SKEENA
RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

Nine months ended September 30, 2019 and 2018

MANAGEMENT DISCUSSION AND ANALYSIS

QUARTER ENDED SEPTEMBER 30, 2019

INTRODUCTION

The Management Discussion & Analysis has been prepared by management and reviewed and approved by the Board of Directors on November 26, 2019. The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited quarterly condensed interim consolidated financial statements and the related notes thereto for the quarters ended September 30, 2019 and September 30, 2018, and in conjunction with the audited annual consolidated financial statements and the related notes thereto for the years ended December 31, 2018 and December 31, 2017. The information provided herein supplements but does not form part of the consolidated financial statements. This discussion covers the nine months ended September 30, 2019 and the subsequent period up to November 26, 2019, the date of preparation of this MD&A. Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted.

Additional information, including annual audited consolidated financial statements and more detail on specific mineral exploration properties discussed in this MD&A can be found on the Company's page at www.sedar.com or on the Company's website: www.skeenaresources.com

The technical information presented herein has been reviewed by Paul Geddes, P.Geo, the Company's Vice-President of Exploration and Resource Development, and a qualified person as defined by National Instrument 43-101.

This MD&A contains Forward Looking Information.
Please read the Cautionary Statements on page 3 carefully.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. 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.

The forward-looking statements and forward-looking information reflect the current beliefs of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information includes estimates, forecasts, plans, priorities, strategies and statements as to the Company's current expectations and assumptions concerning, among other things, ability to access sufficient funds to carry on operations, financial and operational performance and prospects, anticipated outcomes of lawsuits and other legal issues, particularly in relation to potential receipt or retention of regulatory approvals, permits and licenses, treatment under governmental regulatory regimes, stability of various governments including those who consider themselves self-governing, continuation of rights to explore and mine, collection of receivables, the success of exploration programs, the estimation of mineral resources, anticipated conclusions of economic assessments of projects, our ability to attract and retain skilled staff, expectations of market prices and costs, exploration, development and expansion plans and objectives, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Company's exploration projects. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

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 permits or approvals required to conduct planned exploration programs; the results of exploration; inaccurate geological and engineering assumptions; unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, industrial disturbances or other job action and unanticipated events related to health, safety and environmental matters); social unrest; failure of counterparties to perform their contractual obligations; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; disruptions or changes in the credit or securities markets; changes in law, regulation, or application and interpretation of the same; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; inflationary pressures; and various other events, conditions or circumstances that could disrupt Skeena's priorities, plans, strategies and prospects including those detailed from time to time in the Company's reports and public filings with the Canadian securities administrators, filed on SEDAR.

This information speaks only as of the date of this MD&A. The Company undertakes no obligation to revise or update forward-looking information after the date of this document, nor to make revisions to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws or the policies of the TSX-V exchange.

THE COMPANY

The principle business of Skeena Resources Limited ("Skeena" or "the Company") is the exploration and development of mineral properties in the Golden Triangle of northwest British Columbia, Canada. The Company owns or controls several exploration-stage properties including the past-producing Snip gold mine ("Snip"), and an option to acquire a 100% interest in the past-producing Eskay Creek gold mine ("Eskay"). Skeena also announced the results of a Preliminary Economic Assessment for the Spectrum-GJ copper-gold porphyry project ("Spectrum-GJ"), for which the Company holds a 100% interest in the Spectrum property and an option to acquire a 100% interest in the adjoining GJ property.

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

EXPLORATION PROPERTIES

Snip Project, Northwest British Columbia:

On July 31, 2017, Skeena acquired a 100% interest in the Snip past-producing gold mine from Barrick Gold Inc. ("Barrick"). The property consists of one mining lease and four mineral tenures totaling approximately 1,932 hectares. Under the terms of the acquisition agreement with Barrick, Barrick retains certain rights, principally:

- 1% Net Smelter Returns royalty interest ("NSR") retained by Barrick on the Snip property, or
- Subject to Skeena delineating in excess of 2 million ounces of gold, Barrick may exercise a back-in right to purchase a 51% interest in the property in return for a payment of three times Skeena's cumulative exploration expenditures on the property, following which the parties will form a joint venture, and Barrick would relinquish its 1% NSR.

On October 16, 2018, Skeena closed an agreement with Hochschild Mining Holdings Limited ("Hochschild"). The agreement included an option to acquire a portion of Skeena's Snip Property, the opportunity to have a representative on the Board of Directors, as well as a private placement financing.

Under the property option agreement, Skeena granted Hochschild an option to earn a 60% undivided interest in Snip located in the Golden Triangle of British Columbia (the "Option"). Hochschild will have three years to provide notice to Skeena that it wishes to exercise the Option. Once exercised, Hochschild shall then have three years (the "Option Period") to:

- incur expenditures on Snip that are no less than twice the amount of such expenditures incurred by Skeena from March 23, 2016 up until the time of exercise of the Option by Hochschild;
- incur no less than $7.5 million in exploration or development expenditures on Snip in each 12-month period of the Option Period; and
- provide 60% of the financial assurance required by governmental authorities for the Snip mining properties.

After completing a minimum spend of $22,500,000, Hochschild may extend the Option Period by a further period of 12 months by making a cash payment to Skeena of $1.0 million.

Concurrent with the Hochschild agreement, Skeena raised gross proceeds of $6,767,398 from the sale of 7,519,331 flow-through common shares of the Company at a price of $0.90 per share.

The Snip mine produced approximately 1.1 million ounces of gold from 1991 to 1999 at an average grade of 27.5 g/t. Skeena initially reviewed and modelled over 280,000 m of historical drill data and completed an initial 7,200 m surface drill program in 2016 with encouraging results. A winterized exploration camp has been established, and in 2017 the team re-opened and rehabilitated the underground workings, re-established ventilation and electric services prior to completing an initial 8,652 m underground drill-program in December of 2017. An 11,000 m Phase-II drill program was initiated in March 2018 and completed in November 2018.

Eskay Creek Project, Northwest British Columbia

On December 18, 2017, Skeena announced that it had entered into an option agreement with Barrick Gold Inc. ("Barrick") under which Skeena may acquire a 100% interest in the past producing Eskay Creek property ("Eskay"), located in the Golden Triangle region of northwest British Columbia.

In order to acquire the 100% interest in Eskay, Skeena must first:

- Incur $3,500,000 in exploration expenditures on the Property prior to December 18, 2020 of which $1,500,000 must be incurred prior to December 18, 2019 ("Exploration Requirement");
- Pay to Barrick $10,000,000 ("Purchase Price") once (i) the Exploration Requirement has been met (ii) all regulatory approvals have been received and (iii) all permit transfers and underlying agreement consents have been obtained; and
- Reimburse Barrick for (i) reclamation expenditures incurred during the Option period and (ii) assuming the bond amount on the Property, collectively up to a maximum amount of $7,700,000, provided that the Purchase Price will be reduced if those amounts, in aggregate, exceed $7,700,000.

