

**MANAGEMENT DISCUSSION AND ANALYSIS**

**3RD QUARTER ENDED SEPTEMBER 30, 2015**

*This Management Discussion and Analysis ("MD&A") is intended to supplement Skeena Resources Limited's (the "Company" or "Skeena") condensed consolidated interim financial statements and related notes for the nine months ended September 30, 2015. This report is as at **November 26, 2015***

*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](http://www.sedar.com)).*

**INTRODUCTION**

The MD&A has been prepared by management and reviewed and approved by the Board of Directors on November 26, 2015. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2014 and December 31, 2013. The information provided herein supplements but does not form part of the consolidated financial statements for the nine months ended September 30, 2015. This discussion covers the nine months ended September 30, 2015 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](http://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 and the Company's anticipated financial and operating performance and prospects. 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; 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,*

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*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](http://www.sedar.com). 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*

*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 a 100% interest in the Spectrum gold property in northwest British Columbia ("Spectrum Property"), a 100% interest in the recently acquired GJ copper and gold property ("GJ Property") also in northwest British Columbia and a 100% interest in the Tropic copper-platinum-palladium-gold project in Sinaloa State, Mexico.

The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan. The Company trades on the TSX Venture Exchange under the symbol SKE.

### **DEVELOPMENTS**

On November 4<sup>th</sup>, 2015, the Company acquired a 100% interest in the GJ property from majority owner Teck Resources Limited and its 49% joint venture partner, NGEx Resources Inc. The GJ property is comprised of 80 mineral claims totaling 37,508 hectares and is located adjacent to the eastern boundary of the Company's Spectrum project in the Golden Triangle of northwest British Columbia. Under the terms of a Purchase Agreement dated October 5, 2015, a payment of \$500,000 was made and 12,947,538 common shares were issued to the vendors. Share issues worth \$1.5 million each will be issued on or before the 2<sup>nd</sup> and 5<sup>th</sup> anniversaries of the agreement and a cash payment of \$4 million paid on commencement of commercial production from the GJ property.

At the Spectrum gold project, a drill program comprising 17,350 m ("metres") in 61 holes was completed on October 26<sup>th</sup>. Final assay results were released on November 19<sup>th</sup>.

On November 6, 2015, the Company completed the first tranche of a non-brokered private placement and raised \$4,685,500 in a combination of 600,000 non-flow through shares priced at \$0.075 and 47,594,874 flow through shares priced at \$0.0975. Combined with earlier financings in June, a total of \$12.8 million has been raised in 2015 for the advancement of the Spectrum and GJ projects.

### **EXPLORATION AND VALUATION INTERESTS**

#### ***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 mineralization, spatially associated with steeply-dipping fracture and brecciated zones contained within a broad area of propylitic and potassic-altered Stuhini Group intermediate volcanics and volcanoclastic rocks at the contact zone

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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](http://www.sedar.com).

### 2014 Exploration Program

In late September 2014, a due diligence program of diamond drilling, limited geological mapping and prospecting, detailed GPS surveying, and re-sampling of on-site historic drill core was completed under the direction of Jacques Stacey. During the month of October, nine NQ diameter diamond drill holes were completed from 4 separate drill platforms for a cumulative total of 1,940 m. The drill assay results were news released on December 11, 2014 and January 14, 2015. Seven of the nine holes intersected significant gold mineralization demonstrating that both the Central Zone and the 500 Colour Zone remain open at depth. A summary of the better intercepts follows:

- 14-SP-003: **23.84 g/t Au ("grams gold per tonne") over 6.5 m, including 40.43 g/t Au over 3.5 m**
- 14-SP-004: **10.63 g/t Au over 27.0 m, including 66.00 g/t Au over 2.0 m  
and 20.4 g/t Au over 2.0 m, 9.2 g/t Au over 2.0 m, 8.0 g/t Au over 2.0 m  
and 22.7 g/t Au over 2.0 m**
- 14-SP-005: **18.60 g/t Au over 2.0 m and 7.32 g/t Au over 2.0 m**
- 14-SP-006: **43.80 g/t Au over 2.0 m**
- 14-SP-007: **9.50 g/t Au over 2.0 m**
- 14-SP-008: **4.58 g/t Au over 9.0 m**
- 14-SP-009: **13.70 g/t Au over 4.0 m and 254.50 g/t Au over 2.0 m**

