

SKEENA RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited – prepared by management)

SIX MONTHS ended JUNE 30, 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
August 24, 2009

SKEENA RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30
(unaudited – prepared by management)

	2009	2008
ASSETS		
Current		
Cash	\$ 102,303	\$ 48,277
Marketable securities (Note 3)	9,887	7,000
Receivables	7,998	161,941
Prepaid expenses	27,457	25,779
	147,645	242,997
Mineral property interests (Note 4)	6,302,621	5,757,862
Equipment (Note 5)	28,504	31,726
	\$ 6,478,770	\$ 6,032,585
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 287,673	\$ 643,114
Future income tax liability	448,000	448,000
	735,673	1,091,114
Shareholders' equity		
Capital stock (Note 7)	18,752,262	18,050,265
Contributed surplus (Note 7)	2,945,589	2,727,075
Accumulated other comprehensive loss	(18,520)	(21,407)
Deficit	(15,936,234)	(15,814,462)
	5,743,097	4,941,471
	\$ 6,478,770	\$ 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**

(unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2009	2008	2009	2008
ADMINISTRATIVE EXPENSES				
Amortization	\$ 1,611	\$ 1,932	\$ 3,222	\$ 3,499
Consulting fees	11,925	36,075	28,650	73,388
Foreign exchange	(25,690)	(59,849)	(25,978)	(69,452)
Investor relations	900	4,177	4,154	9,610
Office and other	13,590	17,517	26,514	34,955
Professional fees	(4,574)	17,780	42,771	43,359
Rent and administration	1,956	4,277	3,912	7,064
Shareholder communications	413	2,535	773	3,610
Stock-based compensation (note 7)	6,257	181,343	15,145	184,705
Transfer agent and listing fees	4,971	3,625	13,557	14,223
Travel	719	234	1,325	234
Loss before other items	(12,078)	(209,646)	(114,045)	(305,195)
OTHER ITEMS				
Interest income	48	2,494	222	14,273
Write-down of mineral interests	(5,215)	(5,699,724)	(5,215)	(5,699,724)
Income tax expenses	(2,734)	-	(2,734)	-
Gain on sale of mineral property	-	-	-	27,397
	(7,901)	(5,697,230)	(7,727)	(5,658,054)
Loss before comprehensive loss	(19,979)	(5,906,876)	(121,772)	(5,963,249)
Other comprehensive loss for the period				
Unrealized loss on marketable securities	2,887	-	2,887	-
Comprehensive loss for the period	\$ (17,092)	\$ (115,392)	\$ (118,885)	\$ (275,442)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	77,600,444	46,577,036	64,323,874	45,847,806

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

SKEENA RESOURCES LIMITED

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT

(unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2009	2008	2009	2008
Deficit, beginning of period	\$ (15,916,255)	\$ (9,532,999)	\$ (15,814,462)	\$ (9,476,626)
Loss for the period	(19,979)	(5,906,876)	(121,772)	(5,963,249)
Deficit, end of period	\$ (15,936,234)	\$ (15,439,875)	\$ (15,936,234)	\$ (15,439,875)

INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

(unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2009	2008	2009	2008
Accumulated other comprehensive loss, beginning of period	\$ (21,407)	\$ (4,060)	\$ (21,407)	\$ (4,060)
Other comprehensive loss				
Unrealized loss on marketable securities	2,887	(2,738)	2,887	\$ (3,712)
Accumulated other comprehensive loss, end of period	\$ (18,520)	\$ (6,798)	\$ (18,520)	\$ (7,772)

