

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **2ND QUARTER ENDED JUNE 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 six months ended June 30, 2015. This report is as at **August 25, 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 August 25, 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 six months ended June 30, 2015. This discussion covers the six months ended June 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 COMPANY**

Skeena Resources Limited ("the Company") is a mineral exploration stage corporation that owns a 100% interest in the Spectrum gold and copper exploration property in northwest British Columbia ("Spectrum Property") and a 100% interest in the Tropico 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 June 2, 2015, the Company completed a non-brokered private placement and raised \$6,598,000 in a combination of flow through shares and non-flow through shares issuances priced at \$0.08 and \$0.06 per share respectively. In conjunction with the financing, Eros Resources Corp. (formerly Boss Power Corp.) paid \$1,500,000 to earn an 8.7% interest in the Spectrum property, the funds which are to be used exclusively for exploration activities which qualify as CEE eligible expenditures. A joint venture agreement is under negotiation. The earned-in interest may be converted to 25,000,000 common shares of the Company, subject to regulatory approval.

During the year ended December 31, 2014, the Company was successful in raising over \$3 million during tough market conditions based on the merits of the Spectrum Property and the Company's plans to advance the project.

A drill program is in progress employing two drills with a target of 12,000 metres ("m") of drilling weather permitting.

## **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 and 16 kilometres ("km") west-northwest of the NGEx/Teck GJ deposit in northwest British Columbia.

The property contains more than 10 different 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 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.

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An N.I. 43-101 compliant technical report by Mr. Jacques Stacy, M.Sc., P.Geol of Taiga Consultants Ltd., 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).

#### 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. 1,088 core samples were obtained from the program as well as a further 250 samples of split-core from the available historic material.

As a consequence of the late seasonal start, the program was limited to confirmation drilling in the Central Zone, to verification sampling of historic core, and to investigation of those physical aspects of project planning for the 2015 field season that require permitting lead time. The drill targeting was primarily based on investigating the downward continuity of the Central Zone with intercepts generally at 30 to 50 m below prior intersections of interest in the Porphyry Zone along a strike length of approximately 500 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:

	Grams per tonne gold ("g/t Au")
14-SP-003:	<b>23.84 g/t Au over 6.5 m, including 40.43 g/t Au over 3.5 m</b>
14-SP-004:	<b>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</b>
14-SP-005:	<b>18.60 g/t Au over 2.0 m and 7.32 g/t Au over 2.0 m</b>
14-SP-006:	<b>43.80 g/t Au over 2.0 m</b>
14-SP-007:	<b>9.50 g/t Au over 2.0 m</b>
14-SP-008:	<b>4.58 g/t Au over 9.0 m</b>
14-SP-009:	<b>13.70 g/t Au over 4.0 m and 254.50 g/t Au over 2.0 m</b>

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 zones, 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 zone, 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 per cent. An overall gold recovery of 98.8 per cent was obtained when both gravity and subsequent cyanide leaching of the gravity tails were performed.

For the Porphyry zone, 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 per cent. An overall gold recovery of 91.6 per cent was obtained when both gravity and subsequent cyanide

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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 clearly non-refractory in nature. The company has commissioned SRC to perform standard flotation tests on the remaining material and subsequent gold recovery from the sulphide concentrate. Future metallurgical work on Spectrum will be designed to determine the optimal gold processing options, which may include a combination of conventional gravity, flotation or cyanidation methods.

On June 29, 2015 the Company announced it had 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. An Archaeological Impact Assessment (AIA) was completed between June 15 and 19 by Rescan Tahltan Environmental Consultants in conjunction with representatives of the Tahltan Heritage Resources Environmental Assessment Team. The survey identified no archaeological sites over the proposed drilling areas in the Central, 500 Colour and East Creek zones. Two previously identified sites of obsidian flakes are known on the property, but are distant from the proposed drilling areas. The company has agreed to implement a "Chance Find Procedure" to protect any obsidian or other archaeological materials that might be discovered during exploration. The Company will also implement a Mountain Ungulate Management and Wildlife Observation Plan developed by Hemerra Envirochem Inc. The purpose is to minimize impacts of the Company's activity on goats, sheep, caribou and other wildlife that might be present in the area.

