

SKEENA RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited – prepared by management)

THREE MONTHS ended MARCH 31, 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

"Rupert Allan"

Rupert Allan
President and CEO

Vancouver, British Columbia
May 28, 2008

SKEENA RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31
(unaudited – prepared by management)

| | 2009 | 2008 |
|---|--------------|--------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 255,812 | \$ 48,277 |
| Marketable securities (Note 3) | 7,000 | 7,000 |
| Receivables | 68,889 | 161,941 |
| Prepaid expenses | 15,839 | 25,779 |
| | 347,540 | 242,997 |
| Mineral property interests (Note 4) | 6,112,570 | 5,757,862 |
| Equipment (Note 5) | 30,115 | 31,726 |
| | \$ 6,490,225 | \$ 6,032,585 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 477,250 | \$ 643,114 |
| Future income tax liability | 448,000 | 448,000 |
| | 925,250 | 1,091,114 |
| Shareholders' equity | | |
| Capital stock (Note 7) | 18,646,674 | 18,050,265 |
| Deposits | 120,000 | - |
| Contributed surplus (Note 7) | 2,735,963 | 2,727,075 |
| Accumulated other comprehensive loss | (21,407) | (21,407) |
| Deficit | (15,916,255) | (15,814,462) |
| | 5,564,975 | 4,941,471 |
| | \$ 6,490,225 | \$ 6,032,585 |

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

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

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

THREE MONTHS ENDED MARCH 31

(unaudited – prepared by management)

| | 2009 | 2008 |
|---|-------------------|-------------------|
| ADMINISTRATION EXPENSES | | |
| Amortization | \$ 1,611 | \$ 1,567 |
| Consulting | 16,725 | 37,313 |
| Foreign exchange | (288) | (9,603) |
| Investor relations | 3,254 | 5,433 |
| Office and other | 12,924 | 17,438 |
| Professional fees | 47,345 | 25,579 |
| Property research | - | - |
| Rent and administration | 1,956 | 2,788 |
| Shareholder communications | 360 | 1,076 |
| Stock-based compensation (Note 7) | 8,888 | 3,362 |
| Transfer agent and listing fees | 8,586 | 10,598 |
| Travel | 606 | - |
| Loss before other items | (101,967) | (95,551) |
| OTHER ITEMS | | |
| Interest income | 174 | 11,781 |
| Gain on sale of mineral property | - | 27,397 |
| | 174 | 39,178 |
| Loss before comprehensive loss | (101,793) | (56,373) |
| Other comprehensive loss | | |
| Unrealized loss on marketable securities | - | (4,060) |
| Comprehensive loss for the period | (101,793) | (60,433) |
| | \$ (0.00) | \$ (0.02) |
| Weighted average number of common shares outstanding | 66,627,505 | 55,544,838 |

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

SKEENA RESOURCES LIMITED

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT

THREE MONTHS ENDED MARCH 31

(unaudited – prepared by management)

| | 2009 | 2008 |
|-------------------------------------|-----------------|----------------|
| Deficit, beginning of period | \$ (15,814,462) | \$ (9,476,626) |
| Loss for the period | (101,793) | (56,373) |
| Deficit, end of period | \$ (15,916,255) | \$ (9,532,999) |

INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

THREE MONTHS ENDED MARCH 31

(unaudited – prepared by management)

| | 2009 | 2008 |
|--|-------------|-------------|
| Accumulated other comprehensive loss, beginning of period | \$ (21,407) | \$ (4,060) |
| Other comprehensive loss | | |
| Unrealized loss on marketable securities | - | (974) |
| Accumulated other comprehensive loss, end of period | \$ (21,407) | \$ (5,034) |

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

SKEENA RESOURCES LIMITED

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31

(unaudited – prepared by management)

| | 2009 | 2008 |
|--|-------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Loss for the period | \$ (101,793) | \$ (56,373) |
| Items not involving cash: | | |
| Amortization | 1,611 | 1,567 |
| Stock-based compensation | 8,888 | 3,362 |
| Gain on sale of mineral property | - | (27,397) |
| Changes in non-cash working capital: | | |
| Receivables | 93,052 | (11,379) |
| Prepaid expenses | 9,940 | 69,866 |
| Accounts payable | (146,457) | 409,232 |
| Net cash provided by (used in) operating activities | (134,759) | 388,878 |
| FINANCING ACTIVITIES | | |
| Deposits | 120,000 | - |
| Proceeds on issuance of capital stock | 392,500 | - |
| Share issue costs | (11,858) | - |
| Net cash provided by investing activities | 500,642 | - |
| INVESTING ACTIVITIES | | |
| Expenditures on mineral property interests | (158,348) | (850,685) |
| Purchase of equipment | - | (2,900) |
| Net cash used in investing activities | (158,348) | (853,585) |
| Increase (decrease) in cash during the period | 207,535 | (464,707) |
| Cash, beginning of period | 48,277 | 2,079,424 |
| Cash, end of period | \$ 255,812 | \$ 1,614,717 |
| Cash paid for interest | \$ - | \$ - |
| Cash paid for income taxes | \$ - | \$ - |

