

SKEENA RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

AUDITORS' REPORT

To the Shareholders of
Skeena Resources Limited

We have audited the consolidated balance sheets of Skeena Resources Limited as at December 31, 2008 and 2007 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

April 13, 2009



SKEENA RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2008	2007
ASSETS		
Current		
Cash	\$ 48,277	\$ 2,079,424
Marketable securities (Note 4)	7,000	4,547
Receivables	161,941	90,048
Prepaid expenses	25,779	34,299
	242,997	2,208,318
Mineral property interests (Note 5)	5,757,862	7,602,388
Equipment (Note 6)	31,726	35,804
	\$ 6,032,585	\$ 9,846,510
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 643,114	\$ 63,329
Future income tax liability (Note 9)	448,000	254,000
	1,091,114	317,329
Shareholders' equity		
Capital stock (Note 8)	18,050,265	16,836,128
Contributed surplus (Note 8)	2,727,075	2,173,739
Accumulated other comprehensive loss	(21,407)	(4,060)
Deficit	(15,814,462)	(9,476,626)
	4,941,471	9,529,181
	\$ 6,032,585	\$ 9,846,510

Nature and continuance of operations (Note 1)

Commitments (Note 14)

Subsequent events (Note 15)

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 consolidated financial statements.

SKEENA RESOURCES LIMITED**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
YEAR ENDED DECEMBER 31**

	2008	2007
ADMINISTRATION EXPENSES		
Amortization	\$ 7,661	\$ 6,893
Consulting	131,025	130,140
Foreign exchange	(82,613)	148,086
Investor relations	15,812	18,532
Office and other	68,629	61,983
Professional fees	58,724	44,562
Property research	-	8,569
Rent and administration	15,756	19,604
Shareholder communications	9,243	5,889
Stock-based compensation (Note 8)	288,606	364,273
Transfer agent and listing fees	20,000	34,499
Travel	1,335	12,877
Loss before other items	(534,178)	(855,907)
OTHER ITEMS		
Interest income	15,005	33,385
Write-off of mineral property interests (Note 5)	(5,923,793)	-
Gain on sale of mineral property (Note 5)	27,397	-
	(5,881,391)	33,385
Loss before income taxes	(6,415,569)	(822,522)
Future income tax recovery (Note 9)	77,733	-
Loss for the year	(6,337,836)	(822,522)
Other comprehensive loss		
Unrealized loss on marketable securities	(17,347)	(4,060)
Comprehensive loss for the year	(6,355,183)	(826,582)
Loss per share	\$ (0.11)	\$ (0.02)
Weighted average number of common shares outstanding	59,265,216	50,858,263

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

SKEENA RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF DEFICIT
YEAR ENDED DECEMBER 31

	2008	2007
Deficit, beginning of year	\$ (9,476,626)	\$ (8,654,104)
Loss for the year	(6,337,836)	(822,522)
Deficit, end of year	\$ (15,814,462)	\$ (9,476,626)

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS
YEAR ENDED DECEMBER 31

	2008	2007
Accumulated other comprehensive loss, beginning of year	\$ (4,060)	\$ -
Other comprehensive loss		
Unrealized loss on marketable securities	(17,347)	(4,060)
Accumulated other comprehensive loss, end of year	\$ (21,407)	\$ (4,060)

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

SKEENA RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER

	2008	2007
OPERATING ACTIVITIES		
Loss for the year	\$ (6,337,836)	\$ (822,522)
Items not involving cash:		
Amortization	7,661	6,893
Stock-based compensation	288,606	364,273
Gain on sale of mineral property	(27,397)	-
Write-off of mineral property interests	5,923,793	-
Future income tax recovery	(77,733)	-
Changes in non-cash working capital:		
Receivables	(71,893)	(26,013)
Prepaid expenses	8,520	(22,896)
Accounts payable	96,000	18,781
Net cash provided by (used in) operating activities	(190,279)	(481,484)
FINANCING ACTIVITIES		
Proceeds on issuance of capital stock	1,031,500	3,478,550
Share issue costs	(60,650)	(157,888)
Net cash used in investing activities	970,850	3,320,662
INVESTING ACTIVITIES		
Expenditures on mineral property interests	(2,808,135)	(1,149,065)
Mineral property option payments	-	15,000
Purchase of equipment	(3,583)	(22,282)
Net cash used in investing activities	(2,811,718)	(1,156,347)
Decrease in cash during the year	(2,031,147)	1,682,831
Cash, beginning of year	2,079,424	396,593
Cash, end of year	\$ 48,277	\$ 2,079,424
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 10)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Skeena Resources Limited (the "Company") operates primarily in the mining industry. The Company is in the exploration stage with respect to its mineral property interests and has not, as yet, achieved any commercial production.

