

**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 16, 2007**, should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2006, and the interim consolidated financial statements for the 3<sup>rd</sup> quarter ended September 30, 2007, 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, an option to acquire 50% of a gold exploration property at El Corazon, Ecuador, and, as of May 2, 2007, an option to acquire a 90% working interest in the Malpica copper-gold project in Mexico. 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 Company is closely watching the recent political changes in Ecuador and is of the opinion the political situation is short term and only indicative of the country's long standing efforts to democratize. Recent statements by the government confirm its desire to build a mining industry in Ecuador and create a stable environment for foreign investment. However, there is some perceived uncertainty and this has given the Company further reason to advance projects in other jurisdictions.

On May 2, 2007, the Company entered into an agreement to acquire a 90% interest in Skeena Mexico SA de CV which in turn has the option to earn a 100% interest in the Malpica copper-gold project located 30 km. east of Mazatlan in Sinaloa State, Mexico. Refer to News Release dated May 8, 2007 for project description and historical details. The terms of the agreement are spread over a 48 month period. The Company has acquired 90% of Skeena Mexico by paying \$25,000 US and issuing 1,000,000 shares and 1,000,000 two year warrants exercisable at \$0.75 to Reyna Mining who will retain the remaining 10%. Skeena Mexico has paid \$250,000 US to Grupo México, the vendor of the Malpica property to begin a 12 month due diligence period during which Skeena Mexico must conduct a \$1,500,000 US exploration program, including a minimum 5,000 metres of drilling. If Skeena Mexico elects to continue, it must pay Grupo México \$1,000,000 US after the 12 months due diligence period, \$2,000,000 US after 18 months, \$3,750,000 US after 24 months and \$3,500,000 US after 36 months. After one year if Skeena Resources elects to continue, it must also pay Reyna Mining \$500,000 and issue 2,000,000 shares, and after 2 years, pay \$225,000 US and issue 2,000,000 shares.

Further details and a table of payments and share issuances follow on the next page.

**Mineral Properties and Expenditures**

At September 30, 2007, the Company's mineral properties and expenditures thereon were as follows:

	BLACKHORN	RONOKE	EL CORAZON	MALPICA	TOTAL
BALANCE, DEC. 31, 2006	\$ 128,087	\$ 7,403	\$ 5,441,787	\$ -	\$ 5,577,277
ANALYTICAL SERVICES	-	-	9,660	11,657	21,317
DRILLING / TRENCHING	-	-	-	-	-
FIELD SUPPORT	-	-	13,808	131,883	145,691
GEOLOGY / GEOPHYSICS	804	-	22,688	112,786	136,278
LAND COSTS	4,698	-	104,719	708,080	817,497
LOCAL OFFICE	-	-	54,027	5,861	59,888
LEGAL	-	-	13,977	-	13,977
STOCK-BASED COMPENSATION	-	-	-	73,434	73,434
TRAVEL COSTS	-	-	6,139	26,250	32,659
COSTS FOR YEAR	5,502	-	225,018	1,070,221	6,878,018
TOTAL COSTS	133,689	7,403	5,666,805	1,070,221	6,878,018
WRITE OFF OF MINERAL PROPERTY INTERESTS	-	-	-	-	-
BALANCE, SEP. 30, 2007	\$ 133,060	\$ 7,403	\$ 5,666,805	\$ 1,070,221	\$ 6,878,018

### *Malpica copper gold project, Mexico*

On May 2, 2007, the Company entered into an agreement with Reyna Mining & Engineering S.A. de C.V. ("Reyna Mining"), a private Mexican mining and engineering firm, to acquire 90% of a new Mexican incorporation, Skeena Mexico S.A. de C.V. ("Skeena Mexico"), leaving Reyna Mining with the remaining 10%. Skeena Mexico has entered into an option to purchase a 100% interest in the Malpica copper-gold property over a 48 month period from Grupo México, and paid a non-refundable cash down payment of \$250,000 US for a 12 month due diligence period with certain work obligations. The Company has paid Reyna Mining a cash down payment of \$25,000 US and must issue 1 million shares of the Company and 1 million 2 year warrants exercisable at \$0.75 to Reyna. After one year, if the Company elects to purchase the property, certain requirements and payments occur as per the following table.