On May 14, 2015, the Company released favourable preliminary results of a bench-scale metallurgical test. The test was designed to investigate gold recovery and utilized two composite samples from the QC and Porphyry structures within the Central zone. The samples were prepared from 116 kilograms ("kg") of crushed drill core (31 individual intercepts). Test work was conducted by the Saskatchewan Research Council under the direction of an independent consultant, Michael Yakimchuk, P.Eng.

For the QC structure, the composite head feed sample was calculated to be 13.96 g/t Au as compared with the weighted average of 13.50 g/t for the individual drill core sample assays. A gravity recovery test yielded gold recovery of 56.4 percent. An overall gold recovery of 98.8 percent was obtained when both gravity and subsequent cyanide leaching of the gravity tails were performed.

For the Porphyry structure, the composite head feed sample was calculated to be 8.76 g/t Au as compared with the weighted average of 10.55 g/t for the individual drill core samples. A gravity recovery test yielded gold recovery of 24.6 percent. An overall gold recovery of 91.6 percent was obtained when both gravity and subsequent cyanide leaching of the gravity tails were performed.

The company is pleased that the initial metallurgical test work indicates that the high-grade units within the Central Zone are non-refractory in nature.

2015 Exploration Program

On June 29, 2015 the Company announced that it received a three-year drilling permit, began field work and camp construction, and mobilized two drills to the Spectrum project. Drilling commenced on July 4. Archaeological and wildlife studies were also completed to support the 2015 exploration work. A total of 12,000 m of drilling in 50 to 60 holes was planned for the 2015 field season, with holes averaging 200 m and varying from 50 to 350 m in depth. The drill program was designed to expand the historic resource at the 500 Colour and Central zones. Three other holes tested outlying targets identified through soil sampling surveys.

On July 20, 2015 the Company reported additional bench-scale metallurgical test results. The work was again completed under the direction of Michael Yakimchuk P. Eng., and demonstrated that the mineralized rock also returns high gold recovery when using a flotation process. While all metallurgical tests were performed on the discrete zones, the mineralized rock from these two areas is well suited for blending in order to be processed together. These results for both the QC and Porphyry structures can be summarized as follows:

*QC Structure*

*Gravity Concentration and Cyanide Leaching*

- The composite head feed sample was calculated to be 13.96 g/t Au as compared to the weighted average of the drill core samples of 13.50 g/t Au.
- Gravity gold recovery test yielded a gold recovery 56.4%.
- An overall gold recovery of 98.8% when both gravity and subsequent cyanide leaching were performed.

*Flotation Test*

- The composite head grade of the flotation test was 9.44 g/t. The concentrate was upgraded to an average of over 22 g/t.
- The average overall recovery in the QC zone was 85% with multiple tests yielding gold recoveries over 95%.

<b>QC Composite Sample</b>		
<b>Feed Au g/t</b>	<b>Conc g/t</b>	<b>(%) recovery</b>
9.44	22.83	85.04

*Porphyry Structure*

*Gravity Concentration and Cyanide Leaching*

- The composite head feed sample was calculated to be 8.76 g/t Au as compared to the weighted average of the drill core samples of 10.55 g/t Au.
- Gravity gold recovery test yielded a gold recovery 24.6%.
- An overall gold recovery of 91.6% when both gravity and subsequent cyanide leaching were performed.

*Flotation Test*

- The composite head grade of the flotation test was 9.69 g/t. The concentrate was upgraded to an average of over 36.4 g/t.
- The average overall recovery in the Porphyry zone was 92.8% with multiple tests yielding gold recoveries over 95%.