Supplemental disclosure with respect to cash flows (Note 9)

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

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED MARCH 31, 2009

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 **11** for further disclosure regarding liquidity risk.

Accordingly, these interim financial statements do not include all of the information and disclosures required by Canadian GAAP in the preparation of annual consolidated financial statements. The accounting policies used in the preparation of the accompanying unaudited interim consolidated financial statements are the same as those described in the annual consolidated financial statements and the notes thereto for the year ended December 31, 2008 with the exception of note **2(c)** and **(e)** below, which were adopted on January 1, 2009. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These interim 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.

(b) 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.

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2009

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

(c) 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 has not resulted in a material impact on the Company's consolidated financial statements.

(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. The impact of adopting these new standards has not yet been assessed and cannot reasonably be estimated at this time.

(e) 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 adoption of this standard has not resulted in a material impact on the Company's consolidated financial statements.

SKEENA RESOURCES LIMITED

 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 THREE MONTHS ENDED MARCH 31, 2009

3. MARKETABLE SECURITIES

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

4. MINERAL PROPERTY INTERESTS

| | British Columbia Claims | Saskatchewan Claims | Ecuador Claims | Mexican Claims | Total |
|--|-------------------------------|------------------------|-------------------|-------------------|------------------|
| Balance, December 31, 2007 | \$ 190,042 | \$ - | \$ 5,684,186 | \$ 1,728,160 | \$ 7,602,388 |
| 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>205,042</u> | <u>-</u> | <u>5,684,186</u> | <u>1,728,160</u> | <u>7,617,388</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 | \$ - | \$ 186,043 | \$ - | \$ 5,571,819 | \$ 5,757,862 |
| Analysis | - | 1,098 | - | 51 | 1,149 |
| Field and camp support | - | 263 | - | 3,990 | 4,253 |
| Geology/geophysics/geochemical | - | 750 | - | - | 750 |
| Acquisition, assessments and option payments | - | - | - | 348,346 | 348,346 |
| Travel and accommodation | - | - | - | 210 | 210 |
| | <u>-</u> | <u>2,111</u> | <u>-</u> | <u>352,597</u> | <u>354,708</u> |
| Balance, March 31, 2009 | \$ - | \$ 188,154 | \$ - | \$ 5,924,416 | \$ 6,112,570 |

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2009

4. 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.

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. In addition to the US\$1,500,000 cash payments to date, including the initial US\$250,000, Skeena Mexico is required to make additional staged cash payments by January 2011, of US\$9,619,830. 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2009**4. 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 Ltd. (60%) and Almaden Minerals Corp. (40%) ("Santoy-Almaden") 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 ("Minera Cascabel") 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 issued the anniversary share issues of 250,000 shares to Santoy-Almaden and 100,000 shares to Minera Cascabel subsequent to the quarter.

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2009

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

Ronoke and Blackhorn Claims, British Columbia

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

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.

METS and Belle Properties, British Columbia

The Company entered into an option 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 Toodoggone precious metals gold and silver 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.

The Belle claims were subsequently allowed to lapse.

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2009

5. EQUIPMENT

| | 2009 | | | 2008 | | |
|--------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Computer equipment | \$ 7,697 | \$ 6,779 | \$ 918 | \$ 7,697 | \$ 6,705 | \$ 992 |
| Field equipment | 20,940 | 9,210 | 11,730 | 20,940 | 8,592 | 12,348 |
| Vehicle | 21,381 | 6,756 | 14,625 | 21,381 | 5,987 | 15,394 |
| Office equipment | <u>5,945</u> | <u>3,103</u> | <u>2,842</u> | <u>5,945</u> | <u>2,953</u> | <u>2,992</u> |
| | <u>\$ 55,963</u> | <u>\$ 25,848</u> | <u>\$ 30,115</u> | <u>\$ 55,963</u> | <u>\$ 24,237</u> | <u>\$ 31,726</u> |