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

SKEENA RESOURCES LIMITED**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2009	2008	2009	2008
OPERATING ACTIVITIES				
Loss for the period	\$ (19,979)	\$ (5,906,876)	\$ (121,772)	\$ (5,963,249)
Items not affecting cash				
Amortization	1,611	1,932	3,222	3,499
Write-down of mineral property interests	5,215	5,699,724	5,215	5,699,724
Stock-based compensation	6,257	181,343	15,145	184,705
Gain on sale of mineral property interests	-	-	-	(27,397)
Changes in non-cash working capital				
Accounts receivable	60,891	(103,096)	153,943	(114,475)
Prepaid expenses	(11,617)	(69,585)	(1,677)	281
Accounts payable and accrued liabilities	(189,579)	(411,017)	(336,036)	(1,785)
Cash used in operating activities	(147,201)	(607,575)	(281,960)	(218,697)
FINANCING ACTIVITIES				
Deposits	(120,000)	-	-	-
Proceeds on issuance of capital stock	147,000	641,500	539,500	641,500
Share issuance costs	(5,541)	(6,175)	(17,399)	(6,175)
Cash provided by financing activities	21,459	635,325	522,101	635,325
INVESTING ACTIVITIES				
Expenditures on mineral property	(27,767)	(1,306,678)	(186,115)	(2,157,363)
Purchase of equipment	-	(683)	-	(3,583)
Cash used in investing activities	(27,767)	(1,307,361)	(186,115)	(2,160,946)
Increase (decrease) in cash during the period	(153,509)	(1,279,611)	54,026	(1,744,318)
Cash, beginning of period	255,812	1,614,717	48,277	2,079,424
Cash, end of period	\$ 102,303	\$ 335,106	\$ 102,303	\$ 335,106

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
SIX MONTHS ENDED JUNE 30, 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
SIX MONTHS ENDED JUNE 30, 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.

3. MARKETABLE SECURITIES

	2009	2008
Diadem Resources Ltd.	\$ 812	\$ 812
Duncastle Gold Corp. (formerly Dundee Mines Ltd.)	9,075	6,188
	\$ 9,887	\$ 7,000

SKEENA RESOURCES LIMITEDNOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2009**4. MINERAL PROPERTY INTERESTS**

	British Columbia Claims	Saskatchewan Claims	Ecuador Claims	Mexican Claims	Total
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>205,042</u>	<u>-</u>	<u>5,684,186</u>	<u>1,728,160</u>	<u>7,617,388</u>
Write-off 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>
Analysis	-	1,098	-	142	1,240
Drilling/trenching	-	2,130	-	-	2,130
Field and camp support	-	263	5,215	20,453	25,931
Geology/geophysics/geochemical	-	750	-	-	750
Acquisition, assessments and option payments	2,025	50,000	-	465,846	517,871
Travel and accommodation	-	1,842	-	210	2,052
	<u>2,025</u>	<u>56,083</u>	<u>5,215</u>	<u>486,651</u>	<u>549,974</u>
Write-off mineral property interests	-	-	(5,215)	-	(5,215)
Balance, June 30, 2009	<u>\$ 2,025</u>	<u>\$ 242,126</u>	<u>\$ -</u>	<u>\$ 6,058,470</u>	<u>\$ 6,302,621</u>

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 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 which expired unexercised 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
SIX MONTHS ENDED JUNE 30, 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 year anniversary February 24, 2009	\$ 1,000,000 paid	\$ 1,500,000 ⁽¹⁾	-	2,000,000 issued
April 6, 2009	\$ 250,000 paid	-	-	-
July 24, 2009	-	-	-	2,000,000 issued
January 24, 2010	\$ 50,000 ⁽²⁾	-	-	-
July 24, 2010	\$ 1,000,000	-	-	-
January 25, 2011	\$ 1,000,000	-	-	-
	\$ 7,569,830 ⁽³⁾	-	-	-
	\$ 11,119,830	\$ 1,500,000	\$ 25,000	5,000,000

⁽¹⁾ expenditure commitments met;

⁽²⁾ paid subsequently; and

⁽³⁾ 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 (500,000 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 (200,000 issued). The concession is subject to a 2% NSR royalty payable to the Mexican Government.

The Company issued the 2nd anniversary share issues of 250,000 shares to Santoy-Almaden and 100,000 shares to Minera Cascabel during the quarter.

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 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 and continues to write off costs as they occur.

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. 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, of which 1,000,000 have been issued. The Company is in default with the payments and currently re-negotiating this arrangement.