A total of 12,000 m of drilling in 50 to 60 holes is planned for the 2015 field season, with holes averaging 200 m and varying from 50 to 350 m in depth. The drill program has been designed to expand the historic resource at the 500 Colour and Central zones. Other holes will test the East Creek zone and other outlying targets. A 43-101 resource estimate is planned to be completed in the first quarter of 2016.

On July 20, 2015 the Company reported additional bench-scale metallurgical test results. The work was completed under the direction of Michael Yakimchuk P. Eng., and shows 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%.

#### **QC Composite Sample**

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<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%.

<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 60-hole summer drilling program at Spectrum. A total of 7300 m of a proposed 12,000 m has been drilled to date, and all six holes have multiple high-grade intercepts. In addition, visible gold has been noted in seven holes so far.

The initial six holes totalled 1363 metres. Significant intersections include:

- 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 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.

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- 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 is being tested with relatively short drill holes averaging 230 m in length. The drill pattern is designed to provide pierce points spaced at approximately 50 m vertically and horizontally through the zones. The primary goal is to expand the steeply dipping 500 Colour and Central zones both at depth and along strike. Information collected in this drill program will be used to calculate a new and expanded 43-101-compliant mineral resource planned to be completed by the first quarter of 2016.

TABLE 1: Spectrum Drill Intersections

DDH #	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t	Cu %
S15-010	270	-52	3.40	7.00	3.60	16.40		
including			5.00	7.00	2.00	22.10		
			94.30	96.00	1.70	4.19		
			145.00	147.00	2.00	2.92		0.11
			199.00	200.40	1.40	15.90		
S15-011	270	-45	6.00	12.00	6.00	7.86		
			20.00	21.60	1.60	8.56		
			48.00	84.00	36.00	1.04	3.0	0.10
including			50.00	55.00	5.00	2.00		
and			62.00	64.00	2.00	3.28		0.11
and			71.00	72.35	1.35	2.40	13.6	0.62
			110.00	117.38	7.38	1.79	5.6	0.13
			130.00	142.00	12.00	3.62	5.2	0.16
including			140.00	142.00	2.00	9.50	9.0	0.24
S15-012	270	-55	35.00	73.00	38.00	1.28		
			102.00	108.60	6.60	10.59	3.1	0.19
including			105.50	106.90	1.40	37.80		
			140.00	146.00	6.00	2.07	15.0	
			197.60	216.00	18.40	6.40	8.8	
including			197.60	201.50	3.90	25.27	59.5	0.33
including			199.60	201.50	1.90	49.80	118.0	0.63
			212.00	216.00	4.00	2.86	8.8	
			234.00	238.00	4.00	7.08	17.5	0.12
S15-013	270	-45	3.00	130.00	127.00	1.26	5.2	0.15

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including			20.00	33.00	13.00	3.38	7.7	0.24
and			27.20	29.40	2.20	9.60	11.5	0.36
and			31.00	33.00	2.00	4.50	13.8	0.31
and			48.00	50.00	2.00	2.22		
and			78.00	80.00	2.00	2.27	5.9	0.16
and			108.00	110.00	2.00	2.90		0.11
and			120.00	130.00	10.00	2.30	5.3	0.14
S15-014	270	-58	3.00	7.00	4.00	3.18		
			19.00	21.00	2.00	2.43		
			30.00	35.00	5.00	2.25		0.22
			51.00	55.00	4.00	1.60		0.24
			77.00	93.95	16.95	4.95	20.5	0.70
including			83.00	90.00	7.00	7.95	35.5	0.93
			153.00	155.00	2.00	21.30	6.3	
			171.00	172.75	1.75	11.70		
			208.00	210.00	2.00	2.81	7.2	0.11
S15-017	270	-55	103.15	104.00	0.85	9.79	430.0	
			128.00	136.00	8.00	10.46	8.3	
including			128.00	130.30	2.30	33.33	26.7	0.13
			157.40	161.00	3.60	11.68		
			180.00	182.75	2.75	2.79	5.4	0.10

**Soil Sampling and Prospecting**

Prospecting and soil sampling have 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 (see attached map).