Barrick will retain a 1.0% NSR on all parts of the Property which are not already subject to royalties. In addition, Barrick will maintain a back-in right to purchase a 51% interest in the Property. The back-in right may only be exercised by Barrick for a 12-month period following notification that Skeena has published a NI 43-101 resource on the Property of at least 1,500,000 ounces of contained gold (or equivalent). To exercise the back-in right, Barrick will pay Skeena up to three times its cumulative expense on the property. As part of the back-in Barrick would also reimburse to Skeena the Purchase Price and assume any bonding requirement for its proportionate interest, following which the parties will form a joint venture.

Eskay produced 3.3 million ounces of gold and 160 million ounces of silver from 2.2 million t of ore from 1994 until closure in 2008.

On February 28, 2019, the Company released an updated pit constrained mineral resource estimate, and a technical report was filed on the Company's website and SEDAR on April 15, 2019.

Spectrum-GJ Project, Northwest British Columbia

The 43,410-hectare Spectrum-GJ copper-gold property consists of 93 contiguous mineral claims situated approximately 30 km west of Imperial Metals' Red Chris Mine in the Golden Triangle of northwest British Columbia. The property consists of the Spectrum gold project, which contains high-grade sulphide-gold (>4 g/t Au) and bulk tonnage porphyry-style gold-copper, and the GJ project, which contains copper-gold porphyry mineralization.

In April 2017, Skeena announced the results of a Canadian National Instrument 43-101 Preliminary Economic Assessment ("PEA") and Mineral Resource update for Spectrum-GJ. The detailed technical report is available both on SEDAR and on the Company's website. The project has a greater than 25-year mine life with a low initial capex of $216 million, a base case pre-tax 8% NPV of $546 million and a 27% IRR. Skeena is actively seeking a partner or financing to advance the project.

Blackdome & Elizabeth Properties, South Central British Columbia

On September 15, 2016, the Company acquired all of the issued and outstanding common shares of Sona Resources Corporation ("Sona"), in exchange for 1,493,642 common shares of the Company and other additional consideration. Sona's primary assets are the past-producing Blackdome gold mine ("Blackdome") and related infrastructure, and an option to earn a 100% interest in the adjoining Elizabeth gold property ("Elizabeth"), which is considered prospective for gold. A legal dispute against Sona by the two vendors of the Elizabeth and surrounding Blue mineral claims, alleging non-performance under the option agreements, was adjudicated before the Supreme Court who dismissed the claims with costs awarded to Sona, Skeena's wholly owned subsidiary; however, the vendors of the Elizabeth property filed an appeal on November 16, 2017 requesting that the court cancel the option agreement covering the Elizabeth property. On September 28, 2018, the BC Court of Appeal rendered its reasons for judgment in the appeal of the trial decision. The BC Court of Appeal agreed with the majority of the factual findings and legal conclusions of the trial decision, including that the option agreements remain in full force and effect, but the vendors appealed the judgement. The BC Court of Appeal gave Sona until December 31, 2020 to produce a bankable feasibility study – the final remaining obligation to satisfy under the option agreements. As a result of the court case, which was pending at the time of acquisition by Skeena, none of the total purchase consideration of $3,428,165 was allocated to the Elizabeth exploration property.

RECENT TRANSACTIONS

Financing Transactions

On March 29, 2018, the Company raised total gross proceeds of $8,462,664. The Company issued 9,176,940 Units at a price of $0.60 per Unit for gross non flow-through ("NFT") proceeds of $5,506,164, and 4,223,571 flow-through ("FT") Shares at a price of $0.70 per FT Share for gross FT proceeds of $2,956,500. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.90 until March 29, 2020. In connection with the financing, the Company issued 750,179 broker warrants, exercisable at $0.70 until March 29, 2019. The Company incurred share issuance costs of $677,609 in association with the financing.

On October 16, 2018, Skeena closed an agreement with Hochschild. The agreement included an option to acquire a portion of Skeena's Snip Property, the opportunity to have a representative on the Board of Directors, as well as a private placement financing. Concurrent with entering into the agreement with Hochschild, Skeena collected gross proceeds of $6,767,398 from the sale of 7,519,331 flow-through common shares of the Company at a price of $0.90 per share. The Company incurred share issuance costs of $252,942 in association with the Hochschild financing.

On April 10, 2019, the Company raised gross proceeds of $2,000,000 through a private placement financing, issuing 5,194,805 common shares at a price of $0.385. Cash finder's fees of $65,975 were paid in connection with the private placement. No warrants, options, or bonus shares were issued in conjunction with this financing.

On July 31, 2019, the Company raised gross proceeds of $5,032,070 through a private placement financing, issuing 9,077,208 common shares at a price of $0.385 and 3,169,784 flow through shares at a price of $0.485. Cash finder's fees of $81,736 were paid in connection with the private placement. No warrants, options, or bonus shares were issued in conjunction with this financing.

RECENT PROGRESS

Snip Project, Northwest British Columbia

On July 31, 2017, Skeena announced that it had satisfied the terms of the option agreement and has acquired a 100% interest in the Snip Project from Barrick.

Underground drilling in late 2017 focused on confirming and expanding the modelled mineralization related to historic mining remnants proximal to the underground development. The program also targeted the numerous mineralized footwall structures that were not included in the historical Snip mineral resource. The data collected from this initial Phase I 8,652 m program were used to plan Skeena's 9,583 m Phase II drill program initiated in March 2018 and completed in August 2018.

Both Skeena drill programs at the Snip Project have been successful in not only confirming the spatial and grade continuity of remnant mineralization but also defining new extensions to zones that were not delineated by previous operators. Geological and grade modelling of the extensive historical database resulted in the generation of numerous targets, including the 200 Footwall Corridor and Eastern Twin Zone.

200 Footwall Corridor

The newly interpreted 200 Footwall Corridor is situated 200 m below the Twin Zone, which produced 0.7 Moz averaging 28.95 g/t Au, and is a parallel structure which is geologically and structurally analogous to that hosting the mineralization in the Twin Zone. Skeena's current interpretation, in the relatively small area currently drilled, is that mineralization occurs within a shallowly plunging zone contained within the larger 200 Footwall structure. The 200 Footwall is a significant exploration target, which remains open for expansion both down-dip and down-plunge. The 200 Footwall received limited underground drilling from previous operators and was tested by 2016 Skeena drill hole S16-006 which intersected 16.24 g/t Au over 13.50 m in an area previously undrilled. Combined, the geological similarities to the Twin Zone, and lack of drilling, make the 200 Footwall a compelling exploration target – a large proportion of the 2018 program was designed to expand upon this newly modelled and largely untested area.

Eastern Twin Zone

The Eastern Twin Zone was less densely drill-defined by the former operators along its strike-extension beyond the eastern portion of the former Snip mine, and was never developed. During the 2017 Phase I program, Skeena targeted this area and intersected 91.56 g/t Au over 3.82 m in UG17-062 at a vertical depth of 50 m below surface. The depth potential of the Eastern Twin Zone was also tested by drill hole UG17-035 which intersected two broad intervals grading 19.26 g/t Au over 11.85 m followed by 11.21 g/t Au over 5.95 m at a vertical depth of 370 m below surface.