6. RELATED PARTY TRANSACTIONS

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 \$16,725 (2008 - \$37,313) to companies controlled by directors or officers.
- (b) Included in accounts payable at March 31, 2009 is \$80,705 (December 31, 2008 - \$79,399), which is due to directors or officers or companies with common directors or officers. Subsequent to the end of the period, the Company negotiated a settlement of debt with an officer and wrote off \$40,950 of payables.
- (c) The Company entered into an option agreement with two non-arm's length directors of the Company to acquire a 100% interest in the Mets mining lease and Belle Claims, subject to regulatory approval and review by an Independent Committee of the Board.
- (d) During the 2008 fiscal year, the Company entered into an agreement to acquire the Tropico property in Sinaloa, Mexico with Santoy Resources Ltd. ("Santoy") and Almaden Minerals Ltd. The Company and Santoy share a common director and officer.

SKEENA RESOURCES LIMITEDNOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2009**7. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

| | Number of Shares | Capital Stock | Contributed Surplus |
|--|---------------------|------------------|------------------------|
| Authorized | | | |
| Unlimited common shares without par value | | | |
| Issued | | | |
| 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 |
| For cash: | | | |
| Private placements | 7,850,000 | 380,642 | - |
| For debt settlement (note 9 (a)) | 2,876,889 | 215,767 | - |
| For stock-based compensation | - | - | 8,888 |
| As at March 31, 2009 | 72,747,727 | \$ 18,646,674 | \$ 2,735,963 |

Private placements

During fiscal 2009:

On January 30, 2009, the Company issued 7,850,000 units at \$0.05 per unit for proceeds of \$392,500. Each unit consisted of one common share and one half of one share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at \$0.10 for a period of 24 months. The Company paid finders' fees and other issuance costs of \$11,858 and issued 28,000 agents' warrants exercisable at \$0.10 for a period of one year.

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.

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2009

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**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, 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 |
| Granted | <u>3,953,000</u> | 0.15 | <u>-</u> | - |
| Outstanding, March 31, 2009 | 13,192,500 | 0.47 | 4,975,000 | 0.38 |
| Number currently exercisable | 13,192,500 | \$ 0.47 | 4,758,288 | \$ 0.38 |

SKEENA RESOURCES LIMITEDNOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2009**7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)****Stock options and warrants (cont'd...)**

As at March 31, 2009, 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⁾ |
| | 3,925,000 | 0.15 | January 30, 2011 ⁽³⁾ |
| | <u>28,000</u> | 0.10 | January 30, 2010 |
| | <u>13,192,500</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.

⁽³⁾ In the event the closing price of the Company's common shares is at or above \$0.40 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.

Stock-based compensation

There were no options granted during the period ended March 31, 2009.

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.

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2009

8. INCOME TAXES

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.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for fiscal 2009 include the Company:

- a) issuing 2,876,889 common shares valued at \$215,767 pursuant to shares for debt settlement to extinguish payables;
- b) incurring mineral property expenditures in accounts payable of \$196,360.

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

- c) issuing 350,000 common shares valued at \$85,750 pursuant to the acquisition of mineral properties;
- a) incurring mineral property expenditures in accounts payable of \$61,353.

10. SEGMENTED INFORMATION

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

| | March 31, 2009 | December 31, 2008 |
|---|---------------------------|----------------------|
| Mineral property interests and equipment: | | |
| Canada | \$ 203,028 | \$ 201,726 |
| Mexico | 5,939,657 | 5,587,862 |
| Ecuador | - | - |
| | \$ 6,142,685 | \$ 5,789,588 |

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2009

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

As at March 31, 2009, 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 yearend, the Company received \$539,500 pursuant to the completion of the first tranche of a private placement and settled \$215,767 in accounts payable by issuing shares as well as negotiating a further write off of \$40,950 due to an officer of the Company. 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2009

12. SUBSEQUENT EVENTS

Subsequent to the year end at March 31, 2009, the Company

- a) completed the second tranche of a private placement and issued 2,940,000 units at \$0.05 per unit for proceeds of \$147,000. Each unit consisted of one common share and one half of 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 \$3,290 and issued 65,800 broker warrants to acquire one common share at \$0.10 for 12 months.
- 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 (1,000,000 issued) common shares over a three year period.
- c) issued 2,000,000 common shares to Reyna Mining
- d) issued the anniversary share issues of 250,000 shares to Santoy-Almaden and 100,000 shares to Minera Cascabel.
- e) granted 2,125,000 incentive stock options to employees and consultants exercisable at \$0.10 for 5 years.