
SKEENA RESOURCES LIMITED

FORM 51-102F1

MANAGEMENT'S DISCUSSION & ANALYSIS – 1st QUARTER 2005

The following discussion and analysis, prepared as of **August 29, 2005**, provides information that management believes is relevant to an assessment and understanding of the Company's interim financial condition and the results of its operations and cash flows for the three-month period ended June 30, 2005. The discussion should be read in conjunction with the financial statements for the quarter ended June 30, 2005 and accompanying notes and the annual audited consolidated financial statements, related notes and annual MD&A for the year ended December 31, 2004. The financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles.

Description of Business and Overall Performance

Skeena Resources Limited ("the Company") is a mineral exploration stage corporation with three exploration properties in British Columbia, Canada and a gold exploration property at El Corazon, Ecuador, the latter being the Company's primary focus. The Company is a reporting issuer in British Columbia, Alberta, and Saskatchewan and trades on the TSX Venture Exchange under the symbol SKE.

The Company's wholly owned subsidiary, Alphec Alpha Ecuador S.A., holds the option interest in the El Corazon gold property in Ecuador acquired in 2004.

On July 16, 2005 a Kluane International drill rig and crew were mobilized onto the optioned El Corazon project in northwest Ecuador. Drilling commenced on July 18th and to August 29th, 13 holes totaling 2,394 metres of N thin-wall core had been completed. Assays for the first 9 holes are anticipated shortly and will be released upon receipt. The samples have been shipped by truck to Quito for preparation in an ALS Chemex facility, and then to an ALS Chemex laboratory in Lima, Peru for analyses.

A program of re-location, rehabilitation and sampling of some of the historical trenches, especially where they coincide with resistivity responses from the recently completed induced polarization (IP) survey, is also underway.

On July 15, 2005, the Company completed a non-brokered private placement of 3,812,500 units to raise \$1.525 million. Each unit consists of one common share at \$0.40 per share and one two-year share purchase warrant exercisable at \$0.75 per share. This replaced the previously announced brokered financing utilizing a Short Form Offering Document. Proceeds will finance the drill program at the Company's El Corazon gold project and for general corporate purposes. The Company will continue to seek out new quality advanced gold and base metal projects within Canada and internationally to enhance the portfolio of exploration properties.

Results 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.

Cash flows for the most recent quarter

In the second quarter of 2005 ended June 30, the Company had cash proceeds of \$633,420 comprised of \$637,000 less \$42,080 in commission costs raised in the first of two tranches of a non-brokered private placement and \$28,500 from the exercise of options. Cash expenditures (deferred) on exploration properties (essentially all spent in Ecuador), amounted to \$349,959. Cash used in operating activities was \$184,194; resulting in an increase in cash and cash equivalents of \$94,979 for a total of cash and cash equivalents at June 30, 2005 of \$647,412. The number of issued and outstanding

common shares increased during the quarter by 1,687,500, of which, 1,592,500 were common shares issued by way of the private placement, for a total of 34,598,616 common shares outstanding.

As at June 30, 2005 and to the above-stated date of this report, the quoted price of the Company's common shares on the TSX-Venture Exchange is below the exercise prices of the Company's outstanding stock options.

Loss for the most recent quarter

During the quarter ended June 30, 2005, the loss was \$146,644 (2004 - \$59,007) of which general and administrative expenses were \$115,662 (2004 - \$58,888). Stock options granted in the quarter to a recently hired investor relations person resulted in a fair value charge of \$33,657 using the Black-Scholes option pricing model (there were no stock options granted in the corresponding quarter in 2004). Legal fees in the quarter were \$20,646 (2004 - \$31,076) and were mainly expenditures incurred writing an updated AIF (Annual Information Form), a Short Form Offering Document and an Agent's Agreement for a brokered financing, subsequently replaced in the quarter with a non-brokered private placement.

During the quarter, there were consulting fees of \$28,358 (2004 - \$13,397) of which \$21,000 (2004 - \$9,000) were paid to a company controlled by a director for management and geological services. Administration expenses are averaging \$30,000 a month, due mostly to higher legal and regulatory costs while raising capital.

Risk of Doing Business

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The commercial viability of a mineral deposit is also dependent upon a number of factors which are beyond the Company's control. Some of these factors are the attributes of the mineral occurrences, commodity prices, market trends, cost of financing and country risks including uncertain political and economic environments, restrictions on export and repatriation of capital and profits.

The development of the El Corazon property will require licenses and permits from various levels of government. The Company believes that as it progresses in the future it will be able to obtain all necessary licenses and permits for continuing its exploration programs although there is no assurance of this. The Company intends to comply with all licenses and permits it acquires.

The El Corazon property is in a region of Ecuador where exploration and artisanal mining is being conducted. Within the Company's property boundaries, there is a lease that requires renewal in 2008. The Company believes it has been conducting business there in a responsible and prudent manner and to date has been able to progress as planned. The majority of the Company's money is held in Canada and only sufficient funds are transferred to Ecuador to meet current obligations. Currently, inflation is not a material issue in Ecuador.