The recently completed Phase II drilling on the Eastern Twin Zone encountered gold grades and mineralization thicknesses which are significantly above those from historical drilling. These results are in part due to a more comprehensive sampling protocol which does not rely on selective sampling, but instead samples the entirety of the drill core. This protocol is intended to provide a complete database to support economic analyses using current gold prices and cut-off grades.

Phase II drilling intersected 13.80 g/t Au over 18.00 m including 42.84 g/t Au over 2.90 m in the Eastern Twin Zone. This intercept occurs 12 m up-dip of historic drill hole UG-1706 which intercepted 36.80 g/t Au over only 0.40 m from within a selectively sampled interval of 7 m. The inconsistency in zone thickness and gold grade is related to either incomplete historical sampling practices or geological and grade variability within the same mineralized zone of interest, or both.

Mineralization in areas such as the Eastern Twin Zone did not meet the historically required mining grade cut-off and widths when the mine was in operation, so these areas were never drilled at spacings necessary for advancing future resource development and mine planning. Furthermore, the high cut-off grades historically used meant that drill holes were selectively assayed in intercepts of visible high-grade mineralization and were not sampled in their entirety.

Prior to the implementation of National Instrument 43-101 standards, reclamation of the mine in 1999 involved disposal of all historical drill cores. This resulted in the inability of Skeena to fully validate prior operators' databases to modern standards. The lack of historic drill cores and supporting drilling documentation, paired with the wide-spaced historical drilling in undeveloped areas necessitates that Skeena devote a substantial proportion of its drilling campaigns to validate historical data. This will allow for high-confidence underground resources to be reported.

The km-scale structures which host the Twin Zone and the 200 Footwall are well-defined but only sporadically tested by drilling. As the results of Skeena's Phase II drilling program are incorporated into the geological and grade models, the Company plans to assess the property-scale potential by performing regional surface-based drilling to test new targets.

Eskay Creek Project, Northwest British Columbia

In December 2017, Skeena secured an option to acquire 100% interest in the Eskay Creek property from Barrick. The Project consists of eight mineral leases, two surface leases and several unpatented mining claims which total 6,151 hectares. Eskay Creek has excellent infrastructure including all-weather road access and proximity to the new 287-kilovolt Northwest Transmission Line.

Eskay Creek is a precious and base metal-rich volcanogenic massive sulphide (VMS) deposit. Regionally, this style of mineralization has been the focus of considerable exploration activity in the Golden Triangle dating back to 1932. Exploration programs in 1988 led to the discovery of the Eskay Creek 21A and 21B Zones, followed by underground development of the 21B Zone starting in 1990, with the official opening of the Eskay Creek mine in 1994. Over the 14-year mine life, approximately 2.2 Mt of ore were mined with cut-off grades ranging from 12 to 15 g/t gold equivalent for mill ore, and 30 g/t gold equivalent for direct shipping smelter ore. From 1994 until 2008 the Eskay Creek mine produced approximately 3.3 Moz of gold and 160 Moz of silver at average grades of 45 g/t Au and 2,224 g/t Ag and was once the world's highest-grade gold mine and the fifth-largest silver mine by volume.

Since announcing the option agreement to acquire Eskay Creek from Barrick in December 2017, Skeena has completed an extensive review of the historical database provided by Barrick, and recently completed a Preliminary Economic Assessment (PEA) based upon the results of Skeena drilling programs.

2019 Preliminary Economic Assessment - Eskay Creek Project

On 7 November 2019, the Company announced the results of its Eskay Creek PEA completed by Ausenco Engineering Canada Inc. ("Ausenco"), supported by SRK Consulting (Canada), and AGP Mining Consultants, for the Eskay Creek gold-silver project. Eskay Creek 2019 PEA Highlights include:

- High-grade open-pit averaging 3.23 g/t Au, 78 g/t Ag (4.17 g/t AuEq) (diluted)
- After-tax NPV_5 of C$638M (US$491M) and 51% IRR at US$1,325/oz Au and US$16/oz Ag
- After-tax payback period of 1.2 years
- Pre-production capital expenditures (CAPEX) of C$303M (US$233M)
- After-tax NPV:CAPEX Ratio of 2.1:1
- Life of mine ("LOM") average annual production of 236,000 oz Au, 5,812,000 oz Ag (306,000 oz AuEq)
- LOM all-in sustaining costs (AISC) of C$983/oz (US$757/oz) AuEq recovered
- LOM cash costs of C$949/oz (US$731/oz) AuEq recovered
- 6,850 Tonne per day (TPD) mill and flotation plant producing saleable concentrate

1. Exchange Rate (US$/C$) of 0.77
2. Cash costs are inclusive of mining costs, processing costs, site G&A, treatment and refining charges and royalties
3. AISC includes cash costs plus estimated corporate G&A, sustaining capital and closure costs
4. Gold Equivalent (AuEq) calculated via the formula: Au (g/t) + [Ag (g/t) / 82.8]

Eskay Creek PEA Executive Summary

The 2019 Eskay Creek PEA considers an open pit mine with on-site treatment of the mined material by conventional milling and flotation to recover a gold-silver concentrate for provision to third-party smelters. The mine will be an owner-operated, standard truck and shovel open-pit, with a leased mining fleet. At present, no contributions from previously reported underground resources are incorporated into this study. The processing capacity of 6,850 t per day will result in a production lifespan of 8.6 years. An additional 1.5 years of pre-stripping, stockpiling and mine access development is planned prior to the processing facility becoming fully operational in Year 1. The PEA leverages Eskay Creek's extensive existing infrastructure, including all-weather access roads, previously permitted tailing storage facilities (TSF) and proximity to the recently commissioned 195 MW hydroelectric facilities and linked power grid.

The PEA is derived from the Company's pit-constrained resource estimate (February 28, 2019), and does not include results from the recently initiated and ongoing 2019 Phase I infill drilling program. The effective date of the PEA is November 7, 2019 and a technical report will be filed on the Company's website and SEDAR within 45 days of this disclosure.

Mineral resources are not mineral reserves and have do not have demonstrated economic viability. The PEA is preliminary in nature and includes inferred mineral resources that are too speculative to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that PEA results will be realized.