All figures are in Canadian dollars unless otherwise specified.

These financial statements are prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The 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. The recoverability of the amounts shown for mineral property interests is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to environmental protection, and upon future profitable operations or proceeds from the disposition thereof.

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. See note 12 for further disclosure regarding liquidity risk.

	2008	2007
Working capital (deficit)	\$ (400,117)	\$ 2,144,989
Deficit	(15,814,462)	(9,476,626)

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Significant inter-company transactions and balances have been eliminated on consolidation.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Significant accounts that require estimates relate to the impairment of mineral property interests, estimated useful lives of equipment, valuation allowances for future income tax assets, stock-based compensation and valuation of warrants in private placements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Marketable securities

Marketable securities are classified as available for sale and are measured at fair market value.

Mineral property interests

All costs related to the acquisition, exploration and development of mineral property interests are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which they occur or in the period in which a reasonable estimate of such costs can be made. Liabilities include those liabilities related to environmental protection and rehabilitation due to environmental law or contracts. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

Computer equipment	30%
Office equipment	20%
Field equipment	20%
Vehicle	20%

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollars using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Income and expense items are translated at rates approximating those in effect at the time of the transactions. Translation gains and losses are reflected in the statement of operations for the year.

Stock-based compensation

The Company uses the fair value method for measuring compensation costs whereby the Company recognizes compensation costs over the vesting period for the granting of all stock options and direct awards of stock. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

Income taxes

Income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The Company records a future income tax liability and a reduction in capital stock for the estimated tax benefits transferred to shareholders. When the Company renounces flow-through expenditures, a portion of the Company's future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of future income taxes in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments – recognition and measurement

Financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. The Company has implemented the following classifications for its financial instruments:

- a) Cash has been classified as held-for-trading.
- b) Marketable securities are classified as available-for-sale.
- c) Receivables have been classified as loans and receivables and measured at amortized cost.
- d) Accounts payable and accrued liabilities have been classified as other financial liabilities and are measured at amortized cost.

Comprehensive income

Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Recent accounting pronouncements

The Canadian Institute of Chartered Accountants ("CICA") has issued new standards, which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009.

Goodwill and Intangible Assets

The CICA issued a new accounting standard, Section 3064 "Goodwill and Intangible Assets" which will replace the existing Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2009. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements (cont'd...)

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

Credit Risk and the Fair Value of Financial Assets and Liabilities

In January 2009 the Emerging Issues Committee ("EIC") issued EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This abstract requires companies to take counterparty credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. CHANGES IN ACCOUNTING POLICIES

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections. The adoption of these new pronouncements did not effect the Company's financial position or results of operation. The new standards and accounting policy changes are as follows:

Section 1400 – Assessing Going Concern

CICA Handbook Section 1400 was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern (see Note 1).

SKEENA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

3. CHANGES IN ACCOUNTING POLICIES (cont'd...)

Section 1535 – Capital Disclosures

This Section requires the disclosure of qualitative and quantitative information that enables the users to evaluate the Company's objectives, policies and processes for managing capital as well as the implications of non-compliance (see Note 13)

Section 3862 – Financial Instruments – Disclosures

This Section requires the Company to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Disclosures required by this standard are included in Note 12.

Section 3863 – Financial Instruments – Presentation

This Section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The initial adoption of this standard did not have an effect on the consolidated financial statements.