Summary of Quarterly Results

The following tables report selected financial information of the Company for the past eight quarters ending with the last reported financial statements at March 31, 2005.

Quarter ended	30-Jun-05	31-Mar-05	30-Dec-04	30-Sep-04
Capitalized property acquisition and exploration costs	\$ 349,959	\$ 302,834	\$ 1,738,726	\$ -
Revenue ⁽⁵⁾	-	-	-	-
Loss for the quarter	\$ (146,644) ⁽¹⁾	\$ (461,476) ⁽²⁾	\$ (113,877)	\$ (20,688)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Summary of quarterly results (cont'd...)

Quarter ended	30-Jun-04	31-Mar-04	31-Dec-03	30-Sep-03
Capitalized property acquisition and exploration costs	\$ 45,365	\$ (51,129)	\$ 28,976	\$ 45,618
Revenue ⁽⁴⁾	-	-	-	-
Loss for the quarter	\$ (59,007)	\$ (29,079)	\$ (522,862) ⁽³⁾	\$ (33,051)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.00)

⁽¹⁾ includes \$ 33,657 stock based compensation.

⁽²⁾ includes \$ 306,722 stock-based compensation.

⁽³⁾ includes \$ 411,882 stock-based compensation.

⁽⁴⁾ an exploration stage company – does not have revenues from operations.

The Company's financial statements have been prepared in accordance with generally accepted accounting principles in Canada and all amounts are expressed in Canadian dollars unless otherwise indicated.

Liquidity and Capital Resources

As at June 30, 2005 the Company had cash and cash equivalents of \$647,412, of which, \$618,793 is available as working capital. The year-end cash and cash equivalents together with the additional funds raised subsequent to the quarter, of \$24,000 from the exercise of stock options and \$888,000 from the 2nd tranche of the private placement, is considered sufficient to meet current obligations including the current diamond drilling program underway in El Corazon.

In that regard, the Company completed a \$1.525 million non-brokered private placement of 3,812,500 units subsequent to the quarter ended June 30, 2005. Each unit consists of one common share, at \$.40 share, and one non-transferable common share purchase warrant exercisable at \$0.75 for a period of 2 years. The warrants have an accelerator clause where-by the remaining exercise period may, upon notice given by the Company, after the 4 month hold period, be reduced to 30 days should the trading value of the Company's stock be \$1.00 or greater for 10 consecutive trading days. Finders fees of \$76,880 were paid and 288,300 broker warrants were issued on that portion of the funds raised by accredited third parties. This offering replaced the cancelled \$2 million brokered placement of 4 million units.

The functional currency of the Company is the Canadian dollar and to date most new funding has been raised in Canadian dollars. The government of Ecuador uses the US dollar as its currency and all transactions in the country are done in US dollars. The Company is funding the El Corazon operation at an average rate of \$50,000 US a month mainly for camp costs, labour and administration. Contractors for drilling and two expatriate geologists are paid over and above the local costs.

The Company uses forward contracts to secure best rates available on US dollar requirements.

Mineral Properties and Expenditures

At June 30, 2005, the Company's mineral properties and expenditures thereon were as follows:

	ICE PROJECT	BLACK HORN	RONOKE	EL CORAZON	TOTAL
BALANCE, DEC.31, 2004	\$390,087	\$30,323	\$12,903	\$1,844,415	\$2,277,728
ANALYTICAL SERVICES	-	-	-	5,403	5,403
FIELD SUPPORT	-	-	-	156,868	156,868
LAND COSTS	5,529	2,652	(2,000)	(18,745)	(12,565)
LOCAL OFFICE	-	-	-	367,725	367,725
LEGAL	-	-	-	735	735
TRAVEL COSTS	-	-	-	14,369	14,369
COSTS FOR YEAR	-	-	-	302,834	302,834
TOTAL COSTS	395,616	32,975	10,903	2,491,028	2,930,522
SALE OF CLAIMS DURING YEAR	-	-	-	-	-
BALANCE, JUN.30, 2005	\$395,087	\$32,975	\$10,903	\$2,491,028	\$2,930,522

Mineral Exploration Projects

El Corazon gold project, Ecuador

On July 03, 2003, Skeena announced that it had entered into a Letter of Intent to option an interest in the El Corazon gold project in Ecuador, South America. This road accessible property is located approximately 100 km northwest of Quito at an elevation of approximately 1,000 metres. The terms of the Agreement with Alpha Oil Inc., a private British Columbia corporation, required the Company to issue five million of its common shares (2.5 million in year one - issued), to assume all of Alpha's option obligations as outlined below and, subject to the Company completing a pre-feasibility study by the 4th anniversary of the agreement, pay \$1,500,000 (in cash or the equivalent value in common shares - paid) to earn 100% of Alpha's interest in the Project.