Table 1: 2019 Eskay Creek 2019 PEA Detailed Params and Outputs

Assumptions	
Gold Price (US$)	$1,325
Silver Price (US$)	$16
Exchange Rate (US$/C$)	0.77
Discount Rate	5%
Royalties	1%
Contained Metals	
Contained Gold Ounces (koz)	2,212
Contained Silver Ounces (koz)	53,404
Contained AuEq Ounces (koz)	2,857
Mining	
Mine Life (Years)	8.6
Strip Ratio (Waste:Mineralization)	7.2:1
Total Tonnage Mined (t)	175,270
Total Mineralized Material Mined (t)	21,307
Processing	
Processing Throughput (TPD)	6,850
Average Diluted Gold Grade (g/t)	3.23
Average Diluted Silver Grade (g/t)	78
Average Diluted Gold Equivalent Grade (g/t)	4.17
Production	
Gold Recovery	91.1%
Silver Recovery	92.4%
LOM Gold Production (koz)	2,022
LOM Silver Production (koz)	49,872
LOM Gold Equivalent Production (koz)	2,624
LOM Average Annual Gold Production (koz)	236
LOM Average Annual Silver Production (koz)	5,812
LOM Average Annual Gold Equivalent Production (koz)	306
Operating Costs	
Mining Cost (C$/t Mined)	$3.44
Mining Cost (C$/t Milled)	$26.32
Processing Cost (C$/t Milled)	$21.64
G&A Cost (C$/t Milled)	$6.06
Total Operating Cost (C$/t Milled)	$54.03
Cash Costs and AISC	
LOM Cash Cost (US$/oz Au) Net of Silver By-Product	$582
LOM Cash Cost (US$/oz AuEq) Co-Product	$731
LOM AISC (US$/oz Au) Net of Silver By-Product	$615
LOM AISC (US$/oz AuEq) Co-Product	$757
Capital Expenditures	
Pre-Production Capital Expenditures (C$M)	$303
Sustaining Capital Expenditures (C$M)	$27
Reclamation Cost (C$M)	$52
Economics	
After-Tax NPV (5%) (C$M)	$638
After-Tax IRR	51%
After-Tax Payback Period (Years)	1.2

After-Tax NPV:CAPEX Ratio	2.1:1
Pre-Tax NPV (5%) (C$M)	$993
Pre-Tax IRR	63%
Pre-Tax Payback Period (Years)	1.1
Pre-Tax NPV:CAPEX Ratio	3.3:1
Average Annual After-Tax Free Cash Flow (Year 1-9) (C$M)	$147
LOM After-Tax Free Cash Flow (C$M)	$959

1. Cash costs are inclusive of mining costs, processing costs, site G&A, treatment and refining charges and royalties
2. AISC includes cash costs plus corporate G&A, sustaining capital and closure costs
3. Gold Equivalent (AuEq) calculated via the formula: Au (g/t) + [Ag (g/t) / 82.8]

Sensitivities

After-tax economic sensitivities to commodity prices are presented in Table 2 illustrating the effects of varying gold and silver prices as compared to the base-case. Additional Project sensitivities will be presented in the Technical Report.

Table 2: After Tax NPV $_{(5\%)}$ and IRR Sensitivities to Commodity Prices

	Lower Case	Base Case	Higher Case
Gold Price (US$/oz)	$1,200	$1,325	$1,500
Silver Price (US$/oz)	$14	$16	$18
After-Tax NPV (5%) (C$M)	$453	$638	$878
After-Tax IRR (%)	40%	51%	63%
After-Tax Payback (Years)	1.6	1.2	0.9
Average Annual After-Tax, Free Cash Flow (Years 1-9) (C$M)	$117	$147	$187

Eskay Creek Mineral Resource Estimate

The Company's current Mineral Resource Estimate (MRE; effective date of February 28, 2019) completed by SRK Consulting (Canada) forms the basis for this PEA. The MRE does not include drilling results from the Company's recently initiated and ongoing 2019 Phase I infill program.

Table 3: Pit constrained Mineral Resource Statement reported at 0.7 g/t AuEq cut-off:

		Grade			Contained Ounces		
	T	AuEq	Au	Ag	AuEq	Au	Ag
	(000)	g/t	g/t	g/t	oz (000)	oz (000)	oz (000)
Total Indicated	12,650	5.8	4.3	110	2,340	1,740	44,660
Total Inferred	14,420	2.9	2.3	47	1,340	1,050	21,720

Table 4: Underground Mineral Resource Statement reported at a 5.0 g/t AuEq cut-off:

		Grade			Contained Ounces		
	T	AuEq	Au	Ag	AuEq	Au	Ag
	(000)	g/t	g/t	g/t	oz (000)	oz (000)	oz (000)
Total Indicated	819	8.2	6.4	139	218	169	3,657
Total Inferred	295	8.2	7.1	82	78	68	778

1. Mineral resources are not mineral reserves as they do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
2. Results are reported in-situ and undiluted and are considered to have reasonable prospects for economic extraction
3. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated Mineral Resource category.
4. For the PEA study, the open-pit block model was regularized to 9 m x 9 m x 4 m whole blocks using mineralization greater than 0.5 g/t AuEq within a single mineralization percent field; therefore a slight difference exists between the resources reported herein, and the resources released in the February 28, 2019 press release
5. The number of metric tonnes and ounces were rounded to the nearest thousand. Any discrepancies in the totals are due to rounding
6. Reported underground resources are exclusive of the resources reported within the conceptual pit shell
7. Cut-off grades are based on a price of US$1,275 per ounce of gold, US$17 per ounce silver, and gold recoveries of 80%, silver recoveries of 90% and without considering revenues from other metals. AuEq = Au (g/t) + (Ag (g/t) / 75)
8. Estimates use metric units (m, t and g/t). Metals are reported in troy ounces (metric tonne * grade / 31.10348)
9. CIM definitions were followed for the classification of mineral resources

Mining Overview

An open-pit mining scenario is the basis for this PEA; potential underground precious metal resource contributions are not being considered at this time. The owner-operated, leased mining fleet will utilize conventional truck and shovel methods with 22m^3 shovels and 142 t haul trucks. Support equipment is comprised of track dozers, graders and hydraulic excavators; additional support equipment to maintain production during seasonal periods of high snowfall has also been incorporated.
The mine designs and scheduling were engineered to provide 2.5 Mt per year of mineralization to the 6,850 TPD process plant. A total of 21.3 Mt of diluted mill feed averaging 3.23 g/t Au and 78 g/t Ag (4.17 g/t AuEq), is expected to be processed over the life of mine from the main pit area and a smaller satellite pit hosting the 22 Zone. Mill feed will be trucked to a primary crusher located to the west of the main pit and then conveyed overland two km to the process facility. Waste totaling 154.0 Mt will be stored in a dump adjacent to the main and satellite open pits with a portion backfilled into the pit as the mining sequence advances towards the north. Open-pit mining dilution has been factored at 15%.

Conservative pit slopes were applied to the mine design with recognition of areas that exhibit lower rock quality. Default Inter Ramp Angles are 42 degrees throughout the hanging wall andesites and footwall rhyolites, with 32-degree IRA slope allowance in the less competent mudstones. Batter angles of 65 degrees have been applied throughout the entire design.

Metallurgical Optimizations

The former Eskay Creek mine operated over 14 years from 1994 and produced approximately 3.3 Moz of Au and 160 Moz Ag, either in flotation concentrate, with average grades of 45 g/t Au and 2,224 g/t Ag, or as Direct Shipped Ore (DSO).

To support this PEA, metallurgical test work was conducted by Blue Coast Research using Skeena's recently drilled samples from the 21A, 21B and 22 Zones, which represent a significant proportion of the open-pit mine plan. Test work included comminution, whole-ore leaching, with gravity recovery as well as flotation of a bulk sulphide concentrate.

Low recovery cyanide leach extractions were observed in the testwork, attributable to the free gold occurring as fine particles associated with sulphide minerals. In addition, in this test work gravity concentration did not increase the overall gold recovery.