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<b>Porphyry Composite Sample</b>		
<b>Feed Au g/t</b>	<b>Conc g/t</b>	<b>(%) recovery</b>
9.69	36.4	92.8

On August 20, 2015, the Company released assay results for the first six holes of its summer drilling program at Spectrum. All six holes had multiple high-grade intercepts. In addition, visible gold was noted in seven holes.

The initial six holes totalled 1363 m. Significant intersections included:

- Hole S15-010 intersected 3.6 m grading 16.4 g/t Au beginning at 3.4 m down the hole, 1.4 m grading 15.9 m g/t Au at 199.0 m. Visible gold was noted at 5.1 m and 199.5 m.
- Hole S15-011 intersected 6 m grading 7.86 g/t Au at 6.0 m down the hole, plus 1.6 m grading 8.56 g/t Au beginning at 20 m, and 14 m grading 3.28 g/t Au beginning at 130 m, which includes 2.0 m grading 9.5 g/t Au.
- Hole S15-012 intersected 10.59 g/t Au over 6.6 m beginning at 102 m, including a 1.4 m sample that assayed 37.8 g/t Au. Further down the hole, two other high-grade sections yielded assays of 25.27 g/t Au over 3.9 m at 197.6 m (including 1.9 m of 49.8 g/t Au, 118 g/t Ag and 0.63% Cu), and 4.0 m grading 7.08 g/t Au at 234.0 m.
- Hole S15-013 intersected a broad interval of 127 m grading 1.26 g/t Au beginning at 3.0 m, including several higher grade intervals such as 2.2 m grading 9.6 g/t Au.
- Hole S15-014 intersected 24.0 m grading 3.77 g/t Au, 15.5 g/t Ag, and 0.54% Cu beginning at 77 m (including 7.0 m grading 7.95 g/t Au, 35.5 g/t Ag and 0.93% Cu), 2.0 m grading 21.3 g/t Au at 153.0 m, and 1.75 m grading 11.7 g/t Au at 171.0 m.
- Hole S15-017 intersected three high-grade intervals including 0.85 m grading 9.79 g/t Au and 430 g/t Ag starting at 103.2 m, 8.0 m grading 10.46 g/t Au starting at 128 m, and 3.6 m grading 11.68 g/t Au starting at 157.4 m.

The deposit comes to surface and was tested with relatively short drill holes averaging 230 m in length. The drill pattern was designed to provide pierce points spaced at approximately 50 m vertically and horizontally through the zones. The goal of the exploration program was to expand the known mineralization in the 500 Colour and Central zones to depth and along strike.

**Soil Sampling and Prospecting**

Prospecting and soil sampling surveys focused on possible extensions to the known mineralized structures. The most promising is Target A, where a total of 168 soil samples were taken over a 300 by 600 m area north and east of the Central zone.

These samples averaged 550 ppb (“parts per billion”) Au, with seven over 1000 ppb Au and a maximum of 19,500 ppb Au. These soil results are considered very significant as they indicate a potential new zone of high-grade

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mineralization parallel to and situated from 100 to 200 m east of previous drilling and trenching. The soil anomaly is open in several directions and follow-up mapping, soil sampling and prospecting were undertaken to expand the target and select drill locations.

The Central Zone remains open for greater than 1,500 m on strike to the north and south, based on recent geological mapping and soil geochemistry.

On September 8, 2015, the Company released assay results from a second batch of 15 drill holes from the Spectrum gold project. All 43 holes (11,000 m) completed to that point were directed at expanding the Central and 500 Colour zones along strike, at depth and in some cases up-dip toward surface in areas untested by previous drilling. Due to positive results, the 2015 drilling campaign was expanded to 16,000 m from the original 12,000 m goal.