Alpha Oil may earn a 50% interest in the property held by the vendor group, Compañía AgroIndustrial El Corazon S.A., a private Ecuadorean company, by making cash payments of US \$4,465,000 (\$315,000 during the first 18 months - paid) over 4 years, exploration expenditures of US \$5,000,000 (\$500,000 during year one - expended) over 4 years, and providing certain technical advice and assistance to AgroIndustrial to operate their small, high-grade underground mine/mill facility. The AgroIndustrial operation will continue to function as a separate entity and will be confined to a limited, pre-determined area and vertical extent within the property, to a maximum of 50 tonnes per day, and to a cumulative total of 33,000 oz. of gold (by mill head-grade calculation). Additionally, the Company has a first right of refusal on any further capitalization of AgroIndustrial and the sale of any shares outside the present shareholder group.

	CASH PAYMENTS TO AGROINDUSTRIAL	CASH PAYMENTS TO ALPHA OIL INC.	EXPENDITURES (EXPLORATION COMMITMENTS)	SHARE ISSUANCES TO ALPHA OIL
December 11, 2004	\$ 315,000 paid			2,500,000 issued
December 11, 2005			\$ 500,000	2,500,000
June 11, 2006	\$ 50,000			
December 11, 2006			\$ 1,000,000	
December 11, 2007	\$ 100,000		\$ 1,500,000	
December 11, 2008	\$ 4,000,000	\$ 1,500,000 *	\$ 2,500,000 **	

* cash or shares, at Skeena's election.

** includes pre-feasibility study

Mineral Exploration Projects (El Corazon gold project, Ecuador, cont'd...)

The Company is the operator of the exploration project. All of the database and drill core are currently stored on site and are available to the Company.

Blackhorn Property, B.C.

No field activities were undertaken on the project during 2004. In January of 2005, a title dispute arose on certain of the Blackhorn claims between the underlying owner and a third party. On July 14, 2005, the Company announced in a news release the resolution of the title dispute on Blackhorn mineral claims in favour of the Company's vendor. The Company took advantage of this decision to accelerate, and to significantly reduce the final acquisition cost to acquire a 100% interest in both the Blackhorn and Ronoke properties. A \$10,000 cash payment and the issuance of 200,000 shares were made in return for removal of the Net Smelter Return royalty interest and for canceling the cash payment and stock issuance due next year.

Ronoke Claims, B.C.

Crucible Resources Ltd., the optionor, completed a limited prospecting program, sufficient to cover the assessment work requirements, during the fall of 2004.

Ice Claims, Elkford District, S.E. British Columbia

On July 13, 2005, the Company returned the Ice Claims at Elkford in southeast British Columbia to the vendor, Doublestar Resources Ltd. and will subsequently write off the capitalized costs attributed to this project. This had been the Company's last remaining diamond exploration interest.

Related party transactions

During the quarter ended June 30, 2005, a director of the Company provided geological and management services through a personal management company for \$7,000.

Investor Relations

The Company has an investor relations service person on a shared 50:50 basis with Santoy Resources Ltd. at a cost to the Company of \$2,500 per month and 100,000 options granted at \$0.54 with a 5 year expiry date. He is tasked with updating and developing websites, dissemination of information and maintaining investor communications.

Other Management's Discussion and Analysis

1. Additional disclosure for venture issuers without significant revenue:

Capital Stock and Distributed Surplus as at August 29, 2005:

Authorized:

100,000,000 common shares without par value

Issued:

37,098,616 common shares with a recorded capital stock value of \$10,816,794 and contributed surplus of \$1,285,848 for a total combined value of \$12,102,642.

Warrants:

- 875,000 exercisable at \$0.53 in year 1 and \$0.58 in year 2, expire Dec.13, 2006
- 637,000 exercisable at \$0.75 for 2 years, date of expiry June 25, 2007
- 888,000 exercisable at \$0.75 for 2 years, date of expiry July 16, 2007
- 157,800 exercisable at \$0.55 for 1 year, date of expiry June 25, 2006
- 130,500 exercisable at \$0.55 for 1 year, date of expiry July 16, 2006

Other Management's Discussion and Analysis (cont'd...)

Stock options:

	Number	Exercise Price	Date of Expiry
	1,605,000	\$0.30	November 21, 2008
	950,000	\$0.52	February 18, 2010
	100,000	\$0.54	April 15, 2010
	<u>2,655,000</u>		

- Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com.
- The Company filed an up-dated Annual Information Form on SEDAR on May 5, 2005.

Other Information***List of Directors and Officers******Directors***

J. Rupert Allan, *Vancouver, BC*
 Ronald K. Netolitzky, *Victoria, BC*
 Peter N. Tredger, *Vancouver, BC*
 Allan Lee Barker, *Whitby, Ontario*
 Kenneth E. MacNeill, *Saskatoon, SK*

Officers

J. Rupert Allan, P.Geol., President & CEO
 Robert V. Matthews, CA, CFO
 Karen A. Allan, CMA, Corporate Secretary

Auditors:

Davidson & Company

Company solicitors:

Maitland & Company

Company banker:

HSBC Bank of Canada