENA RESOURCES LIMITED

(an exploration stage enterprise)

Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2016 and 2015

(Unaudited - expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

NOTICE TO READERS

Under National Instrument 51-102, Part 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The condensed consolidated interim financial statements of Skeena Resources Limited (an exploration stage company) are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised primarily of non-management directors.

The Company's independent auditors have not performed an audit or review of these condensed consolidated interim financial statements.

"Walter Coles, Jr."	*"Karen A. Allan"*
Walter Coles, Jr. CEO	Karen A. Allan Chief Financial Officer

Vancouver, British Columbia
May 30, 2016

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

	Note	March 31, 2016	December 31, 2015
ASSETS			
Current			
Cash and cash equivalents		$ 2,750,717	$ 3,557,252
Receivables		65,346	375,766
Prepaid expenses		78,345	86,156
		2,894,408	4,019,174
Deposits		293,000	293,000
Exploration and evaluation interests	5	8,383,710	8,383,710
Equipment	6	70,870	72,856
		$ 11,641,988	$ 12,768,740
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	$ 330,801	$ 543,168
Loan	5,7	1,500,000	1,500,000
Flow-through share premium liability	9	296,120	358,264
		2,126,921	2,401,432
SHAREHOLDERS' EQUITY			
Capital stock	8	40,895,269	40,956,304
Reserves	8	4,417,877	4,417,877
Deficit		(35,798,079)	(35,006,873)
		9,515,067	10,367,308
		$ 11,641,988	$ 12,768,740

GOING CONCERN (NOTE 1)
SUBSEQUENT EVENTS (NOTE 13)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SKEENA RESOURCES LIMITED
(an exploration stage enterprise)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(expressed in Canadian dollars)

	Note		For the three months ended March 31 **2016**		2015
ADMINISTRATIVE EXPENSES					
Exploration and evaluation	5	$	269,290	$	60,851
Share-based payments	8		--		48,083
Consulting	7		107,901		97,902
Investor relations			184,485		67,976
Professional fees			34,366		76,478
Travel			50,266		20,524
Transfer agent and listing fees			16,321		8,376
Office and administration			21,250		13,669
Rent and other			38,764		8,021
Property research			91,420		--
Shareholder communications			10,795		782
Wages			29,247		--
Foreign exchange loss			3,015		2,187
Flow-through share premium recovery	9		(62,144)		(2,430)
Interest income			(5,756)		--
Amortization			1,986		271
Net loss and comprehensive loss for the year		$	(791,206)	$	(402,690)
Loss per share		$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding			325,401,172		163,375,428

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SKEENA RESOURCES LIMITED

(an exploration stage enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - expressed in Canadian dollars)

	Capital Stock		Reserves				Total Shareholders' Equity
	Shares	Amount	Options	Warrants	Total Reserves	Deficit	
Balance at December 31, 2014	163,375,428	$ 31,191,109	$ 3,069,518	$ 1,356,018	$ 4,425,536	$ (28,009,079)	$ 7,607,566
Share-based payments	-	-	48,083	-	48,083	-	48,083
Loss for the three months	-	-	-	-	-	(402,690)	(402,690)
Balance at March 31, 2015	163,375,428	31,191,109	3,117,601	1,356,018	4,473,619	(28,411,769)	7,252,959
Balance at December 31, 2015	325,401,172	40,956,304	3,061,859	1,356,018	4,417,877	(35,006,873)	10,367,308
Share issue costs	-	(61,035)	-	-	-	-	(61,035)
Loss for the three months	-	-	-	-	-	(791,206)	(791,206)
Balance at March 31, 2016	325,401,172	$ 40,895,269	$ 3,061,859	$ 1,356,018	$ 4,417,877	$ (35,798,079)	$ 9,515,067

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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

	For the three months ended March 31	
	2016	**2015**
OPERATING ACTIVITIES		
Loss for the period	$ (791,206)	$ (402,690)
Items not effecting cash		
Amortization	1,986	271
Share-based payments	-	48,083
Flow-through recovery	(62,144)	(2,430)
Changes in non-cash working capital		
Receivables	310,420	41,136
Prepaid expenses	7,811	7,977
Accounts payable and accrued liabilities	(212,367)	60,316
Net cash used in operating activities	(745,500)	(247,337)
FINANCING ACTIVITIES		
Share issuance costs	(61,035)	-
Net cash used in financing activities	(61,035)	-
INVESTING ACTIVITIES		
Deposits	-	(100,000)
Net cash (used in) investing activities	-	(100,000)
Change in cash during the period	(806,535)	(347,337)
Cash, beginning of the period	3,557,252	1,102,073
Cash, end of the period	$ 2,750,717	$ 754,736

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Skeena Resources Limited (the "Company") is incorporated under the laws of the province of British Columbia, Canada, and its principal business activity is the exploration of mineral properties. The Company's corporate office is located at Suite 650, 1021 West Hastings Street, Vancouver, British Columbia V6E 0C3. The Company is in the exploration stage with respect to its mineral property interests and has not, as yet, achieved any commercial production.