Highlight results from these 15 drill holes included:

- Hole S15-015 intersected 26.15 metres grading 8.21 g/t Au, including 2.0 m grading 74.5 g/t Au.
- Hole S15-016 intersected 61 m grading 1.62 g/t Au and 0.14 % Cu, including 2.0 m grading 9.18 g/t Au and 0.22 % Cu.
- Hole S15-018 intersected 2.3 m grading 11.1 g/t Au, and 2.0 m grading 13.2 g/t Au and 63.8 g/t silver.
- Hole S15-022 intersected 14.9 m grading 8.97 g/t Au, including 2.9 m grading 38.5 g/t Au.
- Hole S15-024 intersected 9.64 m grading 6.81 g/t Au, 20.7 g/t Ag and 0.09 per cent Cu, including 1.7 m grading 14.1 g/t Au, 20.4 g/t Ag and 0.14 per cent Cu.
- Hole S15-026 intersected 8.0 m grading 5.67 g/t Au and 0.15 % Cu, including 2.0 m grading 8.9 g/t Au, 8.0 g/t Ag and 0.27 % Cu, and 2.0 m grading 10.1 g/t Au and 0.14 % Cu.
- Hole S15-028 intersected 44.0 m grading 1.17 g/t Au.

In addition, positive prospecting and soil results were released for the Anomaly A area. Twenty-four bedrock prospecting samples returned values averaging 5.4 g/t Au and ranging from 0.12 to 17.3 g/t Au, plus anomalous silver, zinc and lead. These were grab and narrow chip samples of quartz-sulphide veins, located within and east of the historic Boundary zone, which has been previously tested by only one drill hole and a small number of hand trenches.

On October 8, 2015, the Company released assay results for 13 holes from Spectrum. Highlights from drilling in the Central zone included:

Hole S15-043, drilled on Section 4700N at the south end of the deposit, intersected three high-grade intervals between 197 and 232 m. The most significant interval is 11.4 m grading 16.73 g/t Au, including 2.0 m grading 81.8 g/t Au. The other significant intervals included 4.0 m grading 24.24 g/t Au, including 2.0 m grading 44.8 g/t Au, and 4.0 m grading 26.59 g/t Au, including 2.0 m grading 46.5 g/t Au. These high-grade intervals are especially noteworthy,

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because they are located 45 m south of hole SP-14-009, which cut several high-grade sections, including 2.0 m grading 254.5 g/t Au. Mineralization is open to the south, at depth and up-dip of the intersections in hole S15-043. Several other holes were drilled on 50-metre centres in this area.

Deeper holes in the northern portions of the Central zone, including S15-032, 033, 034 035 and 037, encountered only weak mineralization, and it appears the zone may have pinched out to depth in this area. Strong gold-in-soil values to the north and east of the area of drilling indicated that the mineralization could continue, but the mineralized trend may have shifted over to the Boundary and Road zones.

Several holes intersected long intervals of near-surface porphyry-style gold-copper mineralization as follows:

- Hole S15-031 intersected 224.5 m grading 0.60 g/t Au, 0.22 % Cu (“copper”) and 5.13 g/t Ag (“silver”), beginning at a downhole depth of 5.5 m.
- Hole S15-039 intersected 140.5 m grading 0.82 g/t Au, 0.17 % Cu and 4.35 g/t Ag, beginning at a downhole depth of 3.0 m.
- Hole S15-042 intersected 205.8 m grading 0.94 g/t Au, 0.05 % Cu and 1.86 g/t Ag, beginning at a downhole depth of 5.6 m.

A review of other previously released 2015 holes has identified low-grade porphyry Au-Cu mineralization in several 2015 and historic holes. The mineralization appears to flank the monzonite unit.