4. MARKETABLE SECURITIES

	2008	2007
Diadem Resources Ltd.	\$ 812	\$ 4,547
Duncastle Gold Corp. (formerly Dundee Mines Ltd.)	6,188	-
	\$ 7,000	\$ 4,547

SKEENA RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

5. MINERAL PROPERTY INTERESTS

	British Columbia Claims	Saskatchewan Claims	Ecuador Claims	Mexican Claims	Total
Balance, December 31, 2006	<u>\$ 135,490</u>	<u>\$ -</u>	<u>\$ 5,441,787</u>	<u>\$ -</u>	<u>\$ 5,577,277</u>
Analysis	-	-	9,791	26,129	35,920
Drilling/trenching	-	-	-	156,805	156,805
Field and camp support	-	-	12,286	39,396	51,683
Geology/geophysics/geochemical	64,209	-	27,167	332,244	423,620
Local office costs	-	-	66,832	5,179	72,011
Acquisition, assessments and option payments	5,343	-	104,719	992,866	1,102,927
Legal	-	-	14,002	4,324	18,326
Stock-based compensation	-	-	-	167,985	167,985
Travel and accommodation	-	-	7,602	3,232	10,834
	<u>69,552</u>	<u>-</u>	<u>242,399</u>	<u>1,728,160</u>	<u>2,040,111</u>
	<u>205,042</u>	<u>-</u>	<u>5,684,186</u>	<u>1,728,160</u>	<u>7,617,388</u>
Option payments received	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
Balance, December 31, 2007	<u>\$ 190,042</u>	<u>\$ -</u>	<u>\$ 5,684,186</u>	<u>\$ 1,728,160</u>	<u>\$ 7,602,388</u>
Analysis	-	-	-	187,418	187,418
Drilling/trenching	-	178,543	20	803,105	981,668
Field and camp support	-	-	9,164	113,641	122,805
Geology/geophysics/geochemical	(106)	7,500	-	625,481	632,875
Local office costs	-	-	13,102	30,947	44,049
Acquisition, assessments and option payments	15,000	-	-	2,026,370	2,041,370
Legal	-	-	4,469	7,963	12,432
Travel and accommodation	-	-	319	48,734	49,053
	<u>14,894</u>	<u>186,043</u>	<u>27,074</u>	<u>3,843,659</u>	<u>4,071,670</u>
	<u>204,936</u>	<u>186,043</u>	<u>5,711,260</u>	<u>5,571,819</u>	<u>11,674,058</u>
Write-down of mineral property interests	(212,533)	-	(5,711,260)	-	(5,923,793)
Sale of mineral property	<u>7,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,597</u>
Balance, December 31, 2008	<u>\$ -</u>	<u>\$ 186,043</u>	<u>\$ -</u>	<u>\$ 5,571,819</u>	<u>\$ 5,757,862</u>

SKEENA RESOURCES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**DECEMBER 31, 2008

5. MINERAL PROPERTY INTERESTS (cont'd...)**Title to mineral properties**

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 conveyancing history, characteristic of many mineral properties and political uncertainty. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

Malpica property, Mexico

In May 2007, the Company entered into an agreement with Reyna Mining & Engineering S.A. de C.V. ("Reyna Mining") to jointly acquire an option from Grupo México S.A. de C.V. ("Grupo México") to earn a combined 100% interest in the Malpica copper-gold-molybdenum property located in the Sinaloa State, Mexico. A newly formed private Mexican corporation, Skeena Mexico S.A de C.V. ("Skeena Mexico"), holds the option as its sole asset. The Company has the option to acquire 90% of the shares of Skeena Mexico, pursuant to which the Company paid US\$25,000 (CAD\$26,690), issued 1,000,000 common shares of Skeena Resources valued at \$400,000 and granted 1,000,000 warrants valued at \$137,172 to acquire 1,000,000 common shares of the Company exercisable at \$0.75 per share expiring May 29, 2009. In addition, the Company paid finders fees consisting of 150,000 common shares of the Company valued at \$60,000 and 200,000 warrants valued at \$30,813 to acquire 200,000 common shares of the Company exercisable at \$0.65 per share. Total consideration to December 31, 2007 of \$654,675 together with a future income tax liability of \$254,000 totalling \$908,675 was accounted for as the acquisition cost of the mineral property.