The consolidated financial statements were prepared on a going concern basis with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred significant operating losses and negative cash flows from operations in the past. The Company has raised additional funds and has sufficient working capital to advance its properties.

The Company is dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects and, ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the exploration and development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

While the Company has been successful in obtaining its required financing in the past, through additional equity and non-arm's length loans, there is no assurance that such financing will be available in the future. An inability to raise additional financing will adversely impact the future assessment of the Company as a going concern. These matters indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

		March 31, 2016		December 31, 2015
Working capital	$	767,487	$	1,617,742
Deficit	$	(35, 798,079)	$	(35,006,873)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited interim financial statements for the three months ended March 31, 2016 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and are in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These interim financial statements are presented in Canadian dollars and have been prepared using the accounting policies as set out in the audited annual financial statements for the year ended December 31, 2015, with the adoption of updated policies described in Note 3. The disclosures which follow do not include all disclosures required for the annual financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements and notes for the year ended December 31, 2015.

The Board of Directors approved the condensed consolidated interim financial statements on May 30, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of measurement

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses and recoveries during the reporting periods. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods. The condensed consolidated interim financial statements have been prepared under the historical cost basis.

These consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Seeker Resources Corp. ("Seeker"), a British Columbia corporation, and Skeena Mexico S.A. de C.V. ("Skeena Mexico"), a Mexican corporation. All significant intercompany balances and transactions have been eliminated.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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.

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.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company classifies its financial instruments as follows: cash is classified as FVTPL; and accounts payable and accrued liabilities and loan payable, as other financial liabilities. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company manages credit risk, in respect of cash, by placing its cash with major Canadian financial institutions. Management believes that credit risk with respect to receivables is minimal, as the majority consists of amounts due from Canadian governmental agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2016.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. As at March 31, 2016, the Company is not exposed to significant market risk.

5. EXPLORATION AND EVALUATION INTERESTS

Spectrum Property, British Columbia, Canada

On October 27, 2014, the Company acquired a 100% interest in the Spectrum Property in exchange for 80,000,000 common shares valued at $6,000,000 and an interest-free promissory note in the amount of $700,000. The total acquisition cost for the Spectrum Property amounted to $6,862,175, which includes capitalized legal fees of $162,175.

The Company has also funded a $90,000 reclamation bond held with the British Columbia Ministry of Energy, Mines and Petroleum Resources.

In June 2015, the Company entered into a letter of intent with Eros Resources Corp. ("Eros") whereby Eros may earn an 8.7% interest in the Spectrum property by providing Skeena with $1,500,000 (received) to be used exclusively for exploration activities that qualify as eligible Canadian Exploration Expenditures ("CEE"). Upon completion of the earn-in the parties shall have 30 days to negotiate a joint venture agreement, whereby the Company will continue to be the operator and Eros would contribute its proportionate share of funding to maintain its 8.7% interest in the property. Accordingly, the $1,500,000 advance from Eros has been classified as a demand loan until the joint venture agreement has been negotiated. If the Company and Eros are unable to negotiate an agreement the demand loan may be converted to 25,000,000 common shares of the Company, subject to regulatory approval (Note 13).

GJ Property, British Columbia, Canada

On November 4, 2015, the Company acquired a 100% interest in the GJ Property in exchange for cash consideration of $500,000 and 12,947,538 common shares valued at $1,000,000. Pursuant to the terms of a purchase agreement, the Company committed to issue shares valued at $1,500,000 in year two, shares valued at $1,500,000 on or before the end of year five and a cash payment of $4,000,000 before commencement of commercial production from the GJ Property. Legal fees of $21,535 incurred in the acquisition of the GJ Property were capitalized.

An environmental bond of $103,000 has been posted with the British Columbia Ministry of Energy, Mines and Petroleum Resources.

Tropico Property, Mexico

In September 2010, the Company acquired a 100% interest in, and clear title to, the Tropico Property, in consideration for 800,000 common shares of the Company, valued at $400,000, and warrants exercisable to acquire an additional 800,000 common shares (expired), from Anthem Resources Incorporated, Almaden Minerals Corp. and Minera Cascabel S.A. de C.V. The total acquisition cost for the Tropico Property amounted to $686,784. Mining concession fees due twice a year from January 31, 2014 remain outstanding and are estimated to be $100,000 per year. Interest and penalties would also be assessed. The Company recognized an impairment loss of $686,784 against the Tropico mineral properties during the year ended December 31, 2014, which has written down the property to $nil. In addition, field equipment was written off.