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
SIX MONTHS ENDED JUNE 30, 2009****5. EQUIPMENT**

	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 7,697	\$ 6,854	\$ 843	\$ 7,697	\$ 6,705	\$ 992
Field equipment	20,940	9,827	11,113	20,940	8,592	12,348
Vehicle	21,381	7,526	13,855	21,381	5,987	15,394
Office equipment	<u>5,945</u>	<u>3,252</u>	<u>2,693</u>	<u>5,945</u>	<u>2,953</u>	<u>2,992</u>
	<u>\$ 55,963</u>	<u>\$ 27,459</u>	<u>\$ 28,504</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 \$28,650 (2008 - \$73,388) to companies controlled by directors or officers.
- (b) Included in accounts payable at June 30, 2009 is \$82,956 (December 31, 2008 - \$79,399), which is due to directors or officers or companies with common directors or officers. During 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.

SKEENA RESOURCES LIMITEDNOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 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	10,790,000	539,500	203,369
For debt settlement (note 9 (a))	2,876,889	215,767	-
For mineral property interests	3,350,000	167,500	-
Share issuance costs	-	(220,770)	-
For stock-based compensation	-	-	15,145
As at June 30, 2009	79,037,727	\$ 18,752,262	\$ 2,945,589

Private placements

During fiscal 2009:

On February 27, 2009, the Company issued 7,850,000 units at \$0.05 per unit for proceeds of \$392,500 and on May 6, 2009, issued 2,940,000 units for proceeds of \$147,000 for a total of 10,790,000 for \$539,500 in two tranches. 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 \$17,399 and issued 93,800 agents' warrants valued at \$203,369 (share issue costs) exercisable at \$0.10 for a period of one year. Total share issue costs were \$220,770.

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

SIX MONTHS ENDED JUNE 30, 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	5,488,800	0.10	2,125,000	0.10
Expired/cancelled	<u>(1,322,500)</u>	0.71	<u>-</u>	-
Outstanding, June 30, 2009	13,405,800	0.19	7,100,000	0.29
Number currently exercisable	11,870,000	\$ 0.20	7,029,829	\$ 0.29

SKEENA RESOURCES LIMITEDNOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2009**7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)****Stock options and warrants (cont'd...)**

As at June 30, 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
	2,125,000	0.10	May 14, 2014
	<u>7,100,000</u>		
Warrants	3,791,000	0.75	June 29, 2010 ⁽¹⁾
	4,126,000	0.45	June 26, 2011 ⁽²⁾
	28,000	0.10	February 27, 2010
	65,800	0.10	May 06, 2010
	3,925,000	0.15	February 27, 2011 ⁽³⁾
	<u>1,470,000</u>	0.10	May 06, 2011 ⁽³⁾
	<u>13,405,800</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

During fiscal 2009, the Company granted 2,125,000 options to consultants, officers and directors with a weighted average fair value of \$0.04 per option.

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

SIX MONTHS ENDED JUNE 30, 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) issuing 3,350,000 common shares valued at \$167,500 pursuant to mineral property anniversary commitments;
- c) incurring mineral property expenditures in accounts payable of \$196,360.

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

- d) 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:

	June 30, 2009	December 31, 2008
Mineral property interests and equipment:		
Canada	\$ 244,151	\$ 201,726
Mexico	<u>6,058,470</u>	<u>5,587,862</u>
	<u>\$ 6,302,621</u>	<u>\$ 5,789,588</u>

SKEENA RESOURCES LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2009

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

As at June 30, 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 June 30, 2009, the Company had a cash balance of \$102,303 to settle current liabilities of \$287,673. 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
SIX MONTHS ENDED JUNE 30, 2009

12. SUBSEQUENT EVENTS

Subsequent to the quarter ended June 30, 2009, the Company

- a) arranged a 6 month non-interest bearing loan for \$120,000 from two directors to complete a Scoping Study on the Malpica, Mexican property, secured by the Company's wholly-owned Mets mining lease. Subject to regulatory approval, the Company will issue 480,000 common shares to the participating directors, 400,000 to one director and 80,000 to the other, as a bonus for making the loan.