

MANAGEMENT DISCUSSION AND ANALYSIS

2ND QUARTER ENDED JUNE 30, 2010

*This Management Discussion and Analysis ("MD&A") is intended to supplement the Company's interim consolidated financial statements for the six months ended June 30, 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 **August 20, 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).

August 20, 2010

OVERVIEW

Skeena Resources Limited ("the Company") is a mineral exploration stage corporation that owns, subject to regulatory approval, a 100% interest in the Tropic copper-platinum-palladium-gold project in Sinaloa State, Mexico. The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan. The Company trades on the TSX Venture Exchange under the symbol SKE.

HIGHLIGHTS AND OVERALL PERFORMANCE

Progress has been made during the past Quarter in the re-organization of the Company's affairs. The Company purchased the 10% carried interest in its subsidiary, Skeena Mexico SA de CV, held by the private engineering company, Reyna Mining & Engineering. The Company also purchased the underlying vendor interests in its Tropic copper-platinum-palladium-gold project from the Virginia Energy – Almaden Resources joint venture and from Minera Cascabel (regulatory approval pending). Skeena Resources Ltd. now owns 100% of Skeena Mexico which in turn, upon regulatory approval, owns a 100% interest in Tropic, subject to an underlying 2% Net Smelter Return royalty, with no future payments due.

Mr. Lee Barker did not stand for re-election to the Board at the recent AGM and in his stead, Sr. Alfredo Sebastia, our long time Latin American manager, was appointed. Mr. Steve Cook, currently a law partner at Thorsteinssons LLP and a former director of Brett Resources Inc. was recently appointed to the Board.

The Company completed a share-for-debt settlement in order to extinguish \$133,286.10 of trade accounts and closed a non-brokered private placement of \$1.06 million. The rolling stock option plan was approved by a shareholder resolution at the AGM, and a motion to give management the option, over the next 12 months and contingent upon either the acquisition of a major asset or a significant size financing, to consolidate the Company's outstanding shares on a ratio of up to 1 new share for 4 currently held shares.

Compilation and re-interpretation of all of the historic ground and airborne geophysical data and soil and rock geochemical analyses on the Tropic Project has commenced. Additional survey grid emplacement and expansion of the soil geochemical coverage will commence imminently and a machine trenching program is expected this fall. It is anticipated that the project will be "drill ready" by January (the beginning of the dry season in this area of Mexico).

In support of its Mexican base and precious metals focus, the Company has purchased the minority carried interest in

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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 issued 500,000 common shares of Skeena Resources and settled an outstanding inter-company expense adjustment. Skeena Resources now owns 100% of Skeena Mexico.

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

MINERAL PROPERTIES AND EXPENDITURES

At June 30, 2010, the Company’s mineral properties and expenditures thereon were as follows:

	METS, BC	TAHTE, YK	ANGLO- ROUYN, SK	EL CORAZON	MALPICA, MX	TROPICO, MX	TOTAL
BALANCE, DEC.31, 2008	\$ -	\$ -	\$ 186,043	\$ -	\$ 5,217,565	\$ 354,254	\$ 5,757,862
ANALYTICAL SERVICES	-	-	1,726	-	271	-	1,997
DRILLING/ TRENCHING	-	-	2,130	-	-	-	2,130
FIELD SUPPORT	-	-	263	7,893	39,719	-	47,875
GEOLOGY/ GEOPHYSICS	-	-	7,716	-	27,221	-	34,937
LAND COSTS	2,775	-	50,000	-	464,529	22,275	539,578
LEGAL/OTHER	2,407	-	-	-	67,216	-	69,624
TRAVEL COSTS	-	-	2,856	-	2,543	-	5,399
COSTS FOR YEAR	5,182	-	64,691	7,893	601,499	22,275	701,540
WRITE-OFF MIN. PROPERTY INTERESTS	-	-	(250,734)	(7,893)	(5,819,064)	-	(6,077,691)
BALANCE, DEC 31, 2009	\$ 5,182	\$ -	\$ -	\$ -	\$ -	\$ 376,529	\$ 381,711

	METS, BC	TAHTE, YK	ANGLO- ROUYN, SK	EL CORAZON	MALPICA, MX	TROPICO, MX	TOTAL
BALANCE, DEC 31, 2009	\$ 5,182	\$ -	\$ -	\$ -	\$ -	\$ 376,529	\$ 381,711
ANALYSIS	-	-	-	-	138	400	538
DRILLING/ TRENCHING	-	-	3,230	-	29,161	-	32,391
FIELD SUPPORT	-	14,515	-	-	(4,120)	2,993	13,388
GEOLOGY/ GEOPHYSICS	-	10,946	215	-	9,772	-	20,933
LAND COSTS	2,000	-	-	-	-	-	2,000
TRAVEL COSTS	-	-	-	-	3,942	-	3,942
COSTS FOR YEAR	2,000	25,461	3,445	-	38,893	3,393	73,192
WRITE-OFF MIN. PROPERTY INTERESTS	-	-	(3,445)	-	(38,893)	-	(42,338)
BALANCE, JUN 30, 2010	\$ 7,182	\$ 25,461	\$ -	\$ -	\$ -	\$ 379,922	\$ 412,565

Tropico Copper-Platinum-Palladium-Gold Project, Mexico

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The Company acquired the remaining minority interests from three underlying vendors in the previously optioned 27,329 hectare Tropic copper-platinum-palladium-gold project in Sinaloa State, Mexico to now own 100%, upon regulatory acceptance.

