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**SKEENA RESOURCES LIMITED**  
(an exploration stage company)

**MANAGEMENT'S DISCUSSION & ANALYSIS – 3<sup>RD</sup> QUARTER**

The following Management's Discussion and Analysis ("MD&A"), prepared as of **November 29, 2006**, should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2005, and the interim consolidated financial statements for the 3<sup>rd</sup> quarter ended September 30, 2006, which are prepared in accordance with Canadian generally accepted accounting principles.

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.

**Description of the Business and Overall Performance**

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

The Company's wholly owned subsidiary, Alpec Alpha Ecuador S.A., ("Alpec") holds the option interest and is the operator of the El Corazon property.

The 2006 field program on the El Corazon gold project commenced May 11<sup>th</sup>. An on-going program of surveying, geologic mapping, hand trenching and sampling was undertaken in order to prioritize and refine drill targets, and to better understand this structurally complex epithermal setting. Diamond drilling commenced mid-August and 4,273 metres in 14 NTW core holes were completed by mid-November. The field crew was demobilized and the camp placed on a standby basis on November 23<sup>rd</sup> pending receipt of final assays and an analysis of this season's drilling success.

Comprehensive news releases pertaining to the trenching results were issued July 18<sup>th</sup> and August 17<sup>th</sup>, 2006, with diamond drill results reported October 30<sup>th</sup> and November 23<sup>rd</sup>, 2006. These are available for public viewing on [www.sedar.com](http://www.sedar.com) and on the Company's website <http://www.skeenaresources.com>. Assays remain outstanding for the last 4 drill holes and two sets of trenches and will be announced once results are obtained.

The Company's market trading pattern displayed large volumes and considerable volatility during the past quarter largely as a function of a coincidental resurgent resource market, improvement in the price of gold, and an active exploration scene in Ecuador, compliments of the Aurelian Resources discovery at Fruta del Norte.

Management is actively researching and reviewing project submittals in the search for new acquisitions, both in Ecuador and Canada. Detailed discussions have been held with several vendors and one bid for an advanced gold-copper project remains outstanding.

**Results of Operations**

Being in the exploration stage, the Company does not have revenues from operations, and relies on equity funding for its continuing financial liquidity.

**Loss for the period ended September 30, 2006**

During the quarter, the Company incurred losses of \$467,871 (2005 - \$470,267). Stock options granted during this period were \$410,006 according to the Black-Scholes valuation method of calculation. Consulting fees of \$24,875 (\$30,477 - 2005) were paid for geological, accounting and management services.

**Cash flows for period ended September 30, 2006**

During the quarter, the Company issued stock for cash of \$347,500 (\$867,200 – 2005), comprised of the 2<sup>nd</sup> tranche of the private placement for \$257,500 and \$90,000 from the exercise of stock options. Cash expenditures on resource properties, all spent in Ecuador were \$384,279 (\$610,556 – 2005) resulting in a decrease in cash of \$28,535 (increase in cash of \$312,105 – 2005) for a total cash of \$789,973 (\$959,517 – 2005). The number of issued and outstanding common shares increased during the quarter by 1,330,000 for a total of 44,946,616 common shares outstanding.

**Capitalized property expenditures for period ended September 30, 2006**

During the quarter, the Company capitalized \$384,279 of property exploration costs. In the same quarter in 2005, there were property expenditures of \$275,581, also spent in Ecuador.

**Summary of Quarterly Results**

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

<b>Quarter ended</b>	<b>30-Sep-06</b>	<b>30-Jun-06</b>	<b>31-Mar-06</b>	<b>31-Dec-05</b>
Capitalized property acquisition and exploration costs	\$ 384,279 <sup>(1)</sup>	\$ 191,024 <sup>(2)</sup>	\$ (100,130)	\$ 1,090,003 <sup>(3)</sup>
Revenue <sup>(4)</sup>	-	-	-	-
Loss for the quarter	\$ (467,871)	\$ (67,167)	\$ (47,319)	\$ (8,939)
Loss per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

