SKEENA RESOURCES LIMITED

(an exploration stage enterprise)

Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2014 and 2013

(Expressed in Canadian Dollars)

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

	Note		June 30, 2014		December 31, 2013
ASSETS					
Current					
Cash		$	319,185	$	24,690
Receivables			6,072		7,724
Prepaid expenses			6,597		9,828
			331,854		42,242
Mineral property interests	5		-		686,784
Equipment	6		5,597		11,559
		$	337,451	$	740,585
LIABILITIES					
Current					
Accounts payable and accrued liabilities	7	$	267,480	$	76,169
Commitment to issue shares	4	$	335,000	$	-
Loans	7		342,000		342,000
			944,480		418,169
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Capital stock	8		21,574,497		21,574,497
Reserves	8		3,633,238		3,633,238
Deficit			(25,814,764)	`	(24,885,319)
			(607,029)		322,416
		$	337,451	$	740,585

Approved on behalf of the Board:

"Ronald K. Netolitzky"
……………………………………………………………….. Director
Ronald K. Netolitzky

"Peter Tredger"
……………………………………………………………….. Director
Peter Tredger

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

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

		For the three months ended June 30		For the six months ended June 30	
	Note	**2014**	2013	**2014**	2013
ADMINISTRATIVE EXPENSES					
Exploration and evaluation		**$ 99,646**	$ 49,100	**$ 99,646**	$ 54,428
Amortization		**352**	789	**967**	1,578
Consulting	7	**24,206**	3,338	**26,766**	5,775
Investor relations		**2,395**	-	**2,666**	-
Office and administration		**7,847**	7,894	**10,635**	10,969
Professional fees		**44,161**	1,420	**50,671**	1,420
Rent and administration		**4,227**	2,385	**6,587**	4,639
Shareholder communications		**463**	220	**4,757**	369
Transfer agent and listing fees		**13,400**	3,770	**19,859**	9,860
Loss on sale of marketable securities		**-**	273	**-**	273
Travel		**14,978**	-	**15,112**	-
Impairment of mineral property interests	5	**686,784**	-	**686,784**	-
Disposition of equipment		**4,995**	-	**4,995**	-
Net loss and comprehensive loss for the period		**$ (903,454)**	(69,189)	**(929,445)**	(89,311)
Loss per share		**$ (0.04)**	$ (0.00)	**$ (0.04)**	$ (0.00)
Weighted average number of common shares outstanding		**25,551,762**	25,551,762	**25,551,762**	25,551,762

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

SKEENA RESOURCES LIMITED

(an exploration stage enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Unaudited - expressed in Canadian dollars)

	Capital Stock		Reserves				Total Shareholders' Equity
	Shares	Amount	Options	Warrants	Total Reserves	Deficit	(Deficiency)
Balance at December 31, 2012	25,551,762	$ 21,574,497	$ 2,310,023	$ 1,323,215	$ 3,633,238	$ (24,693,956)	$ 513,779
Loss for the period	-	-	-	-	-	(89,311)	(89,311)
Balance at June 30, 2013	25,551,762	21,574,497	2,310,023	1,323,215	3,633,238	(24,783,267)	424,468
Balance at December 31, 2013	25,551,762	21,574,497	2,310,023	1,323,215	3,633,238	(24,885,319)	322,416
Loss for the period	-	-	-	-	-	(929,445)	(929,445)
Balance at June 30, 2014	25,551,762	$ 21,574,497	$ 2,310,023	$ 1,323,215	$ 3,633,238	$ (25,814,764)	$ (607,029)

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

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

	For the six months ended June 30	
	2014	**2013**
OPERATING ACTIVITIES		
Loss for the period	**$ (929,445)**	$ (89,311)
Items not effecting cash		
Amortization	**967**	1,578
Loss on sale of marketable securities	**-**	273
Impairment of mineral property interests	**686,784**	-
Disposal of equipment	**4,995**	-
Changes in non-cash working capital		
Receivables	**1,652**	1,175
Prepaid expenses	**3,231**	3,233
Accounts payable and accrued liabilities	**191,311**	17,869
Commitment to issue shares	**335,000**	-
Net cash provided by (used in) operating activities	**294,495**	(65,183)
FINANCING ACTIVITY		
Loans	**-**	57,000
INVESTING ACTIVITY		
Sale of marketable securities	**-**	140
Change in cash during the period	**294,495**	(8,043)
Cash, beginning of the period	**24,690**	32,216
Cash, end of the period	**$ 319,185**	$ 24,173