The 2019 metallurgical program has focused on optimizing bulk sulphide flotation, resulting in higher recoveries and lower mass pull than was historically realized at Eskay Creek during its previous operation. Flotation tests were performed on samples over a range of gold and silver head grades to generate recovery relationships which were used to estimate the annual concentrate production over the mine life. The results indicate that at an average head grade of 3.2 g/t Au and 78 g/t Ag, recoveries of 91% for Au and 92% for Ag were estimated, with production of a saleable concentrate containing 25 g/t Au, 604 g/t Ag, 620 ppm Hg, 0.71% As and 1.25% Sb.

Processing Overview

Run-of-mine (ROM) material is trucked from the mine and either stockpiled or direct tipped into the primary crusher. Primary crushed feed material is in turn conveyed overland 2 km to the mill facility and stacked onto a covered coarse stockpile. The ROM material is considered relatively competent with a design competency measurement of 32 and Bond rod and ball mill work indices of 21.0 kWh/t and 19.4 kWh/t, respectively. To provide the target particle grind size of P_{80} 75 µm the comminution circuit comprises a 3.3 MW semi semi-autogenous grinding (SAG) mill, 7.9 m diameter by 3.7 m effective grinding length, and a 6.0 MW ball mill, 6.1 m diameter by 8.8 m length. A pebble crushing circuit is also included. Ground material is processed through a conventional flotation circuit including rougher/scavenger tank cells. Rougher-scavenger concentrate is subsequently ground to a target size of P_{80} 20 µm prior to multiple stages of cleaning to produce a gold-silver concentrate. Ultimately, flotation tailings are pumped to the existing Tailings Storage Facility (TSF), for disposal. Flotation concentrate is thickened and filtered, and trucked to the port at Stewart, BC for loading onto ships and transportation to third-party smelters worldwide.

Concentrate Marketing Studies

Multiple marketing assessments have been completed to support this PEA which confirm that Eskay Creek concentrate, at a target grade of 25 g/t Au, is readily saleable. The preferred preliminary contract terms for the concentrate have been provided by Chinese smelters, however multiple offtakes are available. Smelters onshore and within Europe have also been identified as potential markets, however they may apply higher penalties for non-payable elements. The Company has been offered a term sheet for the entire concentrate production, which has been used as the basis for the financial model, and includes gold and silver payabilities, industry standard treatment and refining charges, and penalties for impurities; antimony is not considered to be a payable element at this time.

Capital Costs

Table 5: Project Capital Cost Estimates (C$M) (Totals may differ due to rounding):

	Contingency	Initial	Sustaining	LOM Total
Mine				
Pre-Stripping		$62	–	$62
Mining Equipment		$14	$6	$20
Mine Capital		$7	$3	$9
Sub-Total Mine	$4	$83	$9	$91
Processing				
Bulk Earthworks		$7	–	$7
Processing		$74	$7	$81
Reagents & Plant Services		$7	$1	$8
Tailings & Water Treatment		$19	$2	$21
Onsite Infrastructure		$22	$2	$23
Sub-Total Processing	$21	$129	$12	$141
Infrastructure				
Power		$13	–	$13
TSF, Water Supply & Treatment		$2	$4	$6
Sub-Total Infrastructure	$5	$15	$4	$19
Total Directs		$226	$24	$250
Indirects	$7	$27		$27
Total Directs + Indirects		$253	$24	$277
Owner's Costs	$4	$10		$10
Total excluding contingency		$263	$24	$287
Project Contingency	$40		$3	$43
Sub-total including contingency		$303	$27	$330
Closure		–	$52	$52
Total		$303	$79	$382

Environmental and Permitting Considerations

Eskay Creek represents a closed mine with existing permits for mine discharge and waste disposal. The site has been maintained in good standing and environmental monitoring has been ongoing during operations and since the site was closed in 2008. There is a substantial database of environmental information for the site and region spanning almost 30 years. To accommodate the mine design contemplated by the PEA, updated environmental assessment and mine permits will be required. The Company is currently performing a gap analysis of existing environmental data to identify additional data needs with the intent of carrying out environmental baseline studies to advance the permitting process.

Community Relations

Eskay Creek has maintained a long-standing relationship with the Tahltan Nation. Previous operators maintained agreements with the Tahltan which included provisions for training, employment, and contracting opportunities. The Company has been working in the Tahltan Territory since 2016 and has developed a strong working relationship with the Nation. Skeena also maintains formal agreements with the Tahltan Central Government which guide communications, environmental practices, and contracting and employment opportunities for their project in Tahltan Territory. Skeena participates in the BC Regional Mining Alliance (BCRMA) which is a partnership between First Nations, the BC Government, AME BC and exploration companies operating in the Golden Triangle region of BC. The BCRMA provides a platform for all parties to collaborate in communications with the potential investment partners on opportunities in the region.

Project Opportunities and Value Enhancements

The 2019 PEA clearly demonstrates that Eskay Creek has the potential to become an economically viable project. Additional opportunities and next steps include:

- Continued drill conversion of inferred resources to the measured and indicated categories
- Potential for expansion and upgrading of the existing pit constrained and inclusion of underground resources
- Mine scheduling investigations allowing for the further optimization of blending scenarios
- Supplementary metallurgical optimizations including deposit-wide variability testing
- Geotechnical investigations to complement and potentially enhance the current pit slope designs
- Gap analyses and environmental baseline studies to support expedited permitting
- Further optimization of water management infrastructure

Eskay Creek Mineralization

The Eskay Creek deposits represent a shallow water, bimodal volcanic sequence hosted in a fault-bounded basin with an epithermal VMS signature. Rhyolite facies volcanics are overlain by mafic volcanics separated by a clastic mudstone occurring at the contact between the two volcanic episodes. This mudstone represents a period of quiescence between the two volcanic events and is spatially and temporally related to the main mineralizing event at Eskay Creek. Typical of bimodal volcanic sequences hosting VHMS (Volcanic Hosted Massive Sulphide) deposits, the mudstone represents a period of sedimentation and mineralizing quiescence between the underlying volcanic rocks of the Mount Dilworth Formation (~190Ma), and the stratigraphically younger Eskay Creek Mine stratigraphy hosted in the Salmon River Formation (~175Ma). The Lower Mudstone is essentially analogous to the main Contact Mudstone in that it occurs at a mineralized time break between periods of volcanic activity. The stratigraphic and mineralization cyclicity within a volcanic pile is a common feature to VHMS deposits of which Eskay Creek is a member. This Lower Mudstone is situated approximately 100 m stratigraphically below the more familiar Contact Mudstone, host to the previously developed Eskay Creek deposits (see attached sections).

The epithermal suite of elements (Hg-Sb-As) and bonanza precious metal Au+Ag grades dominantly occur at this interface but are not homogenously distributed throughout the mudstone. Rather, they are spatially associated with hydrothermal vents fed from underlying syn-volcanic feeders. Due to the higher precious metal tenor of the mudstone-hosted mineralization, the vast majority of historical production at Eskay Creek occurred within this rock type whilst the rhyolite-hosted feeder style mineralization was less developed due to its lower Au-Ag grades. Rhyolite-hosted mineralization is not enriched in Hg-Sb-As and was often blended with mudstone-hosted zones to reduce smelter penalties for the on-site milled concentrates and DSO.