	SKEENA MEXICO CASH PAYMENTS TO GRUPO MÉXICO US\$	SKEENA MEXICO EXPENDITURES (EXPLORATION COMMITMENTS) US\$	SKEENA RESOURCES CASH PAYMENTS TO REYNA MINING US\$	SKEENA RESOURCES SHARE ISSUANCES TO REYNA
On signing	\$ 250,000 paid	-	\$ 25,000 paid	* 1,000,000 issued
1 year anniversary	\$ 1,000,000	\$ 1,500,000	\$ 500,000	2,000,000
18 month anniversary	\$ 2,000,000	\$ -	\$ -	-
2 year anniversary	\$ 3,750,000	\$ 2,500,000	\$ 225,000	2,000,000
3 year anniversary	\$ 3,500,000	\$ 3,500,000	\$ -	-
	\$ 10,500,000	\$ 7,500,000	\$ 750,000	5,000,000

\* 1 million shares and 1 million 2-year warrants exercisable at \$0.75 issued August 15, 2007.

### *Malpica copper gold project, Mexico (cont'd...)*

The Company has commenced exploration at Malpica. A program of 125 km of line-cutting, soil geochemical sampling,

mapping and prospecting is approximately 75% completed. New aerial photography was flown in the spring and a digital terrain map of the project area was constructed in August. A helicopter-borne DIGHEM electromagnetic and magnetic survey has been contracted to Fugro Airborne Surveys Corp. and is scheduled to be conducted in December. Trenching and re-sampling of historic drill core will be conducted simultaneously with the commencement of a 5,000 metre diamond drilling program which will start early January. Approximately two-thirds's of the drilling will be directed at the two known copper-gold mineralized breccia pipes, Cerro Tunel and Cerro Pelon. The trenching and the balance of the drilling will be directed at new geochemical targets and prospecting discoveries. Budget for the period June 1, 2007 to May 31, 2008 is \$1.5 million US.

### *El Corazon gold project, Ecuador*

The Company operates the El Corazon gold project in Ecuador via its wholly owned subsidiary, ALPHEC Alpha Ecuador SA (“ALPHEC”). 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	-
June 11, 2007	\$ 100,000 paid	-	-	-
December 11, 2007	-	-	\$ 1,500,000 *	-
December 11, 2008	\$ 4,000,000	\$ 1,500,000 **	\$ 2,500,000 ***	-
	\$ 4,465,000	\$ 1,500,000	\$ 5,500,000	\$ 5,000,000 issued

\* \$1.3 million of this commitment spent to date

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

\*\*\* includes pre-feasibility study

There are no outstanding work commitments or option payments due until December 11, 2008. The 2006 program concluded with a strong recommendation for a further 3,000 metres of drilling, targeted primarily at the SKE-019 shear/vein structure north of the present underground workings. This work has been temporarily postponed pending clarification of the political situation in Ecuador and the outcome of negotiations with the vendors of the property.

### *Blackhorn Property, British Columbia*

A prospecting and sampling program was conducted on the Company’s 100% owned 6,711 Ha Blackhorn property,

40 km SSE of Tatla Lake in the Coast Mountains of west-central British Columbia during August and September, 2007 (news released dated November 2, 2007).

