

MANAGEMENT DISCUSSION AND ANALYSIS

1ST QUARTER ENDED MARCH 31, 2010

*This Management Discussion and Analysis (“MD&A”) is intended to supplement the Company’s interim consolidated financial statements for the three months ended March 31, 2010 and should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto for the year ended December 31, 2009. This report is as at **May 25, 2010**.*

The Company prepares and files its financial statements and MD&A in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

The above referenced financial statements and the Company’s other public filings can be found on SEDAR at (www.sedar.com).

May 25, 2010

OVERVIEW

Skeena Resources Limited (“the Company”) is a mineral exploration stage corporation that owns a 100% interest in the Tropic copper-platinum-palladium-gold project in Sinaloa State, Mexico and the 100% owned METS gold property in the Toodoggone District of north-central BC. The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan. The Company trades on the TSX Venture Exchange under the symbol SKE.

HIGHLIGHTS AND OVERALL PERFORMANCE

During the quarter, the Company withdrew from the Malpica property option in Mexico when it missed a payment and was unable to renegotiate the terms of the agreement with Grupo Mexico. The Company also returned the Anglo Rouyn Property in Saskatchewan and allowed the Belle Property in British Columbia to lapse. The Company wrote off \$6,077,691 in mineral property expenditures in the year ended December 31, 2009.

In support of its Mexican base and precious metals focus, it has negotiated the purchase of the minority carried interest in its Mexican subsidiary, Skeena Mexico SA de CV (“Skeena Mexico”) from a private, Mexico City-based engineering company, Reyna Mining Engineering (“Reyna”). In consideration for the ten percent equity interest in Skeena Mexico held by Reyna, the Company will issue 500,000 common shares of Skeena Resources and settle an outstanding inter-company expense adjustment, subject to regulatory approval. Skeena Resources now owns 100% of Skeena Mexico.

During the quarter, the Company purchased the remaining minority interests in the Tropic Project from three underlying vendors for shares of the Company. Upon conclusion of this transaction, which is still pending regulatory approval, Skeena Mexico will own 100% of Tropic with no further expenditures of share issuance commitments.

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The field work was terminated by the JV in December, 2002 due to depressed metal prices (copper at \$0.75/lb., platinum at \$590/oz., palladium at \$230/oz., and gold at \$345/oz.) and a proposed follow-up drill program was never initiated. The recent surge in metal prices (nearly triple the values that drove the initial rush in this area) has again made this a robust exploration play.

The majority of the Tropico Project area was acquired in two Option Agreements; the first with the Virginia Energy (60%) – Almaden Minerals (40%) Joint Venture, and the second with privately-held Minera Cascabel SA de CV (refer to news release dated February 19, 2008). In order to effect a 100% buy-out of these two underlying Option Agreements, with no further obligations or payments by the Company to the vendors, the Company shall issue 8 million common shares and 4 million share purchase warrants to the 3 parties, subject to regulatory approval, as follows:

	<u>Common shares</u>	<u>Share Purchase Warrants*</u>
Virginia Energy	3,840,000	1,920,000
Almaden Minerals Ltd.	2,560,000	1,280,000
Minera Cascabel SA de CV	1,600,000	800,000

* 5-year non-transferable share purchase warrants, exercisable at \$0.20/share during the first 2 years and at \$0.50/share during the last 3 years, subject to certain conditions and provisions. The Company will also pay US\$40,000 to Minera Cascabel due on June 21, 2010.

A 2% NSR royalty interest is reserved for the Virginia Energy – Almaden Joint Venture on certain of the lands within the original JV, with half of that interest purchasable for fair market value upon presentation of a feasibility study. A 2% NSR royalty interest is also reserved for Minera Cascabel on the area of that mineral concession known as San Pablo. As the Skeena and Virginia Energy boards are not fully at arm's length, this agreement has been approved by independent committees of both companies.

In 2008 the Company contracted Fugro Airborne Surveys to undertake a helicopter-borne DIGHEM multi-frequency electromagnetic and magnetic survey of the property (1,100 km of 100 metre spaced lines). The Company plans to undertake a new structural interpretation of the project area and a re-compilation of both the airborne and historic ground geophysics in preparation for expanding the property coverage by soil geochemical sampling and machine trenching. The project is expected to be at the drilling stage upon completion of this program.

Malpica copper gold project, Mexico

The Company arranged a loan from 2 directors to complete a Preliminary Assessment or Scoping Study on the 7,718-hectare property, located 40 kilometres east of the deepwater port of Mazatlan and 20 km east of the Mazatlan International airport. An "inferred resource" calculation formed the basis for the scoping study. In spite of 358 million pounds of estimated net recoverable copper and 385,900 oz. of gold as reported in the Scoping Study and fully compliant 43-1-1 Preliminary Assessment (news release dated December 3, 2009), the Company was unable to raise the necessary funds to make the option payments and advance the project to feasibility.