Skeena's Drilling of the High-Grade Mineralization in Lower Mudstone

In August 2018 Skeena commenced an initial surface drill program at Eskay Creek. This first phase of exploratory and definition drilling was focused on the unmined 21A, 21C and 22 Zones. These near-surface targets are located proximal to the historical mine footprint and hold high potential for expansion of mineralization which may be suitable for open-pit mining. The goal of the Phase I program was to increase drill density in select areas of mineralization to allow for future mine planning, collect fresh material for preliminary metallurgical testing and expand known mineralization into areas that have not previously been drill tested.

The 2019 Phase I infill and expansion drilling program at Eskay Creek upgraded the Inferred mineralization hosted in the various zones. During this program, two additional drill holes (SK-19-063 and SK-19-067), were extended below the Inferred resources to test the exploration potential of a secondary and lesser known mineralized mudstone horizon.

Below the 21A Zone Contact Mudstone and rhyolite package, 2019 Phase I drill hole SK-19-063 intersected a broad package of the Lower Mudstone that hosts a mineralized interval grading 312.81 g/t Au, 95 g/t Ag (314.07 g/t AuEq) over 2.21 m including an individual sample with considerable visible gold grading 1,380 g/t Au, 322 g/t Ag (1,384.29 g/t AuEq) over 0.50 m. This mineralization is further corroborated by historic (1989) drill hole CA89-023 grading 5.80 g/t Au, 5.75 g/t Ag (5.88 g/t AuEq) over 6.00 m as well as recently completed Phase I drill hole SK 19 067 which intersected 8.02 g/t Au, <5 g/t Ag (8.05 g/t AuEq) over 1.50 m. Regionally extensive and averaging 5 - 15 m in true thickness, the Lower Mudstone is situated approximately 100 m below the Eskay Creek deposits and has been traced by historical drilling for over 5,000 m along strike.

2019 Phase I Drill Program

The 2019 Phase I drill program at Eskay Creek is initially focussing upon converting pit-constrained Inferred resources to Indicated resources via infill in the 22, 21A, 21E and HW Zones. These zones have been prioritized for helicopter-supported drilling such that the remaining drilling in the 21B Zone can be performed with ground transported drill rigs.

This initial phase of drilling at Eskay Creek will total approximately 15,000 m over 200 drill holes, with average depths of 75 m. Drill hole spacings required for indicated resources varies by zone, but averages 15 to 20 m.

Drilling Status – Snip and Eskay Creek Projects

The helicopter supported portion of the 2019 Phase I program at Eskay Creek has been completed and the drill rigs have been converted to ground-based skid mounts. During this brief hiatus, one helicopter supported rig was mobilized to the Company's Snip Project to perform surface-based drill testing of the 200 Footwall Corridor.

Spectrum-GJ Project Progress, Northwest British Columbia

Spectrum-GJ Preliminary Economic Analysis

On April 20, 2017, Skeena announced the results of a Canadian National Instrument 43-101 Preliminary Economic Assessment ("PEA") and Mineral Resource update for the Company's GJ copper-gold project ("GJ"). The PEA and Mineral Resource update focus on two deposits that are approximately 14 km apart: the porphyry copper-gold Donnelly Deposit at GJ ("Donnelly") and the porphyry gold-copper Spectrum Central Zone ("Spectrum").

Conventional truck and shovel open pit mining is planned with a staged approach to production output, starting at 10,000 t per day (tpd) at Donnelly, ramping up to 20,000 tpd in Year 6 when Spectrum comes on-line, and reaching 30,000 tpd in Year 12. The staged approach was adopted to limit operational, technical and capital risks that are typical of new mine start-ups. Using base case parameters, copper would generate approximately two-thirds of project revenue during the initial five years of production and approximately 58% over the life of the mine.

The overall planned mine life is 25 years with upside potential to increase this beyond 30 years. A centrally located flotation processing plant and a single life-of-mine tailings storage facility are planned, with a conventional Carbon-in-Leach ("CIL") plant added at year 6 for improved gold recovery.

The project has an initial capital cost of $216 million and benefits from the presence of existing infrastructure on or adjacent to the project area, including grid hydropower, paved Highway No. 37 and an industrial road that extends to within 10 km of the planned processing plant site. The proximity of the deep-water Port of Stewart, B.C., is a further significant project benefit.

Summary results of the Spectrum-GJ PEA:

Parameter	Base Case	Upside Case 1	Upside Case 2
Copper price (US$/lb)	2.75	3.00	3.25
Gold (US$/oz)	1,250	1,300	1,350
Silver (US$/oz)	17.75	20.00	22.50
Economic Results (Pre-Tax)			
NPV 8% (millions)	C$ 546.18	C$ 699.62	C$ 853.86
IRR	26.6%	31.0%	35.3%
Payback (years)	3.81	3.19	2.71
Economic Results (After-Tax)			
NPV 8% (millions)	C$ 314.09	C$ 412.99	C$ 512.35
IRR	20.6%	23.9%	27.1%
Payback (years)	4.21	3.68	3.26

The PEA indicates an initial capex of less than US$200 million, combined with a 25-year mine life and an after-tax, base case IRR of better than 20%. These key characteristics are coupled with average strip ratios of 0.52 at the Spectrum pit and 0.86 at the Donnelly pit, good metallurgical recoveries and opportunities for project expansion and exploration. The base case after-tax net present value (using an 8% discount rate) for the GJ project alone vastly exceeds Skeena's current market capitalization.

Relations with Indigenous Communities

Skeena's Board of Directors has established the following principles to guide the Company and its management, workers and contractors in responsible exploration:

- Foster cooperation and understanding through frequent communication with our neighbours
- Encourage and support exploration and development activities that limit impacts to wildlife and the environment
- Communicate our proposed project plans and activities openly, and work to address concerns
- Hire workers locally and provide training
- Offer local businesses the opportunity to supply materials and services
- Align our exploration and development activities with local social, environmental and economic considerations
- Use local knowledge and build capacity to support cooperative approaches to resource management, and promote long term sustainability
- Continue to improve our health and safety, environmental and social programs

One of Skeena's founding principles of is to work closely with Indigenous Communities to achieve the responsible development of our projects, and to make a positive difference in the places we work. We believe in building and sustaining mutually beneficial and supportive relationships with Indigenous Communities by creating a foundation of trust and respect, through open, honest and timely communication.

Skeena has established both a Communications Agreement and an Exploration Agreement with the Tahltan Central Government. The Communications Agreement provides a protocol and framework for communication activities with the Nation; establishing a system and schedule for ongoing community engagement, and discussions with community leadership. The Exploration Agreement addresses employment and contracting opportunities, permit application reviews, environmental monitoring, protection of cultural resources, and capacity funding support to the Tahltan Central Government related to Skeena's exploration work in Tahltan traditional territory. Collectively, these agreements support the ongoing development of the strong collaborative relationship between Skeena and Tahltan.