On October 26, 2015, the Company released assay results for nine holes totaling 2,828 m from Spectrum. Highlights included:

- Hole S15-049, drilled on Section 4810N toward the south end of the central zone, intersected four intervals with greater than 5 g/t Au between 197 m and 232 m, with the best being 14 m grading 7.82 g/t Au, including 2.0 m grading 35 g/t Au. Hole S15-048, drilled above S15-049 on the same section, was abandoned due to drilling problems at 149.8 m, short of its target, and returned no significant values.
- Hole S15-046, drilled on Section 4930N at depth in the middle part of the Central zone, intersected a high-grade interval of 4 m grading 16.97 g/t Au, including 2 m grading 29.8 g/t Au.
- Hole S15-044, also drilled on Section 4930N in the west-central portion of the deposit, encountered two broad intervals of porphyry gold-copper mineralization with 172 m grading 0.6 g/t Au and 0.14 % Cu, beginning at a downhole depth of 6.0 m, and a deeper interval of 47.73 m grading 0.49 g/t Au and 0.13 % Cu. The results suggest that the tenor of porphyry mineralization in this area is improving to the west. This mineralization is thought to form a north-trending, moderately to steeply west-dipping panel, associated with the main monzonite body, and partially overlapping with high-grade gold zones that have been the primary focus of the 2015 drilling. Based on 2015 and historical drilling, the porphyry-style gold-copper mineralization has dimensions of approximately 600 m in a north-south direction, 100 m to 150 m in width and 200 m to 250 m in depth.

On November 23, 2015, Skeena released assay results for the final 18 holes (6,576 m) of the 2015 program at the Spectrum project. The 2015 program delivered 8,817 drill core assays, which totaled 17,350 m of drilling from 61

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exploration holes. In addition, 2,992 soil and 387 prospecting rock samples were collected. The data derived from this work will form the basis of the resource calculation on the Spectrum project and assist in picking new drill targets for 2016. The resource calculation is underway and will be released in the first quarter of 2016.

Highlights of this final batch of drill holes included the following:

#### Central zone

- Hole S15-60 intersected 18 m grading 6.13 g/t Au, beginning at a downhole depth of 252 m, including 1.0 m grading 30 g/t Au and 1.7 m grading 30.6 g/t Au. This hole is the deepest on Section 4930N and is 70 m below an intersection in S15-046 of 4.0 m grading 16.97 g/t Au.
- Hole S15-055 intersected 2.0 m grading 8.27 g/t Au, beginning at 204.6 m, plus a deeper interval of 1.0 m grading 23.1 g/t Au.
- Hole S15-061 intersected 18 m grading 2.69 g/t Au, including 2.0 m grading 11.9 g/t Au. This interval was assayed by metallic screen analysis due to the presence of five sections containing visible gold.
- The final exploration hole of the season, S15-070 intersected three zones of mineralization, including 2.0 m grading g/t Au, 2.6 m grading 10.18 g/t Au and 0.9 m grading 8.04 g/t Au.

#### Boundary zone

- This zone is located 200 m east of the Central zone and is outlined by very strong gold in soil values and strong bedrock grab and chip samples, including 0.2 m grading 18.5 g/t Au and 0.4 m grading 13.7 g/t Au. Hole S15-065 intersected 2.0 m grading 3.62 g/t Au and a deeper intersection of 1.14 m grading 10.5 g/t Au. Including the historical drilling, this area has only been tested by three holes in total and is open to the north, south and at depth.

#### 300 Colour zone

- Two holes tested this zone, which has a very strong gold-in-soil anomaly and is open to the north, south and to depth. It is located 400 m northwest and parallel to the Central zone. Both 2015 holes intersected gold mineralization at shallow depths. Hole S15-066 intersected 2.0 grading 4.64 g/t Au, beginning at a depth of 32 m. Hole S15-068 intersected 48 m grading 1.05 g/t Au, beginning at a downhole depth of 50 m, including 2.0 m grading 3.62 g/t Au.

### ***GJ Project, Northwest British Columbia***

On November 4, the company announced the closing of the acquisition of 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 2<sup>nd</sup> anniversary of the closing;
- \$1,500,000 worth of common shares to be issued on or before the 5<sup>th</sup> anniversary of the closing; and



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- \$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.