The Company had renegotiated the payment schedule to Grupo México which deferred a \$250,000 payment to February 24, 2009 (paid) and \$2,000,000 in payments due in fiscal 2008 to fiscal 2010. The Company missed a \$1,000,000 payment due January 2010 payment and was not able to renegotiate the original Purchase Agreement. Consequently, the arrangement with Grupo México was terminated and the Company wrote off \$5,819,064 in mineral property expenditures in the December 31, 2009 year end.

Anglo-Rouyn Property and Tailings Recovery Project, Saskatchewan

The Company has returned these two properties to the vendor and wrote off \$250,734 in mineral property expenditures.

METS Property, British Columbia

No work was conducted on this project during the year.

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.

Loss for the quarter ended March 31, 2010

During the quarter, the Company incurred losses of \$68,584 (2009 –\$101,793). General and administrative expenses were \$56,137 (2009 - \$101,967), of which \$16,425 (2009 - \$16,725) was consulting fees and \$14,287 (2009 - \$12,924) paid or payable for investor relations. The Company engaged Wani Capital Inc. to provide investor relations for \$5,000 a month.

Cash flows for the quarter ended March 31, 2010

During the quarter, the Company defaulted on payment of the shareholder loans that matured in January 2010. The lenders have not demanded settlement. The Company arranged a short term loan from a director for \$50,000 secured by a non-interest-bearing promissory note. The Company will issue 200,000 bonus shares to the director as loan fees on regulatory approval. The funds were used to pay audit and TSX fees.

SUMMARY OF QUARTERLY RESULTS

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

Quarter ended	31-Mar-10	31-Dec-09	30-Sep-09	30-Jun-09
Capitalized property acquisition and exploration costs	\$ 1,323	\$ (5,960,750) ⁽¹⁾	\$ 39,840	\$ 190,051
Revenue ⁽⁴⁾	-	-	-	-
Gain (loss) for the quarter	\$ (68,584)	\$ (5,808,617) ⁽¹⁾	\$ (85,967)	\$ (19,979)
Gain (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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Quarter ended	31-Mar-09	31-Dec-08	30-Sep-08	30-Jun-08
Capitalized property acquisition and exploration costs	\$ 354,708	\$ 79,971	\$ 374,892	\$ (3,429,105) ⁽³⁾
Revenue ⁽⁴⁾	-	-	-	-
Loss for the quarter	\$ (101,967)	\$ (376,686) ⁽²⁾	\$ 2,140	\$ (5,906,877) ⁽³⁾
Loss per share	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.10)

⁽¹⁾ includes write-off of mineral property interests of \$6,077,691;

⁽²⁾ includes write-off of mineral property interests of \$212,533 and \$154,358 stock based compensation;

⁽³⁾ includes write-off of mineral property interests of \$5,923,793; and

⁽⁴⁾ this being an exploration stage company, there are no revenues from operations.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficit of \$520,144 at March 31, 2010. The Company must raise funds or secure financing in order to advance its exploration programs and meet its financial obligations. The Company has been successful raising funds in the past but current market conditions make the present environment for raising additional equity financing unfavourable. An inability to raise additional financing may impact the future assessment of the Company as a going concern.

The Company has relied on shareholder loans from a director and unpaid time from another director to finance day to day operations.

TRANSACTIONS WITH RELATED PARTIES

The Company has monthly consulting service arrangements with two of its officers, one of whom is also a director. The CEO was paid \$9,000 per month by an agreement that can be terminated at any time by the Company by paying one year's compensation. This was reduced to \$2,500 per month in January 2009, but the Company has not been able to make payment.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- (a) During the fiscal year, the Company paid or accrued consulting fees of \$16,425 (2009 - \$16,725) to companies controlled by directors or officers.
- (b) The Company entered into a debt settlement agreement that included three related parties and issued 1,023,680 common shares to satisfy payables of \$24,686 (Note 9).
- (c) Included in accounts payable at March 31, 2010 is \$155,840 (December 31, 2009 - \$119,807), which is due to directors or officers or companies with common directors or officers.
- (e) The Company arranged a loan from two directors for \$120,000 secured by a non-interest-bearing promissory note and a pledge of the Mets mining lease. The Company issued 480,000 bonus shares to the two directors as loan fees valued at \$24,000. The loans matured in January 2010 and have not been repaid. The lenders have not demanded settlement.

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FORWARD LOOKING STATEMENTS

This information may contain forward-looking statements that involve inherent risks and uncertainties. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the above-stated date or to reflect the occurrence of unanticipated events.

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 employs experienced consulting 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.