<b>Quarter ended</b>	<b>30-Sep-05</b>	<b>30-Jun-05</b>	<b>31-Mar-05</b>	<b>30-Dec-04</b>
Capitalized property acquisition and exploration costs	\$ 275,581	\$ 349,959	\$ 302,834	\$ 1,738,726 <sup>(8)</sup>
Revenue <sup>(4)</sup>	-	-	-	-
Loss for the quarter	\$ (470,267) <sup>(5)</sup>	\$ (146,644) <sup>(6)</sup>	\$ (461,476) <sup>(7)</sup>	\$ (113,877)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

(1) includes \$410,006 stock based compensation.

(2) includes \$41,775 stock based compensation.

(3) includes 2,500,000 capital stock valued at \$ 600,000 the Company committed to issue to Alpha Oil for continuance of the El Corazon option and \$594,155 in exploration expenditures to complete the drill program. this being an exploration stage company, there are no revenues from operations.

(4) includes \$ 411,976 in mineral property write-offs.

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

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

(7) includes 2,500,000 capital stock valued at \$ 1,150,000 issued to Alpha Oil for acquisition of the El Corazon option.

All amounts are expressed in Canadian dollars unless otherwise indicated.

### Liquidity and Capital Resources

The Company has working capital considered sufficient to cover the costs of the current drill program at the Company's El Corazon gold project and for general corporate purposes. The Company will need to raise funds in order to continue its exploration program in El Corazon and pursue further property acquisition opportunities.

The Company completed the financing July 6, 2006 to raise a total of \$1,262,000 and issued 5,048,000 units comprised of one common share and one half of one share purchase warrant. Subsequent to the end of the quarter, there have been 604,000 warrants from this issue exercised for proceeds of \$301,100 and 55,000 options exercised for cash of \$16,500.

The functional currency of the Company is the Canadian dollar and to date most new funding has been raised in Canadian dollars. The government of Ecuador uses the US dollar as its currency and all transactions in the country are done in US dollars.

### Mineral Properties and Expenditures

At September 30, 2006, the Company's mineral properties and expenditures thereon were as follows:

	BLACKHORN	RONOKE	EL CORAZON	TOTAL
BALANCE, DEC. 31, 2005	\$124,975	\$7403	\$4,263,727	\$4,396,105
ANALYTICAL SERVICES	-	-	34,945	34,945
DRILLING / TRENCHING	-	-	206,738	206,738
FIELD SUPPORT	-	-	81,915	81,915
GEOLOGY / GEOPHYSICS	-	-	94,205	94,205
LAND COSTS	3,112	-	57,852	60,964
LOCAL OFFICE	-	-	73,853	73,853
LEGAL	-	-	45,806	45,806
STOCK-BASED COMPENSATION	-	-	41,775	41,775
TRAVEL COSTS	-	-	35,231	35,231
COSTS FOR YEAR	3,112	-	672,320	675,432
TOTAL COSTS	128,087	7403	4,936,047	5,071,537
WRITE OFF OF MINERAL PROPERTY INTERESTS	-	-	-	-
BALANCE, SEP. 30, 2006	\$128,087	\$7,403	\$4,936,047	\$5,071,537

### Mineral Exploration Projects

#### *El Corazon gold project, Ecuador*

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

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

The Company operates in Ecuador via its wholly owned subsidiary, ALPHEC Alpha Ecuador SA (“ALPHEC”). ALPHEC has one employee, managing director Mr. Alfredo Sebastia, and one contract geologist, Mr. Franklin Saltos. ALPHEC may earn a 50% interest in the property held by the vendor group, Compañía AgroIndustrial El Corazon S.A. (“AgroIndustrial”), a private Ecuadorean company, by making certain expenditure commitments over 4 years, and providing certain technical advice and assistance to AgroIndustrial to operate their small, high-grade underground mine/mill facility. The AgroIndustrial operation will continue to function as a separate entity and will be confined to a limited, pre-determined area and vertical extent within the property, to a maximum of 50 tonnes per day, and to a cumulative total of 33,000 oz. of gold (by mill head-grade calculation). Additionally, the Company has a first right of refusal on any further capitalization of AgroIndustrial and the sale of any shares outside the present shareholder group.