(Unaudited - expressed in Canadian dollars)

5. EXPLORATION AND EVALUATIONS INTERESTS (Continued)

Exploration and evaluation interests assets

	Spectrum	GJ	Tropico	Total
Total exploration and evaluation interests assets at December 31, 2014	$ 6,862,175	$ -	$ -	$ 6,862,175
12,947,538 shares issued	-	1,000,000	-	1,000,000
Cash payments	-	500,000	-	500,000
Costs	-	21,535	-	21,535
Total exploration and evaluation interests assets at December 31, 2015 and March 31, 2016	6,862,175	1,521,535	-	8,383,710

Exploration and evaluation expenses

	Spectrum	GJ	Tropico	Total
Claim renewals and permits	$ 3,114	$ 6,100	$ -	$ 9,214
Fieldwork, camp support and local office	4,572	-	1,920	6,492
Assays and analysis/storage	13,051	3,354	-	16,405
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, for the three months ended March 31, 2016	$ 217,576	$ 49,794	$ $1,920	$ 269,290
Claim renewals and permits	$ 20,010	$ -	$ -	$ 20,010
Fieldwork, camp support and local office	2,700	-	-	2,700
Community relations	500	-	-	500
Exploration and sampling	12,206	-	-	12,206
Geology/geophysics/geochemical	23,723	-	-	23,723
Maps and reports	1,712	-	-	1,712
Total exploration and evaluation expenses, for the three months ended March 31, 2015	$ 60,851	$ -	$ -	$ 60,851

(Unaudited - expressed in Canadian dollars)

6. EQUIPMENT

Cost	Computer Equipment	Field Equipment	Office Equipment	Total
Balance, December 31, 2014	12,229	20,038	5,945	38,212
Additions	15,493	2,893	63,411	81,797
Disposals	(11,676)	(20,038)	(5,945)	(37,659)
Balance, December 31, 2015 and March 31, 2016	**$ 16,046**	**$ 2,893**	**$ 63,411**	**$ 82,350**
Accumulated Amortization				
Balance, December 31, 2014	$ 11,187	$ 16,971	$ 5,161	$ 33,319
Additions	2,483	290	6,341	9,114
Disposals	(10,808)	(16,970)	(5,161)	(32,939)
Balance, December 31, 2015	2,862	291	6,341	9,494
Additions	495	64	1,427	1,986
Disposals	-	-	-	-
Balance, March 31, 2016	**$ 3,357**	**$ 355**	**$ 7,768**	**$ 11,480**
Carrying Value				
Balance, December 31, 2015	$ 13,184	$ 2,602	$ 57,070	$ 72,856
Balance, March 31, 2016	**$ 12,689**	**$ 2,538**	**$ 55,643**	**$ 70,870**

7. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the periods is as follows:

	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

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments granted to key management personnel during the three months ended March 31, 2016 and 2015.

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

7. RELATED PARTY TRANSACTIONS (CONTINUED)

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at March 31, 2016 is $120,681 (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 (Note 5, Spectrum Property). 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 (Note 13). The Company and Eros share a common director and officer.

8. CAPITAL STOCK AND RESERVES

Authorized - unlimited number of voting common shares without par value.

Private placements

In two tranches, on May 15, and June 2, 2015, the Company issued an aggregate 99,216,666 shares for proceeds of $6,598,000 consisting of 32,250,000 flow-through shares at a price of $0.08 per share and 66,966,666 non-flow-through shares at a price of $0.06 per share. The Company paid a total of $458,538 in share issuance costs. In relation to the financing, 1,666,666 shares were issued with a fair value of $100,000.

On November 6, 2015, the Company issued an aggregate 48,194,874 shares for proceeds of $4,685,500 consisting of 47,594,874 flow-through shares at a price of $0.0975 per share and 600,000 non-flow-through shares at a price of $0.075 per share. The Company paid a total of $343,882 in share issuance costs.

Escrow shares

Under the policies of the TSX Venture Exchange (the “Exchange”), an aggregate 99,018,452 common shares, 400,000 incentive stock options and 200,000 warrants to purchase common shares held by insiders of the Company were deposited with Computershare Investor Services Inc. as escrow agent to be released over a 36 month period. The common shares held by Eilat and Keewatin are further subject to a pooling agreement that includes a voting trust over such shares, which will be controlled by the Company’s chairman. Throughout the pooling period, the Company retains a right-of-first-offer to find a purchaser, at the prevailing volume-weighted average price on the Exchange, with respect to sales of blocks of common shares having a value of more than $250,000. The number of escrow common shares as at March 31, 2016 is 76,663,517 (Note 13).

(Unaudited - expressed in Canadian dollars)

8. CAPITAL STOCK AND RESERVES (CONTINUED)

Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the date of grant. The options can be granted for a maximum term of five years and vest at the discretion of the Board of Directors.