The project area has had considerable prospecting, soil geochemistry and ground geophysics, originally by the Consejo De Recursos Minerales, by BHP Minerals and others in the late 1990's. Soil geochemistry, extensive mechanical trenching and drilling during the period 1999 to 2002 were completed by a joint venture of Virginia Energy Resources Inc. (formerly Santoy Resources Ltd.) and Almaden Minerals Ltd. of Vancouver. This latter work was largely financed by Sumitomo Metal Mining Co. Ltd. of Japan. Historic expenditures are in the order of \$4.5 million. Refer to News Release dated April 28, 2010.

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 Tropic 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 approximately US\$35,000 to Minera Cascabel for past due obligations.

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 royalty interest purchasable for fair market value upon presentation of a feasibility study. A separate 2% NSR royalty interest is 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.

A detailed program of compilation of all of the prior ground and airborne geophysical data and soil and rock geochemical analyses is underway. The immediate short-term goal is to identify those areas requiring expansion of the grid-based soil geochemical anomalies that may be investigated by machine trenching. It is anticipated that this project will be back to a "drill ready" stage by this January, which is the beginning of the dry season in this area of Mexico.

TAHTE Property, Yukon

The Company entered into an option agreement on June 15th, 2010 with Cathro Resources Corp. to acquire a 100% undivided equity interest over four years in a copper porphyry prospect situated 40 kilometres south of Carmacks,

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Yukon pursuant to which the Company is to pay \$10,000 and issue 1,000,000 common shares upon regulatory acceptance (received July 21, 2010 subsequent to the quarter). The vendor retains a 2% royalty, of which half (1%) may be purchased at any time for \$2,000,000. Payment terms of the agreement are as follows:

Date	Payment terms
June 15, 2011	\$75,000 in cash or equivalent shares at the Company's election
June 15, 2012	\$125,000 in cash or equivalent shares at the Company's election
June 15, 2013	\$175,000 in cash or equivalent shares at the Company's election
June 15, 2014	\$225,000 in cash or equivalent shares at the Company's election

The Company was accepted under the Yukon Mining Incentives Program for reimbursement of 75% of eligible exploration expenses up to \$25,000.

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 at June 30, 2010

During the 2nd quarter, the Company incurred losses of \$71,034 (2009 - \$19,979) and \$139,619 (2009 - \$121,772) for the six months. General and administrative expenses for the quarter were \$31,698 (2009 - \$12,078), of which \$14,550 (2009 - \$11,925) was consulting fees and \$13,200 (2009 - \$900) for investor relations. General and administrative expenses for the six months were \$87,830 (2009 - \$114,045), of which \$30,975 (2009 - \$28,650) was consulting fees and \$27,487 (2009 - \$4,154) for investor relations. The Company has engaged Wani Capital Inc. to provide investor relations for \$5,000 a month.

Cash flows at June 30, 2010

On June 17th, 2010, the Company completed a financing by way of a private placement to just over 60 subscribers to raise \$1,067,500 and paid finders' fees of 7% on a portion of the financing and paid other regulatory fees to total share issue costs of \$35,325.

During the 2nd quarter, the Company extended the terms of re-payment of the shareholder loans by two directors to mature in June of 2012. Also during the 2nd quarter, the Company arranged a short term loan from a director for \$50,000 secured by a non-interest-bearing promissory note and issued 200,000 bonus shares to the director as loan fees. 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	30-Jun-10		31-Mar-10		31-Dec-09		30-Sep-09	
Capitalized property acquisition and exploration costs	\$	29,531	\$	1,323	\$	(5,960,750) ⁽¹⁾	\$	39,840
Revenue ⁽⁴⁾		-		-		-		-
Gain (loss) for the quarter	\$	(71,034)	\$	(68,584)	\$	(5,808,617) ⁽¹⁾	\$	(85,967)
Gain (loss) per share	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$	(0.00)

Quarter ended	30-Jun-09		31-Mar-09		31-Dec-08		30-Sep-08	
Capitalized property acquisition and exploration costs	\$	190,051	\$	354,708	\$	79,971	\$	374,892
Revenue ⁽⁴⁾		-		-		-		-
Loss for the quarter	\$	(19,979)	\$	(101,967)	\$	(376,686) ⁽²⁾	\$	2,140
Loss per share	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$	0.00

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

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of \$419,407 at June 30, 2010. The Company was able to raise \$1,067,500 in June of 2010 by issuing 21,350,000 common shares and 21,350,000 warrants exercisable at \$0.10 for a period of 2 years. Although currently able to meet its immediate financial obligations, the Company will need to raise funds or secure financing in order to advance its exploration programs. The Company has been successful raising funds in the past but current market conditions make the present environment for raising additional equity financing unfavourable.

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, and in July 2010, increased to \$5,000.

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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 \$30,975 (2009 - \$28,650) to companies controlled by directors or officers.
- (c) Included in accounts payable at June 30, 2010 is \$37,338 (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 a director for \$50,000 secured by a non-interest-bearing promissory note. The Company issued 200,000 bonus shares to the director as loan fees valued at \$10,000.
- (f) Loans for \$120,000 from two directors matured in January 2010 and repayment terms have been extended to June 30, 2012.

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 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

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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.

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.

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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.

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 August 20, 2010:

Authorized:

Unlimited common shares without par value

Issued:

105,233,449 common shares

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Warrants:

- 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 **
- 567,000 exercisable at \$0.10 for 1 year, date of expiry June 17, 2011
- 21,350,000 exercisable at \$0.10 for 2 years, date of expiry June 17, 2012 **
- 2,665,722 exercisable at \$0.10 for 2 years, date of expiry July 5, 2012 **

* 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.

34,103,722 total warrants

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:

146,037,171

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*
Steve Cook, *Vancouver, BC*

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