Pursuant to an amended agreement negotiated in fiscal 2008, the Company issued 2,000,000 common shares valued at \$500,000 and an additional 2,000,000 common shares subsequent to December 31, 2008.

Skeena Mexico paid US\$250,000 to Grupo México, the vendor of the Malpica property, to begin a 12-month due diligence period during which Skeena Mexico conducted a US\$1,500,000 exploration program. Skeena Mexico is required to make additional staged cash payments by the end of year 3, of US\$9,869,830. Reyna Mining, the owner of 10% of Skeena Mexico, is carried during the first US\$7,500,000 of expenditures and shall become a pro rata contributing party thereafter. If Reyna Mining elects not to contribute, the Company retains the right to purchase its 10% shareholding in Skeena Mexico for US\$2,000,000. The Company must attempt to place Malpica into commercial production, on a "best efforts" basis, at a rate of 1.5 million tonnes of ore per annum, within 36 months of the date of the Final Purchase Agreement. A reduced pre-production royalty may be payable if commercial production is delayed. Grupo México retains a first right of refusal on purchase of concentrates from the property at prevailing market prices and retains a sliding-scale royalty interest on production from the property.

The Company has renegotiated the payment schedule to Grupo México which deferred a \$250,000 payment to February 24, 2009 (paid) and a \$2,000,000 payment due in fiscal 2008 to fiscal 2010.

SKEENA RESOURCES LIMITEDNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008**5. MINERAL PROPERTY INTERESTS (cont'd...)****Malpica property, Mexico (cont'd...)**

Skeena Mexico's Agreements with Grupo México and the Company's Agreement with Reyna Mining with revised payment schedules are as follows:

	SKEENA MEXICO CASH PAYMENTS TO GRUPO MÉXICO US\$	SKEENA MEXICO EXPENDITURES (EXPLORATION COMMITMENTS) US\$	SKEENA CASH PAYMENTS TO REYNA MINING US\$	SKEENA SHARE ISSUANCES TO REYNA
On signing [May 2007]	\$ 250,000 paid	-	\$ 25,000 paid	1,000,000 issued ⁽¹⁾
1 year anniversary February 24, 2009	\$ 1,000,000 paid	\$ 1,500,000 ⁽²⁾	-	2,000,000 issued
April 6, 2009	\$ 250,000 paid	-	-	-
July 24, 2009	-	-	-	2,000,000 ⁽³⁾
January 24, 2010	\$ 50,000	-	-	-
July 24, 2010	\$ 1,000,000	-	-	-
January 25, 2011	\$ 1,000,000	-	-	-
	\$ 7,569,830 ⁽⁴⁾	-	-	-
	\$ 11,119,830	\$ 1,500,000	\$ 25,000	5,000,000

⁽¹⁾ includes 1 million 2-year warrants exercisable at \$0.75;

⁽²⁾ expenditure commitments met;

⁽³⁾ issued subsequently; and

⁽⁴⁾ includes 4.5% interest [0.38% monthly] on the original payment schedule; financial cost total is \$619,830.

Tropico property, Mexico

The Company entered into an agreement with a Joint Venture with Santoy Resources (60%) and Almaden Minerals (40%) ("the Joint Venture") to earn up to 60% interest in the Tropico Property, a copper-platinum-palladium-gold project in Sinaloa State, Mexico, which includes the technical database, by incurring a work commitment of \$3 million over 5 years (\$100,000 in year one - completed) and issuing 1,250,000 Skeena shares over 5 years (250,000 issued). A 2% NSR interest is reserved for the Joint Venture, with half of that interest purchasable for fair market value at the time of presentation of a feasibility study.

Within the area of influence of the Joint Venture, the Company also acquired two other concessions by direct application to the government and acquired a third by lottery. An NSR royalty up to a maximum of 2% is payable on these lands to the Joint Venture.

The Company also entered into an option to purchase 100% interest in the San Pablo concession contiguous with the Tropico Property, from Minera Cascabel SA de CV for cash payments totaling \$500,000 over 4 years (\$85,000 paid), a work commitment of two times the minimum required under Mexican mining law during the period of the agreement and the issuance of 500,000 shares over 4 years (100,000 issued). The concession is subject to a 2% NSR royalty payable to the Mexican Government.