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

(Unaudited - expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Skeena Resources Limited (the “Company”) is incorporated under the laws of the province of British Columbia, Canada, and its principal business activity is the exploration of mineral properties. The Company’s corporate office is located at Suite 611, 675 West Hastings Street, Vancouver, British Columbia V6B 1N2. The Company is in the exploration stage with respect to its mineral property interests and has not, as yet, achieved any commercial production.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. The Company has incurred significant operating losses over the past several years and does not have a current source of revenue or sufficient financial resources to sustain operations in the long term.

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

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

		June 30 2014		December 31 2013
Working capital deficiency	**$**	**(612,626)**	$	(375,927)
Deficit	**$**	**(25,814,764)**	$	(24,885,319)

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed consolidated interim financial statements for the six months ended June 30, 2014 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and are in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements are presented in Canadian dollars and have been prepared using the accounting policies as set out in the audited annual consolidated financial statements for the year ended December 31, 2013. The disclosures which follow do not include all disclosures required for the annual consolidated financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2013.

The Board of Directors has approved and authorized the issuance of these condensed consolidated interim financial statements on August 26, 2014.

Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost basis using the accrual basis of accounting, except cash flow information.

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned integrated subsidiary, Skeena Mexico S.A. de C.V. ("Skeena Mexico"), a Mexican corporation. All significant intercompany balances and transactions have been eliminated.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as FVTPL; accounts payable and accrued liabilities and loan payable, as other financial liabilities. The carrying values of these instruments approximate their fair value due to their short term to maturity.

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

Credit risk

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

Liquidity risk

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks consist of interest rate risk, foreign currency risk and other price risk. As at June 30, 2014, the Company is not exposed to significant market risk.

4. COMMITMENT TO ISSUE SHARES

On April 28, 2014, the Company announced that it had entered into a conditional asset purchase agreement (the "Acquisition") with two private British Columbia corporations, Eilat Exploration Ltd. ("Eilat") and Keewatin Consultants (2002) Inc., a company owned by a director, with respect to the acquisition of a 100% interest in the Spectrum Gold Property ('Spectrum") for total consideration of 80 million common shares and an interest-free note payable of $700,000 due September 30, 2015. The Company will also pay up to $50,000 as a non-refundable deposit to cover certain near term operating expenses incurred by Eilat. Spectrum is located in the Golden Triangle of the Stikine Arch in northwest British Columbia.

The Acquisition is subject to shareholder and TSX Venture Exchange acceptance. The Acquisition is conditional on a six-month due diligence program and obtaining shareholder approval. Closing of the Acquisition, which is subject to further regulatory review, is anticipated to occur in mid-October 2014. The closing of the Acquisition is also subject to the Company completing a financing for net proceeds of at least $2 million, of which $335,000 is held on deposit as at June 30, 2014 pending shareholder approval and acceptance of the transaction. In the event that management of Skeena decides not to proceed with the Acquisition, after shareholder approval has been obtained, Eilat would be entitled to a $700,000 termination fee.

(Unaudited - expressed in Canadian dollars)

5. MINERAL PROPERTY INTERESTS

Tropico Property, Mexico

In September 2010, the Company acquired a 100% interest in, and clear title to, the Tropico property, in consideration for 800,000 common shares of the Company (issued), valued at $400,000 and five-year warrants (issued), which can be exercised to acquire an additional 800,000 common shares, from Anthem Resources Incorporated, Almaden Minerals Corp. and Minera Cascabel S.A. de C.V, superseding all previous agreements. The total acquisition costs for the Tropico property amounted to $686,784. Mining concession fees due January 31, 2014 remain outstanding and are estimated to be $50,000 with penalties and interest. The Company has recognized an impairment loss of $686,784 against the Tropico mineral properties, which is equivalent to its carrying value. In addition, field equipment was written off.