The GJ property comprises 80 mineral claims totaling 37,508 hectares and is located adjacent to the eastern boundary of Skeena's Spectrum project. Infrastructure and access are excellent. The GJ property is crossed by Highway 37, several forestry roads and winter trails, and a new 287-kilovolt power line connecting Red Chris mine to the provincial power grid. The property purchase includes a well-maintained winterized camp.

The GJ property includes the Donnelly and North Donnelly porphyry copper-gold deposits which have a historic measured and indicated resource\* of 1.09 billion pounds of copper and 1.82 million ounces of gold according to a National Instrument 43-101 technical report completed in April, 2007, by NGEx's predecessor and available under the NGEx profile on SEDAR. A small amount of additional drilling was completed at Donnelly by Teck between 2011 and 2013. Skeena has commissioned the original authors to prepare an updated NI 43-101 resource that incorporates the Teck drilling.

The Donnelly and North Donnelly zones together were reported by NGEx to contain a historic resource\*, using a 0.20-per-cent-copper cut-off, of 153.3 million tonnes grading 0.321 per cent Cu and 0.369 g/t Au in the measured and indicated categories, and 23.0 million tonnes grading 0.260 per cent Cu and 0.310 g/t Au in the inferred category.

\*The resource referred to above is not considered current by Skeena Resources as additional drilling has taken place since the resource was calculated and a qualified person has not done sufficient work to verify these calculations. The historic resource is described in an NI 43-101 technical report entitled "Technical Report on the GJ Copper-Gold Porphyry Project, Liard Mining Division, British Columbia, Canada," dated April 30, 2007, and prepared by David T. Mehner, MSc, PGeo, Gary H. Giroux, MASc, PEng, and Dr. Giles R. Peatfield, PhD, PEng. The report is available under the NGEx profile on SEDAR.

The Donnelly deposits are similar to those at the newly commissioned Red Chris mine located 25 kilometres to the northeast. The most attractive grades at Red Chris were found below the current open-pit operation, while the GJ property has not yet been systematically drill tested to depth. More than \$30-million in exploration work was recorded at GJ by various operators since the mid-1960s, including nearly \$25-million spent by Teck and NGEx between 2000 and 2014.

In addition to the porphyry Cu-Au deposits, about 14 other prospects are reported, including several high-grade gold-silver vein targets, which received only limited exploration. Skeena plans to complete a thorough compilation of all available exploration information in order to plan exploration at GJ in 2016.

***Tropico Copper-Platinum-Palladium-Gold Project, Sinaloa State, Mexico***

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No exploration activities were conducted during the six months ended June 30, 2015. In order to focus exclusively on high-grade gold prospects in Canada, the Company has instigated joint venture and sale discussions with several potentially interested parties which have resulted in several due diligence field visits.

Mining concession fees for Tropico due twice a year since January 31, 2014 remain outstanding and are estimated to be \$100,000 with interest and penalties. The Company recognized an impairment loss of \$686,784 in 2014 against the Tropico mineral properties, which is equivalent to its carrying value. Field equipment was also written off in 2014.

**DISCUSSION OF OPERATIONS**

Being in the exploration stage, the Company does not have revenues from operations, and relies on equity funding for its continuing financial liquidity.

On November 6, 2015, the Company completed the first tranche of a non-brokered private placement and raised \$4,685,500 in a combination of 600,000 non flow through shares issued at \$0.075 and 47,594,874 flow through shares issued at \$0.0975. Combined with earlier financings in June, a total of \$12.8 million has been raised this year for the advancement of the Spectrum and GJ projects.