The Company has subsequently issued the anniversary share issues of 250,000 shares to Santoy-Almaden and 100,000 shares to Minera Cascabel.

SKEENA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

5. MINERAL PROPERTY INTERESTS (cont'd...)

Ronoke and Blackhorn Claims, British Columbia

The Company entered into an option agreement to earn a 100% interest in certain claims in the Clinton and Nelson mining districts of British Columbia pursuant to which the Company paid \$5,000 and issued 150,000 common shares at a value of \$27,000. To earn its interest, the Company was required to make additional staged payments of \$25,000 and 400,000 common shares.

The claims were subject to a 2% net smelter returns ("NSR") royalty, to which the Company retained the right to purchase for a payment of \$500,000. Pursuant to an agreement with the vendor to remove the NSR and acquire 100% of the interest in both the Blackhorn and Ronoke claims, the Company paid \$10,000 and issued 200,000 common shares at a value of \$82,000 in lieu of the staged payments of \$25,000 and 400,000 common shares and the work commitments. In fiscal 2008, the Blackhorn leases lapsed and capital costs of \$212,533 were written off.

During fiscal 2005, the Company granted an option to acquire the Ronoke property to a private corporation attempting to obtain a public stock exchange listing. Option payments of \$5,500 were received in fiscal 2005 and \$15,000 during fiscal 2007. In fiscal 2008, the optionor exercised the option and issued the Company 82,500 shares of common stock to acquire 100% of the Ronoke property. A gain on sale of the property of \$27,397 was recorded.

El Corazon Property, Ecuador

The Company entered into an agreement with Alpha Oil Inc. ("Alpha") to acquire Alpha's option with Compañía Agroindustrial El Corazon S.A. ("Agroindustrial") to earn a 50% interest in the El Corazon property located in the Province of Imbabura, Ecuador. A private Ecuador company (ALPHEC Alpha Ecuador S.A.), holding the option as its sole asset, was acquired by the Company from Alpha in consideration for the reimbursement of certain expenses and the issuance of 5,000,000 common shares of the Company valued at \$1,750,000. To earn its 50% interest, the Company is required to pay \$1,500,000 in cash or common shares, at the election of the Company, on or before December 11, 2008. The Company paid Agroindustrial US\$465,000 in option payments and is required to make additional staged cash payments before December 11, 2008, of US\$4,000,000 and incur a minimum of US\$5,500,000 in exploration expenditures.

On April 17, 2008, the Constitutional Assembly of Ecuador passed a new Mining Mandate. This included an immediate suspension of exploration and development work. Directly afterwards, in light of the unilaterally imposed work suspension, the Company invoked *force majeure* with respect to its Option Agreement with Agroindustrial. Given the political uncertainty, the Company wrote off the capitalized acquisition costs and expenditures totaling \$5,711,260 in fiscal 2008.

Anglo Rouyn Property, Saskatchewan

The Company entered into an option agreement with Kristo Gold Inc., to earn a 100% interest in certain claims (exclusive of the mine tailings and on-site tailings gold recovery plant) in the Anglo-Rouyn copper-gold mine property in Saskatchewan pursuant to which the Company is to pay \$45,000 and issue 3,000,000 common shares over a three year period. Subsequent to the year end, the Company issued 1,000,000 common shares to acquire the claims and entered into an option agreement to acquire the mine tailings and on-site tailings gold recovery plant for consideration of staged payments of \$680,000 and issue of 4,000,000 common shares over a 2 ½ year period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

6. EQUIPMENT

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 7,697	\$ 6,705	\$ 992	\$ 7,697	\$ 6,279	\$ 1,418
Computer software	-	-	-	3,000	3,000	-
Field equipment	20,940	8,592	12,348	18,040	5,869	12,171
Vehicle	21,381	5,987	15,394	21,381	2,138	19,243
Office equipment	5,945	2,953	2,992	5,263	2,291	2,972
	<u>\$ 55,963</u>	<u>\$ 24,237</u>	<u>\$ 31,726</u>	<u>\$ 55,381</u>	<u>\$ 19,577</u>	<u>\$ 35,804</u>

7. RELATED PARTY TRANSACTIONS

During the fiscal year, the Company paid or accrued consulting fees of \$131,025 (2007 - \$130,140) to companies controlled by directors or officers.