Share-based payments

On November 6, 2014 the Company granted 13,900,000 stock options to directors, officers and consultants, exercisable at $0.10 per option until November 6, 2019. The options were valued using the Black-Scholes option pricing model and have a fair value of $771,992. On January 29, 2015, the Company granted 600,000 stock options to an officer, exercisable at $0.10 per option until January 29, 2020. The options were valued using the Black-Scholes option pricing model and have a fair value of $43,918. On May 11, 2015, the Company granted 200,000 stock options to a consultant, exercisable at $0.10 per option until May 11, 2020. The options were valued using the Black-Scholes option pricing model and have a fair value of $11,049.

Stock option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

	2016	2015
Expected life	-	0.7%
Annualized volatility	-	119.84%
Dividend rate	-	0.00%
Fair value at grant date	-	$0.07
Risk-free interest rate	-	-

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants			Stock Options		
	Number		Weighted Average Exercise	Number		Weighted Average Exercise
Outstanding, December 31, 2014	42,415,268	$	0.15	14,625,000	$	0.12
Expired/cancelled/forfeited	(2,018,268)		(2.50)	(725,000)	$	(0.75)
Issued/granted	-		-	800,000	$	0.10
Outstanding, December 31, 2015	40,397,000	$	0.10	14,700,000	$	0.10
Expired/cancelled/forfeited	-		-	(200,000)	$	0.10
Issued/granted	-		-	-		-
Outstanding, March 31, 2016	40,397,000	$	0.10	14,500,000	$	0.10
Number exercisable, March 31, 2016	40,397,000	$	0.10	14,500,000	$	0.10

(Unaudited - expressed in Canadian dollars)

8. CAPITAL STOCK AND RESERVES (Continued)

The weighted average remaining contractual life of the stock options is 3.61 years.

As at March 31, 2016, incentive stock options and share purchase warrants were outstanding as follows:

	Number		Exercise Price	Expiry Date
Options	13,900,000	$	0.10	November 6, 2019
	600,000	$	0.10	January 29, 2020
	14,500,000	$	0.10	
Warrants	40,397,000	$	0.10	October 27, 2016
	40,397,000	$	0.10	

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

The following is a continuity schedule of the liability portion of the flow-through share issuances:

Balance at December 31, 2014		219,360
Flow-through share premium liability		1,715,884
Settlement of flow-through share premium liability pursuant to qualified expenditures		(1,576,980)
Balance at December 31, 2015	$	358,264
Settlement of flow-through share premium liability pursuant to qualified expenditures		(62,144)
Balance at March 31, 2016		296,120

As a result of the issuances of flow-through shares on June 2, 2015 and November 6, 2015, the Company committed to incurring $7,220,500 in qualifying Canadian exploration expenditures on or before December 31, 2016. As of March 31, 2016, the remaining commitment is $2,783,189 (December 31, 2015 - $3,052,479).

10. CAPITAL RISK MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as shareholders' equity. The Company is not exposed to any capital requirements.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There has been no change to the Company's capital risk management approach.

11. CONTINGENCY

Due to the nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. Eilat has on a number of occasions asserted certain claims against the Company pertaining to an asset purchase agreement ("APA") dated April 14, 2014 and April 27, 2015 governing Skeena's acquisition of the Spectrum property. 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.

12. COMMITMENTS

The Company entered into a lease agreement for office premises that commenced January 1, 2016 and June 1, 2016 and expires December 31, 2025. The remaining lease payments pursuant to the agreement total $2,863,571 (including anticipated operating expenses of $1,043,977). There are informal arrangements with other companies that share rent and office expenses on a cost recovery basis.

Please refer also to Note 9 for a discussion of commitments related to the issuance of flow-through shares and to Note 7 for a commitment to spend loaned funds on CEE.

13. SUBSEQUENT EVENTS

On April 7, 2016, the Company completed the first share payment under its option to acquire a 100% interest in the Snip gold mine from Barrick Gold Inc. Under the terms of the option agreement, 2,000,000 common shares were issued to the vendor on April 7, 2016, and a further 1,250,000 shares will be issued once all conditions to the exercise of the option have been completed. Pursuant to the agreement, a work commitment of $500,000 must be completed within the first 12 months and a work commitment of $1,500,000 must be completed within 30 months of signing the agreement.

On April 21, 2016, the Company issued 25,000,000 flow-through shares to Eros to satisfy the demand loan of $1,500,000 (Note 5).

On May 9, 2016, the Company commenced trading as a Tier 1 issuer on the TSX-Venture exchange. As a result, all of the shares remaining in escrow were released from escrow. Those shares subject to the pooling agreement are to be forwarded to the pooling agent.