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

Evaluation and exploration expenditures to September 30, 2015 are as follows:

<b>EVALUATION AND EXPLORATION</b>	<b>TROPICO</b>	<b>SPECTRUM</b>	<b>TOTAL</b>
Opening balance at December 31, 2013	\$ 1,170,950	\$ -	\$ 1,170,950
Land rentals & permits	100,000	46,932	146,932
Satellite office	9,017	-	9,017
Assays and analysis/storage costs	7,321	47,713	55,034
Drilling	-	255,701	255,701
Field work and supplies	-	394,317	394,317
Site travel	-	5,309	5,309
Exploration and sampling	-	318,785	318,785
Maps and reporting	-	21,450	21,450
Geology/geophysics/geochemical	-	45,897	45,897
<b>Total expenditures to December 31, 2014</b>	<b>\$ 1,287,288</b>	<b>\$ 1,136,104</b>	<b>\$ 2,423,392</b>
Land rentals & permits	8,883	95,209	104,092
Field work, camp and supplies	4,400	2,363,398	2,367,798
Community relations	-	6,195	6,195
Maps and reporting	-	17,057	17,057
Geology/geophysics/geochemical	-	695,362	695,362
Drilling	-	1,827,453	1,827,453
Assays & analysis/storage	-	266,113	266,113
Environmental studies	-	21,514	21,514

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<b>EVALUATION AND EXPLORATION</b>	<b>TROPICO</b>	<b>SPECTRUM</b>	<b>TOTAL</b>
	13,283	5,292,301	5,305,584
Total expenditures to September 30, 2015	\$ 1,300,571	\$ 6,428,405	\$ 7,728,976

**SUMMARY OF QUARTERLY RESULTS**

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

<b>Quarter ended</b>	<b>30-Sep-15</b>	<b>30-Jun-15</b>	<b>31-Mar-15</b>	<b>31-Dec-14</b>
Revenue <sup>(1)</sup>	-	-	-	-
Loss for the quarter	\$ <sup>(2)</sup> (4,652,800)	\$ <sup>(3)</sup> (856,670)	\$ (402,690)	\$ <sup>(4)</sup> (1,754,028)
Loss per share	\$ (0.02)	\$ (0.01)	\$ (0.00)	\$ (0.02)

  

<b>Quarter ended</b>	<b>30-Sep-14</b>	<b>30-Jun-14</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
Revenue <sup>(1)</sup>	-	-	-	-
Loss for the quarter	\$ (440,287)	\$ (903,454)	\$ (25,991)	\$ (82,097)
Loss per share	\$ (0.02)	\$ (0.04)	\$ (0.00)	\$ (0.00)

(1) this being an exploration stage company, there are no revenues from operations;

(2) includes exploration expenditures of \$4,713,343

(3) includes exploration expenditures of \$531,391

(4) includes exploration expenditures of \$940,423 in fall of 2014 and \$759,495 share based payments expense

***Loss for the nine months***

Losses of \$5,912,160 occurred in the nine months ended September 30, 2015 (2014 - \$1,369,732), primarily with respect to this season's drill program on the Spectrum property. The exploration expenditures primarily on Spectrum were \$5,305,585 (2014 - 312,019). Due to increased activity over the prior year, consulting fees were \$317,695 (2014 - \$156,747) and investor relations \$407,835 (2014 - \$32,421), professional fees \$129,575 (2014 - \$83,366) and office and administration \$61,447 (2014 - \$22,916). Share-based payments of \$57,772, using Black-Scholes fair value inputs were recorded on 600,000 incentive stock options granted to an officer and \$6,927 to vest investor relations options granted in the prior year which are required to be vested in quarter tranches over a period of one year.

Flow-through share premium recovery was recorded for \$699,359 as the Company draws down its flow through commitments.

Flow through eligible expenditures to September 30, 2015 of \$5,197,092 from Spectrum's exploration program this year cover the commitments remaining from 2014 of \$1,085,003 and the \$2,580,000 flow through raised in June 2015 and the \$1,500,000 from Eros Resources Corp. ("Eros").

***Loss for the third quarter***

Losses of \$4,652,800 in the three months ended September 30, 2015 (2014 - \$440,287) were primarily spent on this season's drill program. The exploration expenditures on Spectrum for the quarter were \$4,713,343

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(2014 – 212,374). Other major expenditures were consulting fees of \$75,094 (2014 – \$129,981) and investor relations \$255,160 (2014 – \$29,755), professional fees \$48,180 (2014 - \$32,694), property research of \$46,526 (2014 – nil) and office and administration \$24,764 (2014 - \$12,281).