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.

Included in accounts payable at December 31, 2008 is \$79,399 (December 31, 2007 - \$10,754), which is due to directors or officers or companies with common directors or officers. Subsequent to the end of the year, a debt settlement for \$24,686 resulted in 329,150 common stocks issued to extinguish the payable. – see note 15.

During the fiscal year, the Company entered into an agreement to acquire the Tropic property in Sinaloa, Mexico with Santoy Resources Ltd. (“Santoy”) and Almaden Minerals Ltd. Santoy and the Company share a common director and officer.

SKEENA RESOURCES LIMITEDNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008**8. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
As at December 31, 2006	45,605,616	\$ 13,431,726	\$ 1,265,221
For cash:			
Private placements	8,139,222	2,806,341	477,209
Exercise of options	650,000	299,000	(104,000)
For mineral property interests	1,150,000	460,000	167,985
For stock-based compensation	-	-	364,273
Share issuance costs	-	(160,939)	3,051
As at December 31, 2007	55,544,838	16,836,128	2,173,739
For cash:			
Private placements	4,126,000	770,533	260,967
For mineral property interests	2,350,000	585,750	-
For stock-based compensation	-	-	288,606
Tax benefits renounced to flow through share subscribers	-	(77,733)	-
Share issuance costs	-	(64,413)	3,763
As at December 31, 2008	62,020,838	\$ 18,050,265	\$ 2,727,075

Private placements

During fiscal 2008:

On June 26, 2008, the Company issued 4,126,000 units at \$0.25 per unit for proceeds of \$1,031,500. Each unit consisted of one common share and one share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at \$0.45 for a period of 24 months. An estimated value of \$260,967 was allocated to the warrants. The Company paid finders' fees and other issuance costs of \$60,650 and issued 122,500 agents' warrants valued at \$3,763 (share issue costs) exercisable at \$0.45 for a period of one year. Total share issue costs were \$64,413.

During fiscal 2007:

- a) On May 23, 2007, the Company issued 557,222 units at \$0.45 per unit for proceeds of \$250,750. Each unit consisted of one flow through common share and one half non-flow through share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at \$0.75 for a period of 12 months. An estimated value of \$22,289 was allocated to the warrants. The Company paid finders' fees and other issuance costs of \$10,778.

SKEENA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**Private placements (cont'd...)**

- b) On June 29, 2007, the Company issued 7,582,000 units at \$0.40 per unit for proceeds of \$3,032,800. Each unit consisted of one common share and one half share of a share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at \$0.75 for a period of 24 months. An estimated value of \$454,920 was allocated to the warrants. The Company paid finders' fees and other issuance costs of \$147,110 and issued 277,865 agents' warrants valued at \$3,051 exercisable at \$0.75 for a period of one year.

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, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

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

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2006	5,969,310	\$ 0.62	3,925,000	\$ 0.37
Granted	5,547,476	0.75	2,350,000	0.39
Exercised	-	-	(650,000)	0.30
Expired/cancelled	<u>(5,969,310)</u>	0.62	<u>(75,000)</u>	0.33
Outstanding, December 31, 2007	5,547,476	0.75	5,550,000	0.39
Granted	4,248,500	0.45	1,200,000	0.30
Expired/cancelled	<u>(556,476)</u>	0.75	<u>(1,775,000)</u>	0.44
Outstanding, December 31, 2008	9,239,500	0.61	4,975,000	0.38
Number currently exercisable	9,239,500	\$ 0.61	4,800,000	\$ 0.38

SKEENA RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options and warrants (cont'd...)