The Company’s Agreements with AgroIndustrial and Alpha Oil are as follows:

	CASH PAYMENTS TO AGROINDUSTRIAL US\$	CASH PAYMENTS TO ALPHA OIL INC. CAD\$	EXPENDITURES (EXPLORATION COMMITMENTS) US\$	SHARE ISSUANCES TO ALPHA OIL
December 11, 2004	\$ 315,000 paid			2,500,000 issued
December 11, 2005			\$ 500,000 spent	2,500,000 issued
June 11, 2006	\$ 50,000 paid			
December 11, 2006			\$ 1,000,000 spent	
December 11, 2007	\$ 100,000		\$ 1,500,000	
December 11, 2008	\$ 4,000,000	\$ 1,500,000 *	\$ 2,500,000 **	
	<u>\$ 4,465,000</u>	<u>\$ 1,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ 5,000,000 issued</u>

\* cash or shares, at Skeena’s election.

\*\* includes pre-feasibility study

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

***Ronoke Claims, British Columbia***

The Ronoke property is under option to a private British Columbia corporation attempting to obtain a public stock exchange listing and has assigned its option rights and obligations to the new company. Option payments of \$5,500 have been paid with a further commitment to receive common shares from the public company valued at \$20,000 once it is publicly traded. In addition, a deficient option payment due June 30, 2006 will be satisfied by the new company upon its public listing by an undertaking to issue 82,500 shares at a deemed value of \$0.10 per share.

**Transactions with related parties**

The Company has monthly consulting service arrangements with two of its officers, one of whom is also a director. Cash paid or payable pursuant to these arrangements for the quarter ended September 30, 2006, was \$21,000 and \$3,875 for a total of \$24,875. A company with a common officer provides offices, reception and administrative duties, systems maintenance and office supplies on a shared basis among a group of public and private companies at a cost to the Company of \$2,375 a month.

**Disclosure controls and procedures**

The Board of Directors of the Company has adopted a formal Corporate Disclosure Policy relating to disclosure controls and procedures. This Policy extends to the conduct of directors, officers, spokespersons and other employees and agents of the Company, and all methods that the Company uses to communicate to the public. The disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures, and believes that they have been effective in providing reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

All relevant information related to the Corporation is filed electronically at [www.sedar.com](http://www.sedar.com)

**Other Management's Discussion and Analysis**

1. Additional disclosure for venture issuers without significant revenue:

***Capital Stock and Distributed Surplus as November 23, 2006:***

Authorized:

100,000,000 common shares without par value

Issued:

45,605,616 common shares

Warrants:

- 875,000 exercisable at \$0.58 in year 2, date of expiry December 13, 2006
- 1,592,500 exercisable at \$0.75 for 2 years, date of expiry June 25, 2007
- 2,220,000 exercisable at \$0.75 for 2 years, date of expiry July 16, 2007
- 1,600,000 exercisable at \$0.40 for 18 months, date of expiry December 22, 2007
- 180,810 exercisable at \$0.50 for 1 year, date of expiry June 22, 2007
- 515,000 exercisable at \$0.40 for 18 months, date of expiry January 7, 2008
- 21,000 exercisable at \$0.50 for 1 year, date of expiry July 7, 2007

Total warrants:

7,004,310

Stock options:

Number	Exercise Price	Date of Expiry
1,605,000	\$0.30	November 21, 2008
950,000	\$0.52	February 18, 2010
100,000	\$0.54	April 15, 2010
300,000	\$0.25	December 21, 2010
200,000	\$0.25	June 28, 2011
1,125,000	\$0.37	September 01, 2011

Total stock options:

3,155,000

Fully diluted:  
56,534,926

**Other Information**

*List of Directors and Officers*

*Directors*

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

*Officers*

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

*Auditors:*

Davidson & Company

*Company solicitors:*

DuMoulin & Black

*Company banker:*

HSBC Bank of Canada