Work was directed at verifying the high-grade nature of previously reported vein occurrences and delineating the area of anomalous gold-in-stream sediments (up to 407 parts per billion gold), reported by the B.C. government under the auspices of the Regional Geochemical Stream Sediment program. A crew of trained prospectors, under the direction of a geologist, collected 163 rock samples, principally of angular, quartz-sulphide vein float from talus and glacial moraines, adjacent to and down-ice from known occurrences. As a testament to the high gold background of these samples, 43 of them were reanalyzed for overlimit assays (greater than 1,000 parts per billion). A total of 16 samples assayed greater than 10 g/t gold are listed below:

#### BLACKHORN FALL 2007 OVERLIMIT ASSAYS

Tag #	Area	Type	Au (g/t)	Au (oz/t)	Repeat Au (g/t)	Au (opt)
BH2007-AT-R09	Blackhorn Valley	float	16.10	0.470	14.60	0.426
BH2007-AT-R13	Blackhorn Valley	float	29.00	0.846	34.90	1.102
BH2007-AT-R14	Blackhorn Valley	float	10.30	0.300	8.66	0.253
BH2007-AT-R16	Blackhorn Valley	float	10.00	0.548	18.80	0.548
BH2007-AT-R21	Blackhorn Valley	float	28.00	0.817	82.60	2.409
BH2007-AT-R39	B3 Valley	float	15.40	0.449	16.80	0.490
BH2007-AT-R41	B3 Valley	float	24.50	0.714	21.40	0.624
BH2007-AT-R52	B3 Valley	float	26.00	0.758	25.40	0.741
BH2007-AT-R53	B3 Valley	float	14.80	0.432		
BH2007-AT-R54	B3 Valley	float	12.10	0.353		
BH2007-DC-471	Louisville	float	101.00	2.945	89.90	2.622
BH2007-PS-616	Louisville	float	21.00	0.612	23.20	0.677
BH2007-PS-617	Louisville	float	226.00	6.591	218.00	6.358
BH2007-PS-628	3 Ounce Valley	float	11.00	0.321	10.20	0.297
BH2007-PS-629	3 Ounce Valley	float	52.00	1.516	51.30	1.496
BH2007-PS-630	3 Ounce Valley	float	26.00	0.758		

The company is also very encouraged by the fact that never-before-reported mineralization was located in the main Blackhorn valley and B3 valley, approximately 2.5 kilometres east of the Blackhorn adit. A 226-gram-per-tonne gold (6.591 ounces per ton) float sample was also reported from the Louisville valley. Insufficient fieldwork has been completed to assess either vein widths or continuity of mineralization at this stage.

In view of these significant results, the company recently expanded its claim holdings in the area. A detailed follow-up program will commence next spring when weather permits.

#### *Ronoke Claims, British Columbia*

The Ronoke property is under option to recently listed Dundee Mines Ltd. (DUN.V) and the Company's equity interest is currently being converted to a minority share position in Dundee. A final buy-out is in the process of

bein negotiated.

### **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 third quarter***

During the quarter, the Company incurred losses of \$410,694 (2006 - \$467,871), primarily consisting of a calculation of stock-based compensation of \$277,932 using the Black-Scholes method of determining fair value incorporating a combination of discount rates of 5 year bond equivalent daily benchmarks and volatility percentage measures using the closing prices of the Company's stock trades over a 20 week period. Consulting fees of \$34,260 (2006 - \$24,875) were paid for geological and management services. Office costs were \$25,635 (2006 - \$3,230), of which \$15,114 (2006 - \$nil) was for the quarter's insurance premiums. Foreign exchange losses of \$63,328 are due to the translation of monetary assets held in US currency and reflect the weakening US dollar.

#### ***Cash flows for the third quarter***

During the quarter, the Company had cash expenditures on resource properties (essentially all in Mexico), of \$284,545 (2006 - \$384,279 mostly in Ecuador) resulting in a decrease in cash of \$681,017 (2006 - (\$28,535) for a total cash of \$2,570,112 (2006 - \$789,973).

#### ***Capitalized property expenditures for the third quarter***

During the quarter, the Company capitalized \$284,545 (2006 - \$384,279) in property expenditures, primarily expended on the newly acquired Malpica property.