DISCUSSION OF OPERATIONS

The Company completed the quarter with working capital[1] of $1,454,347 (Dec 31, 2018 - $2,082,636). Being in the exploration stage, the Company does not have revenue from operations, and has historically relied on equity funding and non-arm's length loans for its continuing financial liquidity.

On March 29, 2018, the Company raised total gross proceeds of $8,462,664. The Company issued 9,176,940 Units at a price of $0.60 per Unit for gross NFT proceeds of $5,506,164, and 4,223,571 FT Shares at a price of $0.70 per FT Share for gross FT proceeds of $2,956,500. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.90 until March 29, 2020. In connection with the financing, the Company issued 750,179 broker warrants, exercisable at $0.70 until March 29, 2019, which expired unexercised. The Company incurred share issuance costs of $677,609 in association with the financing.

On October 16, 2018, Skeena closed an agreement with Hochschild Mining Holdings Limited ("Hochschild"). The agreement included an option to acquire a portion of Skeena's Snip Property, the opportunity to have a representative on the Board of Directors, as well as a private placement financing. Concurrent with entering into the agreement with Hochschild, Skeena collected gross proceeds of $6,767,398 from the sale of 7,519,331 flow-through common shares of the Company at a price of $0.90 per share. The Company incurred share issuance costs of $252,942 in association with the Hochschild financing.

On April 10, 2019, the Company raised gross proceeds of $2,000,000 through a private placement financing, issuing 5,194,805 common shares at a price of $0.385. Cash finder's fees of $65,975 were paid in connection with the private placement. No warrants, options, or bonus shares were issued in conjunction with this financing.

On July 31, 2019, the Company raised gross proceeds of $5,032,070 through a private placement financing, issuing 9,077,208 common shares at a price of $0.385 and 3,169,784 flow through shares at a price of $0.485. Cash finder's fees of $81,736 were paid in connection with the private placement. No warrants, options, or bonus shares were issued in conjunction with this financing.

[1] Working capital is a non-GAAP measure and is defined as current assets less current liabilities.

EXPLORATION AND EVALUATION EXPENSES

2019	Blackdome	Porter Idaho	GJ	Eskay	Snip	Total
Claim renewals and permits	$ 191,765	$ -	$ -	$ 119,949	$ 90,146	$ 401,860
Fieldwork, camp support and local office	14,722	-	1,235	663,576	67,747	747,280
Camp housing and transport	-	-	-	463,556	-	463,556
Assays and analysis/storage	-	-	1,318	102,708	50,927	154,953
Community relations	161	-	11,201	23,793	64,862	100,018
Drilling	-	-	-	854,445	-	854,445
Environmental studies	43,959	-	-	81,430	10,215	135,605
Geology, geophysics, and geochemical	39,271	-	3,150	1,614,399	418,733	2,075,552
Fuel	-	-	-	71,116	-	71,116
Helicopter	9,610	-	-	440,902	18,859	469,371
Metallurgy	-	-	-	279,713	-	279,713
Share based payments	-	-	-	526,216	210,848	737,064
Total for the nine months ended Sept 30, 2019	$ 299,488	$ -	$ 16,904	$ 5,241,803	$ 932,337	$ 6,490,532

2018	Blackdome	Porter Idaho	GJ	Eskay	Snip	Total
Claim renewals and permits	$ 97,302	$ 22,931	$ 8,461	$ 43,109	$ 164,191	$ 335,994
Fieldwork, camp support and local office	8,332	236	5,975	358,896	1,782,739	2,156,178
Assays and analysis/storage	-	-	119	74,512	295,158	369,789
Community relations	-	-	2,250	2,250	45,994	50,494
Drilling	-	-	-	486,923	814,390	1,301,313
Environmental studies	537	-	19,690	44,528	11,342	76,097
Geology, geophysics, and geochemical	42,718	15,927	71,895	240,578	1,246,786	1,617,904
Fuel	-	-	-	19,018	166,501	185,519
Helicopter	5,371	-	-	360,866	381,590	747,827
Electrical	-	-	-	2,160	147,962	150,122
Share based payments	-	-	-	-	476,000	476,000
Total for the nine months ended Sept. 30, 2018	$ 154,260	$ 39,094	$ 108,390	$ 1,632,840	$ 5,532,653	$ 7,467,237

SUMMARY OF QUARTERLY RESULTS

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

Quarter ended		30-Sep-19		30-Jun-19		31-Mar-19		31-Dec-18
Revenue [1]		-		-		-		-
Loss for the quarter	$	[2] (8,870,741)	$	[3] (3,220,462)	$	[4] (1,474,001)	$	[5] (4,639,536)
Loss per share	$	(0.08)	$	(0.03)	$	(0.02)	$	(0.05)

Quarter ended		30-Sep-18		30-Jun-18		31-Mar-18		31-Dec-17
Revenue [1]		-		-		-		-
Loss for the quarter	$	[6] (2,930,849)	$	[7] (4,715,984)	$	[8] (3,233,653)	$	[9] (3,493,429)
Loss per share	$	(0.03)	$	(0.05)	$	(0.04)	$	(0.05)

(1) this being an exploration stage company, there are no revenues from operations;
(2) includes exploration expenditures of $4,334,987, share based payments of $932,424 and impairment of mineral property interests of $3,283,144
(3) includes exploration expenditures of $1,451,598 and share-based payments of $835,602
(4) includes exploration expenditures of $703,947
(5) includes exploration expenditures of $4,020,959 and gain on option of mineral property of $391,251
(6) includes exploration expenditures of $2,935,231 and gain on marketable securities of $332,500
(7) includes exploration expenditures of $3,026,330 and impairment of mineral property interests of $1,325,759
(8) includes exploration expenditures of $1,505,676 and share-based payments of $1,166,000
(9) includes exploration expenditures of $3,547,455 and flow-through premium recovery of $1,350,078

Loss for the quarter ended September 30, 2019

Losses of $8,870,741 in the three months ended September 30, 2019 (“Q3-19”) were higher than the quarter ended September 30, 2018 (“Q3-18”), primarily due to the impairment of mineral property interests of $3,283,144 coupled with higher exploration costs and greater share-based payments expense in Q3-19. Exploration activity levels were higher in Q3-19 than in Q3-18 as the Company closed a significant financing in Q3-19, allowing for proceeds to be used on exploration activities.

Loss on marketable securities increased from a gain of $332,500 in Q3-18 to a loss of $358,220 in Q3-19. The Company acquired the equivalent of 9,500,000 StrikePoint Gold Inc. (“StrikePoint”) shares on August 15, 2018 and sold 4,027,000 shares in Q3-19. The Strikepoint shares also decreased in value during Q3-19. As well, flow-through premium recovery increased by $322,535 between Q3-18 and Q3-19, consistent with increased exploration and evaluation expenses in the same quarters.

Loss for the nine months ended September 30, 2019

Losses of $13,565,204 in the nine months ended September 30, 2019 were higher than the losses of $10,880,486 recorded for the nine months ended September 30, 2018 primarily due to the impairment of the Blackdome property in the period ended September 30, 2019 which was greater than the impairment taken on the Porter Idaho property in the period ended September 30, 2018. As well, an increase in loss on marketable securities from a gain of $332,500 in Q3-18 to a loss of $643,220 in Q3-19 served to increase the losses for the 2019 period.