6. EQUIPMENT

Cost	Computer Equipment	Field Equipment	Vehicle	Office Equipment	Total
Balance, December 31, 2012	$ 12,229	$ 20,940	$ 21,381	$ 5,945	$ 60,495
Additions	-	-	-	-	-
Balance, December 31, 2013	12,229	20,940	21,381	5,945	60,495
Disposals	-	(902)	(21,381)	-	(22,283)
Balance, June 30, 2014	**$ 12,229**	**$ 20,038**	**-**	**$ 5,945**	**$ 38,212**
Accumulated Amortization					
Balance, December 31, 2012	$ 10,103	$ 15,882	$ 15,075	$ 4,720	$ 45,780
Additions	638	1,012	1,261	245	3,156
Balance, December 31, 2013	10,741	16,894	16,336	4,965	48,936
Additions	223	394	252	98	967
Disposals	-	(700)	(16,588)	-	(17,288)
Balance, June 30, 2014	**$ 10,964**	**$ 16,588**	**$ -**	**$ 5,063**	**$ 32,615**
Carrying Value					
Balance, December 31, 2012	$ 2,126	$ 5,058	$ 6,306	$ 1,225	$ 14,715
Balance, December 31, 2013	$ 1,488	$ 4,046	$ 5,045	$ 980	$ 11,559
Balance, June 30, 2014	**$ 1,265**	**$ 3,450**	**$ -**	**$ 882**	**$ 5,597**

(Unaudited - expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the three and six month periods ended June 30, 2014 and June 30, 2013 was as follows:

		For the three months ended June 30		For the six months ended June 30	
		2014	**2013**	**2014**	**2013**
Short-term benefits	1	**$ 24,206**	$ 3,338	**$ 26,766**	$ 5,775

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

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at June 30, 2014 is $58,008 (2013 - $20,308) due to directors or officers and $32,457 due to Virginia Energy Resource Inc. ("Virginia") for certain operating expense. A director of the Company is an officer of Virginia.

Loans

During the year ended December 31, 2013, the Company obtained a loan from a private company held by a director of the Company for $142,000. The loan is non-interest-bearing and due on demand.

During the year ended December 31, 2012, the Company arranged a loan totalling $200,000 from a private company held by a director of the Company. The loan is secured by a non-interest-bearing promissory note for consideration of 500,000 shares for a loan fee fair valued at $35,000.

8. CAPITAL STOCK AND RESERVES

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

There was no share issuances for cash during the six months ended June 30, 2014.

Stock options and warrants

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

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

(Unaudited - expressed in Canadian dollars)

	Warrants			Stock Options		
	Number		Weighted Average Exercise	Number		Weighted Average Exercise
Outstanding, December 31, 2012	800,000	$	2.50	1,455,000	$	0.65
Expired/cancelled	-		-	(250,000)	$	(1.46)
Outstanding, December 31, 2013	800,000	$	2.50	1,205,000	$	0.51
Expired/cancelled	-		-	(480,000)	$	(0.50)
Outstanding and exercisable, June 30, 2014	800,000	$	2.50	725,000	$	0.52

As at June 30, 2014 incentive stock options and share purchase warrants were outstanding as follows:

	Number		Exercise Price	Expiry Date
Options	50,000	$	0.75	January 11, 2015
	675,000	$	0.50	September 22, 2015
	725,000			
Warrants	800,000	$	2.50	September 1, 2015

Share-based transactions

No incentive options were granted to officers, employees or directors during the period ended June 30, 2014 nor were there incentive options granted during the years ended December 31, 2013 and 2012.

9. CAPITAL RISK MANAGEMENT

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

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's capital risk management approach in the period ended June 30, 2014.

(Unaudited - expressed in Canadian dollars)

10. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition of mineral properties. Geographic information is as follows:

	June 30, 2014	December 31, 2013
Mineral Property Interest and Equipment:		
Canada	**$ 5,597**	$ 6,302
Mexico	**-**	692,041
	$ 5,597	$ 698,343