These samples averaged 550 ppb Au, with seven over 1000 ppb Au and a maximum of 19,500 ppb Au (0.57 oz/ton). These soil results are considered very significant as they indicate a potential new zone of high-grade 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 is underway 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.

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. Supervision of the project is provided by Rupert Allan, P.Geol. Vice-President - Exploration and a director of the Company.

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

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 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. The Company has been fortunate to be in a cash positive position having raised over \$11 million during the last 7 months.

During the quarter ended June 30, 2015, the Company raised approximately \$8.1 million in a combination of private placements and an earn-in arrangement. In two tranches, on May 15 and June 2, 2015, the Company issued an aggregate 99,216,666 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 and issued 1,666,666 shares with a fair value of \$100,000 in relation to the financing. In addition, Eros Resources Corp. (formerly Boss Power Corp.) paid \$1,500,000 to earn 8.7% interest in the Spectrum property to be used exclusively for exploration activities which qualify as eligible CEE expenditures. A joint venture agreement is under negotiation although the earned-in interest may be converted to 25,000,000 common shares of the Company, subject to regulatory approval.

The Company is underway with a drill program to complete 12,000 m of drilling before winter weather sets in.

In conjunction with the acquisition transaction of the Spectrum property, the Company closed a private placement on October 27, 2014, raising aggregate gross proceeds of \$2,550,295 through the issuance of an aggregate of 40,397,000 units consisting of (i) 25,295,000 units at a price of \$0.065 per unit, consisting of one flow-through common share and one non-flow through warrant; (ii) and 15,102,000 units at a price of \$0.06 per unit, consisting of one non-flow-through common share and one warrant. Each warrant is exercisable to purchase one common share at a purchase price of \$0.10 per common share until October 27, 2016. In the event that the Company's common shares trade for a period of 20 consecutive days at a volume-weighted average price of \$0.15 per share or greater, the Company may elect to accelerate the expiry date of the warrants to a date that is 60 days from the date that notice is provided to the warrant holders.

The Company paid a total of \$118,968 in share issuance costs. In relation to the financing, 1,218,268 broker warrants were issued with a fair value of \$32,803, exercisable at \$0.10 per unit for one year.

On December 29, 2014 the Company raised a further \$530,000 through the issuance of 3,533,333 flow-through common shares at \$0.15 per common share and paid a total of \$50,770 in share issuance costs.



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**EVALUATION AND EXPLORATION EXPENDITURES**

	TROPICO		SPECTRUM		TOTAL
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>\$</b>	<b>1,287,288</b>	<b>\$</b>	<b>1,136,104</b>	<b>\$ 2,423,392</b>
Land rentals & permits		8,883		51,110	59,993
Field work and supplies		4,400		289,953	294,353
Community relations		-		4,422	4,422
Exploration and sampling		-		12,206	12,206
Maps and reporting		-		17,012	17,012
Geology/geophysics/geochemical		-		143,663	143,663
Drilling		-		11,715	11,715
Assays & analysis/storage		-		40,024	40,024
Environmental studies		-		8,854	8,854
		13,283		578,959	592,242
<b>Total expenditures to June 30, 2015</b>	<b>\$</b>	<b>1,300,571</b>	<b>\$</b>	<b>1,715,063</b>	<b>\$ 3,607,876</b>