### **Summary of Quarterly Results**

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

Quarter ended	30-Sep-07		30-Jun-07		31-Mar-07		31-Dec-06	
Capitalized property acquisition and exploration costs	\$	284,545	\$	468,207	\$	57,864	\$	505,739
Revenue <sup>(5)</sup>		-		-		-		-
Loss for the quarter	\$	(410,694) <sup>(1)</sup>	\$	(117,586)	\$	(160,050) <sup>(2)</sup>	\$	(55,029)
Loss per share	\$	(0.01)	\$	(0.01)	\$	(0.01)	\$	(0.01)

Quarter ended	30-Sep-06		30-Jun-06		31-Mar-06		31-Dec-05	
Capitalized property acquisition and exploration costs	\$	384,279	\$	191,024 <sup>(4)</sup>	\$	100,130	\$	1,090,003 <sup>(6)</sup>
Revenue <sup>(5)</sup>		-		-		-		-
Loss for the quarter	\$	(467,871) <sup>(3)</sup>	\$	(67,167)	\$	(47,319)	\$	(11,375)
Loss per share	\$	(0.01)	\$	(0.00)	\$	(0.00)	\$	(0.00)

(1) includes \$277,932 stock based compensation.

(2) includes \$82,904 stock based compensation.

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

(4) includes \$41,775 stock based compensation granted to a consultant for El Corazon.

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

(6) includes 2,500,000 capital stock valued at \$ 600,000 issued to Alpha Oil for continuance of the El Corazon option and \$594,155 in exploration expenditures to complete the drill program.

All amounts are expressed in Canadian dollars unless otherwise indicated.

### **Liquidity and Capital Resources**

The Company has working capital of \$2.5 million sufficient to cover general corporate purposes, complete a small exploration work program on the Blackhorn property and meet exploration commitments at Malpica, Mexico for the next year. The Company will need to raise funds in order to continue its exploration programs beyond that point. The Company has been successful raising funds in the past and under current economic conditions is optimistic that it will be able to secure private placement financing to meet its requirements.

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. Although Mexico currency is in pesos, many transactions, particularly with international contractors, are done in US dollars.

### **Transactions with related parties**

The Company has monthly consulting service arrangements with two of its officers, one of whom is also a

director. The director is paid \$9,000 per month by an agreement that can be terminated at any time by the Company by paying one years compensation. Cash paid or payable pursuant to these arrangements for the quarter, was \$27,000 for geological and management services and \$7,260 was paid to an officer for accounting and corporate administrative services. A company with this same 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 \$2,922 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) and on the Company's website at [www.skeenaresources.com](http://www.skeenaresources.com).

### **Changes in accounting policy**

#### *Financial instruments*

Effective January 1, 2007 the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

### **Changes in accounting policy (cont'd...)**

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and

receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company is required to classify its cash, marketable securities, receivables, and accounts payable and accrued liabilities as financial instruments.

### **Other Management's Discussion and Analysis**

1. Additional disclosure for venture issuers without significant revenue:

#### ***Capital Stock and Distributed Surplus as November 16, 2007:***

Authorized:

Unlimited common shares without par value

Issued:

55,544,838 common shares

Warrants:

- 1,600,000 exercisable at \$0.40 for 18 months, date of expiry December 17, 2007
- 515,000 exercisable at \$0.40 for 18 months, date of expiry December 21, 2007
- 278,611 exercisable at \$0.75 for 1 year, date of expiry May 24, 2008
- 200,000 exercisable at \$0.65 for 2 years, date of expiry May 29, 2009
- 3,791,000 exercisable at \$0.75 for 2 years, date of expiry June 29, 2009
- 277,865 exercisable at \$0.75 for 1 year, date of expiry June 29, 2008
- 1,000,000 exercisable at \$0.75 for 1 year, date of expiry May 29, 2009

Total warrants:

7,662,476

Stock options:

Number	Exercise Price	Date of Expiry
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600,000	\$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 02, 2011
305,000	\$0.33	March 19, 2012
1,970,000	\$0.40	September 26, 2012

Total stock options:

5,550,000

Fully diluted:

68,757,314

**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