As at December 31, 2008, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	550,000	\$ 0.52	February 18, 2010
	100,000	0.54	April 15, 2010
	300,000	0.25	December 21, 2010
	200,000	0.25	June 28, 2011
	675,000	0.37	September 2, 2011
	280,000	0.33	March 19, 2012
	1,670,000	0.40	September 26, 2012
	1,200,000	0.30	June 26, 2013
	<u>4,975,000</u>		
Warrants	200,000	0.65	May 29, 2009
	1,000,000	0.75	May 29, 2009
	3,791,000	0.75	June 29, 2009 ⁽¹⁾
	122,500	0.45	June 26, 2009
	4,126,000	0.45	June 26, 2010 ⁽²⁾
	<u>9,239,500</u>		

⁽¹⁾ In the event the closing price of the Company's common shares is at or above \$1.00 per share for a period of twenty (20) consecutive trading days, the Company may elect to reduce the remaining exercise period, upon notice to the holders, to twenty-five (25) days.

⁽²⁾ In the event the closing price of the Company's common shares is at or above \$1.00 per share for a period of ten (10) consecutive trading days, the Company may elect to reduce the remaining exercise period, upon notice to the holders, to twenty-five (25) days.

SKEENA RESOURCES LIMITEDNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008**8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)****Stock-based compensation**

During fiscal 2008, the Company granted 1,200,000 (2007 – 2,350,000) options to consultants, officers and directors with a weighted average fair value of \$0.12 (2007 - \$0.23) per option.

During fiscal 2007, the Company granted 1,200,000 compensatory warrants for the acquisition of the Malpica property resulting in stock-based compensation of \$167,985 with a weighted average fair value of \$0.14 per warrant. The fair value of compensatory options and warrants granted is estimated using the Black-Scholes option pricing model and recorded over the vesting period.

The stock compensation is recognized in the statement of operations and capitalized as follows:

	December 31, 2008	December 31, 2007
Stock-based compensation cost recorded in the year:		
Capitalized – exploration (Note 5)	\$ -	\$ 167,985
Expensed – administration	<u>288,606</u>	<u>364,273</u>
	\$ 288,606	\$ 532,258

The following weighted average assumptions were used for the valuation of stock options and compensatory share purchase warrants:

	December 31, 2008	December 31, 2007
Risk-free interest rate	3.20%	4.31%
Expected life	2.6 years	3.9 years
Annualized volatility	91%	96%
Dividend rate	0.00%	0.00%

SKEENA RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

9. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes (recovery) is as follows:

	2008	2007
Loss before income taxes	\$ (6,415,569)	\$ (882,522)
Expected income tax (recovery)	\$ (2,185,168)	\$ (280,645)
Non-deductible items	2,002,783	(10,724)
Stock-based compensation not deductible for income tax purposes	89,468	124,290
Unrecognized benefit of non-capital losses	<u>15,184</u>	<u>167,079</u>
Income tax recovery	\$ (77,733)	\$ -

Amounts of future tax assets and liabilities are as follows:

	2008	2007
Future income tax assets:		
Non-capital loss carryforwards	\$ 365,352	\$ 314,411
Equipment	7,207	-
Share issuance costs	53,283	54,437
Exploration and development expenditures	<u>189,225</u>	<u>402,083</u>
	615,067	770,931
Valuation allowance	<u>(1,063,067)</u>	<u>(1,024,931)</u>
Net future income tax assets	\$ (448,000)	\$ (254,000)

The Company has approximately \$1,405,000 in non-capital losses, which may be carried forward and applied against taxable income in future years. These losses, if not utilized, expire through 2028. Subject to certain restrictions, the Company also has resource expenditures available of approximately \$2,638,000 to reduce taxable income in Canada in future years. The benefits of these losses and resource deductions have not been recorded in these financial statements and have been offset by a valuation allowance.

In fiscal 2007, the Company issued 557,222 common shares on a flow-through basis for gross proceeds of \$250,750. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. During fiscal 2008, the Company renounced exploration expenditures of \$250,750 (2007 - \$Nil), resulting in a future income tax recovery and charge to capital stock of \$77,733 (2007 - \$Nil).

SKEENA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for fiscal 2008 include the Company:

- a) issuing 2,350,000 common shares valued at \$585,750 pursuant to the acquisition of mineral properties;
- b) granting agents' warrants valued at \$3,763 as finders' fees on a private placement; and
- c) incurring mineral property expenditures in accounts payable of \$506,888.