Cash flows for the nine months ended September 30, 2019

The Company's operating activities consumed net cash of $4,068,122 (2018 – $8,121,215) during the nine months ended September 30, 2019. The higher 2018 operating cash consumption occurred due to higher cash expenses, coupled with increasing receivables and the paying down of accounts payable and accrued liabilities in the comparative period.

The Company closed two private placement financings during the 2019 period which resulted in a net financing cash inflow to the Company of $6,521,743, as compared with $7,698,715 during the period ended September 30, 2019. Investing activities in the period ended September 30, 2019 related primarily to receipt of proceeds from the sale of Mount Rainy and StrikePoint Securities, whereas investing activities during the period ended September 30, 2018 related more to posting bonds for exploration work.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital[2] of $1,454,347 as of September 30, 2019 (Dec 31, 2018 – $2,082,636). The decrease in working capital is a result of the Company raising gross proceeds of $7,032,070 in September 30, 2019 (period ended September 30, 2018 - $8,462,664) while drawing down its cash balances and increasing payables, since December 31, 2018. Being in the exploration stage, the Company does not have revenues from operations, and relies on equity financing for its continuing financial liquidity.

Management cautions that the Company's ability to raise further funding is not certain. Additional funds will be required in order to pursue the Company's current exploration plans. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern.

CHANGES IN ACCOUNTING POLICIES

Accounting policies used in the quarter are as set out in the audited annual financial statements for the year ended December 31, 2018, with the adoption of updated policies to comply with evolving International Financial Reporting Standards, which are described below.

The IASB has issued a number of amendments to standards and interpretations, and one new standard, which were not yet effective in 2019, and have not been applied in preparing these condensed interim consolidated financial statements. It is anticipated that these amendments and the one new standard will have no impact on the Company's financial statements when they are adopted in future years.

The IASB has also issued several new standards which are effective January 1, 2019 and were first adopted by the Company in the nine-month period ended September 30, 2019. Pronouncements that are not applicable to the Company have not been described herein.

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

IFRS 16 Leases

IFRS 16 establishes a comprehensive framework for recognition, measurement and classification of leases and requires lessees to recognize assets and liabilities for most leases. It has replaced International Accounting Standard ("IAS") 17 Leases and related interpretations. The Company has adopted IFRS 16 retrospectively from January 1, 2019 and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are recognized on the opening statement of financial position on January 1, 2019 to the extent they arise; however, no adjustments were necessary to the Company's opening retained earnings as a result of the adoption of this standard. With respect to the Company's office leases, a $1.7 million right-of-use asset and a corresponding liability for the same amount was recognized as at January 1, 2019. Adoption of the new standard did not give rise to any material changes to the Company's processes or IT controls.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. The associated right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018.

The following is the accounting policy that has been amended as a result of adoption of IFRS 16:

> *Leases*
>
> Upon lease commencement, the Company recognizes a right-of-use asset, which is initially measured at the amount of the lease liability plus any direct costs incurred, which is then amortized over the life of the lease on a straight-line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease; if the implicit lease rate cannot be determined, the incremental borrowing rate is used. Payments against the lease are then offset against the lease liability. The lease liability and right-of-use asset are subsequently remeasured to reflect changes to the terms of the lease. Assets and liabilities are recognized for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, marketable securities, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest risk arising from the financial instruments. The Company is exposed to credit risk in relation to the receivables balances, however, most of the receivables balance included in financial instruments consists of amounts owing from StrikePoint Gold Inc. Interest risk and credit risk are managed for cash by maintaining deposits in redeemable GIC's or savings accounts belonging to a major Canadian bank or credit union. Credit risk is managed for receivables by seeking prompt payment, monitoring the age of receivables, and making follow up inquiries when receivables are not paid in a timely manner. The Company manages its currency risk by periodically adjusting the principal foreign currency cash balances to approximately match foreign currency liabilities. This helps to reduce the Company's gains and losses as a result of fluctuations in foreign exchange rates. Interest on short-term deposits is classified as interest income on the Consolidated Statement of Comprehensive Loss. There are no gains, losses or expenses associated with this financial instrument. The Company does not engage in any hedging activities. Other financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 4 of the audited consolidated financial statements for the year ended December 31, 2018.

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:

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Director remuneration[1]	$ 91,042	$ 142,125
Officer remuneration[1]	$ 532,530	$ 393,000
Share-based payments	$ 1,648,982	$ 1,352,477

[1] Remuneration consists exclusively of salaries, bonuses, health benefits, if applicable, and consulting fees to officer and key management.

Short term benefits were paid to Walter Coles for services of the Chief Executive Officer, to Andrew MacRitchie for services of the Chief Financial Officer, and to Paul Geddes for services of the Vice-President of Exploration. In addition, each of the non-executive directors were entitled to receive director's fees. Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments granted to key management personnel during the periods ended September 30, 2019 and 2018.

Recoveries

During the period ended September 30, 2019, the Company recovered $69,813 (period ended September 30, 2018 - $45,428) in rent and salary recoveries from related parties, as a result of billing employee time for services provided and charging rent fees to related parties, classified as office and administration.

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at September 30, 2019 is $23,366 (December 31, 2018 - $37,000) due to officers, in relation to key management compensation.

Receivables

Included in receivables at September 30, 2019 is $28,836 (December 31, 2018 - $21,341) due from companies with common directors or officers, in relation to office rent and other recoveries.

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 such items as liabilities when the amount can be reasonably estimated, and settlement of the matter is probable to require an outflow of future economic benefits from the Company.

Eilat, and related parties, have on a number of occasions asserted certain claims against the Company pertaining to the Asset Purchase Agreement ("APA") dated April 14, 2014 and April 27, 2015 governing the Company's purchase of the Spectrum property. The Company received formal notices of civil claims in relation to the APA, in April of 2016. Notably, no further steps have been taken by the litigant since bringing the claims. In the opinion of management, the outcome of these events is not determinable at this time, and these matters are not expected to have a material effect on the consolidated financial statements of the Company.

The Company has previously had operations in other countries and has not yet completed the formal process of dissolution of a subsidiary company. There may be amounts owed by that subsidiary company, including mining concession fees unpaid since January 2014, estimated to be $100,000 per year, that are not probable to require an outflow of future economic benefits to satisfy. As a result, the Company has not accrued those amounts as liabilities.

OFF BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

The following section updates the Outstanding Share Data provided in the unaudited condensed consolidated financial statements for the period ended September 30, 2019.

Common Shares:	
Shares outstanding at September 30, 2019 and November 26, 2019	115,289,676
Stock Options:	
Options outstanding at September 30, 2019	11,502,000
Expired Options	(400,000)
Options outstanding at November 26, 2019	11,102,000
Warrants:	
Warrants outstanding at September 30, 2019	14,129,175
Expired Warrants	(4,166,666)
Warrants outstanding at November 26, 2019	9,962,509