**SUMMARY OF QUARTERLY RESULTS**

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

Quarter ended	30-Jun-15	31-Mar-15	31-Dec-14	30-Sep-14
Revenue <sup>(1)</sup>	-	-	-	-
Loss for the quarter	\$ (856,670) <sup>(2)</sup>	\$ (402,690)	\$ (1,754,028) <sup>(3)</sup>	\$ (440,287)
Loss per share	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.02)
Quarter ended	30-Jun-14	31-Mar-14	31-Dec-13	30-Sep-13
Revenue <sup>(1)</sup>	-	-	-	-
Loss for the quarter	\$ (903,454)	\$ (25,991)	\$ (82,097)	\$ (19,954)
Loss per share	\$ (0.04)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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

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

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

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#### ***Loss for the six months***

Losses of \$1,259,360 occurred in the six months ended June 30, 2015 (2014 - \$929,445), as the Company begins the season's drill program on the Spectrum property. The exploration expenditures on Spectrum were \$592,242 (2014 - 99,646). Due to increased activity over the prior year, consulting fees were \$242,600 (2014 - \$26,766) and investor relations \$152,675 (2014 - \$2,666), professional fees \$81,395 (2014 - \$50,671) and office and administration \$36,683 (2014 - \$10,635). Share-based payments of \$50,845, using Black-Scholes fair value inputs were recorded on 600,000 incentive stock option grants to an officer and \$2,762 to vest investor relations option grants which are required to be vested in quarter tranches over a year.

Flow-through share premium recovery was recorded for \$40,604 as the Company draws down its flow through commitments.

#### ***Loss for the second quarter***

Losses of \$856,670 in the three months ended June 30, 2015 (2014 - \$903,454) were primarily incurred in setting up and implementing this season's drill program. The exploration expenditures on Spectrum for the quarter were \$531,391 (2014 - 99,646). Other major expenditures were consulting fees of \$144,699 (2014 - \$24,206) and investor relations \$84,699 (2014 - \$2,395), professional fees \$4,917 (2014 - \$44,161) and office and administration \$23,015 (2014 - \$7,847).

#### ***Cash flows for the six months ended June 30, 2015***

The Company used net cash in operating activities in the six months of \$1,166,092 (2014 - net cash provided of \$294,495). 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. Deposits and advances of \$204,475 were paid to contractors for aviation, helicopter, equipment, drillers and field crew, to be applied to invoices subsequent to the period.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company had working capital of \$6,943,139 as of June 30, 2015.

Due to flow through financings, the Company has a remaining commitment to incur \$557,154 in qualifying Canadian exploration expenditures on or before December 31, 2015. In addition, the \$1,500,000 earn-in in Spectrum by Eros Resources Corp. is to be spent exclusively on eligible exploration expenditures which qualify as CEE. Flow through of \$2,580,000 raised in the spring of 2015, is committed to qualifying Canadian exploration expenditures on or before December 31, 2016.

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## 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 six months ended June 30, 2015 and 2014 is as follows:

	2015		2014	
Short-term benefits <sup>1</sup>	\$	242,600	\$	26,766
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 six months ended June 30, 2015 and 2014.

### Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at June 30, 2015 is \$95,809 (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.

### Earn-in Arrangement

The Company and Eros entered into an arrangement for an earn-in of 8.7% of the Spectrum property for \$1,500,000. The Company and Eros share a common director and officer.

**SKEENA RESOURCES LIMITED***Management Discussion and Analysis*

June 30, 2015

**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 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 August 25, 2015:***

Authorized:

Unlimited common shares without par value

Issued:

264,258,760 common shares

Warrants:

Number	Exercise Price	Date of Expiry
800,000	\$2.50	September 1, 2015
40,397,000	\$0.10	October 27, 2016
<u>1,218,268</u>	\$0.10	October 27, 2015
42,415,268		

Stock options:

Number	Exercise Price	Date of Expiry
675,000	\$0.50	September 22, 2015
13,900,000	\$0.10	November 6, 2019
600,000	\$0.10	January 29, 2020
<u>200,000</u>	\$0.10	May 11, 2020
15,375,000		

Fully diluted:

**322,049,028**

**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, CMA, CFO & Corporate Secretary

***Auditors:***

Smythe Ratcliffe LLP

***Company solicitors:***

Fasken Martineau DuMoulin LLP