Significant non-cash transactions for fiscal 2007 include the Company:

- a) issuing 1,150,000 common shares and warrants to acquire 1,200,000 common shares valued at \$627,985 pursuant to the acquisition of a mineral property and related future income tax liability;
- b) granting agents' warrants valued at \$3,051 as finders' fees on a private placement; and
- c) incurring mineral property expenditures in accounts payable of \$23,103.

11. SEGMENTED INFORMATION

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

	December 31, 2008	December 31, 2007
Mineral property interests and equipment:		
Canada	\$ 201,726	\$ 205,791
Mexico	5,587,862	1,748,215
Ecuador	-	5,684,186
	\$ 5,789,588	\$ 7,638,192

SKEENA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

As at December 31, 2008, the carrying values of receivables, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and receivables. The Company deposits cash with high quality financial institutions. The Company holds minimal balances in banks in Mexico. Receivables mainly consist of employee advances and sales tax refunds from the Federal Governments of Canada and Mexico. Management believes that the credit risk concentration with respect to receivables is minimal.

Currency Risk

The Company's functional currency is the Canadian dollar. The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in foreign currencies. A portion of the Company's cash, receivables and accounts payable and accruals are denominated in the U.S. dollars and Mexican pesos and are therefore subject to fluctuation in exchange rates. Management believes the foreign exchange risk derived from currency conversions and relative exchange rate between Canadian dollars and the foreign currencies is negligible and therefore does not hedge its foreign exchange risk.

Interest Rate Risk

The Company maintains cash balances with financial institutions. The interest rate risk on these balances is not considered material.

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 liquidity to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at December 31, 2008, the Company had a cash balance of \$48,277 (2007 - \$2,079,424) to settle current liabilities of \$643,114 (2007 - \$63,329). Subsequent to year end, the Company received \$392,500 pursuant to the completion of the first tranche of a private placement and settled \$215,767 in accounts payable by issuing shares. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors gold and other commodity prices to determine the

appropriate course of action to be taken by the Company.

SKEENA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

13. CAPITAL 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 that it manages as share capital, cash and marketable securities.

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.

14. COMMITMENTS

- a) The Company entered into a consulting agreement with a director of the Company. The Company agreed to pay the director \$9,000 per month. The agreement can be terminated at any time by the Company by paying one year's compensation.
- b) The Company has also entered into an operating lease agreement for office premises in conjunction with another company. The Company and the co-lessee are jointly responsible for 100% of the obligations under the lease and share the obligations equally. The Company's 50% portion of the annual lease commitment under this lease is as follows:

2009	\$ 10,933
2010	<u>7,288</u>
	<u>\$ 18,221</u>

15. SUBSEQUENT EVENTS

Subsequent to the year end at December 31, 2008, the Company

- a) completed the first tranche of a private placement and issued 7,850,000 units at \$0.05 per unit for proceeds of \$392,500. Each unit consisted of one common share and one share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at \$0.10 for a period of 2 years. The Company paid finders' fees and other issuance costs of \$9,100 and issued 1,400 broker warrants to acquire one common share at \$0.10 for 12 months.

SKEENA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

15. SUBSEQUENT EVENTS (cont'd...)

- b) entered into an agreement to acquire a 100% interest in the previously excluded mine tailings and on-site gold recovery plant in the copper-gold Anglo-Rouyn property in Saskatchewan pursuant to which the Company, subject to regulatory approval, is to pay \$680,000 and issue 4,000,000 common shares over a three year period.
- c) entered into an agreement with two non-arm's length directors of the Company to acquire a 100% interest in the Mets mining lease and Belle Claims in the Toadogone district in north-central BC pursuant to which the Company, subject to regulatory approval, is to issue 1,000,000 common shares. The agreement is subject to a 2% Net Smelter Return, which may be repurchased by the Company.
- d) settled certain payables by issuing 2,876,889 common shares of the Company at a deemed value of \$0.075 pursuant to Debt Settlement Agreements to extinguish \$215,767 in payables.