OFF BALANCE SHEET ARRANGEMENTS

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

CORPORATE GOVERNANCE

Management of the company is responsible for the preparation and presentation of the annual and interim consolidated financial statements and notes thereto and the accompanying MD&A and other information contained therein. Additionally, it is management's responsibility to ensure the company complies with the laws and regulations applicable to its activities.

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The company's management is accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the company.

Responsibility for the reviewing and approving of the company's quarterly unaudited interim consolidated financial statements and related MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management

The consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

All relevant information related to the Corporation is filed electronically at www.sedar.com and on the Company's website at www.skeenaresources.com.

CHANGES IN ACCOUNTING POLICY

International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) has announced its decision to replace Canadian generally accepted accounting principles ("GAAP") with International Financial Reporting Standards (IFRS) for all Canadian Publicly Accountable Enterprises ("PAEs"). The effective changeover date is January 1, 2011, at which time Canadian GAAP will cease to apply for Skeena and will be replaced by IFRS. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011 including comparative IFRS financial results and an opening balance sheet as at January 1, 2010. The first annual IFRS consolidated financial statements will be prepared for the year ended December 31, 2011 with restated comparatives for the year ended December 31, 2010.

Under IFRS, there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that will need to be addressed by management. As of the date of this report, the International Accounting Standards Board has projects underway that should result in new pronouncements; accordingly the Company is assessing the impact of the ultimate adoption of IFRS on the Company's consolidated financial statements. Management has considered key areas where IFRS transition may have an impact. During the next phase of transition a technical analysis will be conducted in order to identify potential financial impacts thereby providing the platform upon which decisions on accounting policy choices will be made. Management has reviewed its business systems and determined that they are capable of processing and recording the transitional period reporting requirements.

The International Accounting Standards Board will continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable accounting standards at the conversion date are known.

Based on management assessment of the information system currently used by the Company, all information required to be reported under IFRS will be available with minimal system changes.

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One of the more significant impacts identified to date of adopting IFRS is the expanded presentation and disclosures required. Disclosure requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and, therefore, will result in more extensive note references. The Company is continuing to assess the level of presentation and disclosures required to its consolidated financial statements.

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

For interim and annual financial statements relating to fiscal years beginning on or after July 1, 2011, the Company will be required to adopt new CICA Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*. Section 1582 replaces existing Section 1581, *Business Combinations*, and Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. The adoption of Sections 1582 and collectively Sections 1601 and 1602 provides the Canadian equivalent to IFRS 3, *Business Combination*, and International Accounting Standard IAS 27, *Consolidated and Separate Financial Statements*, respectively. The impact of adopting these new standards has not yet been assessed and cannot reasonably be estimated at this time.

OTHER MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Additional disclosure for venture issuers without significant revenue:

Capital Stock and Distributed Surplus as May 25, 2010:

Authorized:

Unlimited common shares without par value

Issued:

79,517,727 common shares

Warrants:

- 3,791,000 exercisable at \$0.25 for 2 years, date of expiry June 29, 2010 *
- 4,126,000 exercisable at \$0.25 for 2 years, date of expiry June 26, 2011 *
- 3,925,000 exercisable at \$0.10 for 2 years, date of expiry February 27, 2011 **
- 1,470,000 exercisable at \$0.10 for 2 years, date of expiry May 06, 2011 **

* warrants were extended by 12 months, and re-priced to \$0.25). An accelerator clause reduces the expiry date to 20 days if the stock trades at \$0.30 or greater for 10 consecutive business days.

** An accelerator clause reduces the expiry date to 25 days if the stock trades at \$0.40 or greater for 10 consecutive business days.

13,312,000 total warrants

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Stock options:

Number	Exercise Price	Date of Expiry
300,000	\$0.25	December 21, 2010
200,000	\$0.25	June 28, 2011
675,000	\$0.37	September 02, 2011
280,000	\$0.33	March 19, 2012
1,670,000	\$0.40	September 26, 2012
1,200,000	\$0.30	June 26, 2013
2,125,000	\$0.10	May 14, 2014
<u>250,000</u>	\$0.15	January 11, 2015
6,700,000		

Fully diluted:

99,529,727**OTHER INFORMATION*****List of Directors and Officers******Directors***

J. Rupert Allan, *Vancouver, BC*
Ronald K. Netolitzky, *Victoria, BC*
Peter N. Tredger, *Vancouver, BC*
David Stone, *Seattle, Washington*
Alfredo Sebastia, *Quito, Ecuador*

Officers

J. Rupert Allan, P.Geol., President & CEO
Karen A. Allan, CMA, Corporate Secretary

Auditors:

Davidson & Company

Company solicitors:

DuMoulin & Black

Company banker:

HSBC Bank of Canada