### ***Cash flows for the nine months ended September 30, 2015***

The Company used net cash in operating activities in the nine months of \$5,871,564 (2014 – net cash provided of \$523,332). In addition, the Company paid a \$100,000 refundable security deposit on leased premises and a further \$70,000 to the Ministry of Mines of BC to increase the environmental security bond to a total of \$90,000. The accounts receivable is comprised mainly of government receivables and some recoverable office expenditures.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company had working capital of \$1,783,849 as of September 30, 2015.

As of September 30, 2015, the Company has met its flow through commitments inclusive of the \$1,500,000 funded by Eros Resources Corp., in qualifying Canadian exploration expenditures on or before December 31, 2015.

Subsequent to the quarter, on November 6, 2015, the Company completed the first tranche of a non-brokered private placement and raised \$4,685,500 in a combination of 600,000 non-flow through shares priced at \$0.075 and 47,594,874 flow through shares issuances at \$0.0975. Flow through commitments of \$4,680,000 will need to be met on or before 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 nine months ended September 30, 2015 and 2014 is as follows:

	<b>2015</b>		<b>2014</b>	
Short-term benefits <sup>1</sup>	\$	317,695	\$	156,747
Share-based payments	\$	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 nine months ended September 30, 2015

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and 2014.

#### *Accounts payable and accrued liabilities*

Included in accounts payable and accrued liabilities at September 30, 2015 is \$199,746 (December 31, 2014 - \$37,055) due to directors or officers or companies with common directors or officers.

#### *Loans*

During the year ended December 31, 2013, the Company obtained a loan from Keewatin for \$142,000. The loan was non-interest-bearing and due on demand in addition to the loan arranged during the year ended December 31, 2012, totalling \$200,000 from Keewatin, secured by a non-interest-bearing promissory note for consideration of 500,000 shares for a loan fee fair valued at \$35,000.

On October 27, 2014, pursuant to the Spectrum Property acquisition, the total loan of \$342,000 was settled by issuing 4,560,000 common shares.

#### *Property acquisition*

On October 27, 2014, pursuant to the Spectrum property acquisition, Keewatin was issued 25,333,333 common shares for its 20% interest in the Spectrum property together with a promissory note for \$700,000 owed by Eilat.

#### *Arrangement*

In conjunction with a financing in the spring of 2015, the Company received \$1,500,000 from Eros. The funds are exclusively for exploration activities that qualify as eligible Canadian Exploration Expenditures ("CEE"). A joint venture agreement was under negotiation although the loan may be converted to 25,000,000 common shares of the Company, subject to regulatory approval. The Company and Eros share a common director and a director and an officer of the Company are officers of Eros.

## **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.

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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 dated April 14, 2014 and on April 27, 2015. 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 and that it has not received any formal notice of claim with respect to any litigation that has been commenced by Eilat. In the opinion of management, these matters will not have a material effect on the consolidated financial statements of the Company.

**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 November 26, 2015:***

Authorized:

Unlimited common shares without par value

Issued:

325,401,172 common shares

Warrants:

<u>Number</u>	<u>Exercise Price</u>	<u>Date of Expiry</u>
40,397,000	\$0.10	October 27, 2016
<u>1,218,268</u>	<u>\$0.10</u>	<u>October 27, 2015</u>
41,615,268		

Stock options:

<u>Number</u>	<u>Exercise Price</u>	<u>Date of Expiry</u>
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13,900,000	\$0.10	November 6, 2019
600,000	\$0.10	January 29, 2020
<u>200,000</u>	\$0.10	May 11, 2020
14,700,000		

Fully diluted:

**381,716,440**

**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 Ratcliffe LLP

***Company solicitors:***

Fasken Martineau DuMoulin LLP