SKEENA RESOURCES LIMITED

(an exploration stage enterprise)

Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2014 and 2013

(Expressed in Canadian Dollars)

SKEENA RESOURCES LIMITED
(an exploration stage enterprise)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - expressed in Canadian dollars)

	Note		September 30, 2014		December 31, 2013
ASSETS					
Current					
Cash		$	548,022	$	24,690
Receivables			16,160		7,724
Prepaid expenses			139,373		9,828
			703,555		42,242
Mineral property interests	5		-		686,784
Equipment	6		5,245		11,559
		$	708,800	$	740,585
LIABILITIES					
Current					
Accounts payable and accrued liabilities	7	$	581,866	$	76,169
Commitment to issue shares	4	$	832,250	$	-
Loans	7		342,000		342,000
			1,756,116		418,169
SHAREHOLDERS’ EQUITY (DEFICIENCY)					
Capital stock	8		21,574,497		21,574,497
Reserves	8		3,633,238		3,633,238
Deficit			(26,255,051)	`	(24,885,319)
			(1,047,316)		322,416
		$	708,800	$	740,585

Approved 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 condensed consolidated interim financial statements.

SKEENA RESOURCES LIMITED
(an exploration stage enterprise)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - expressed in Canadian dollars)

		For the three months ended September 30		For the nine months ended September 30	
	Note	**2014**	**2013**	**2014**	**2013**
ADMINISTRATIVE EXPENSES					
Exploration and evaluation		**$ 212,374**	$ 5,872	**$ 312,019**	$ 60,300
Amortization		**352**	789	**1,319**	2,367
Consulting	7	**129,981**	2,080	**156,747**	7,855
Investor relations		**29,755**	-	**32,421**	-
Office and administration		**12,281**	3,104	**22,916**	14,259
Professional fees		**32,694**	-	**83,366**	1,420
Rent and administration		**4,320**	2,158	**10,907**	6,613
Shareholder communications		**6,468**	200	**11,225**	569
Transfer agent and listing fees		**2,677**	5,751	**22,536**	15,611
Loss on sale of marketable securities		**-**	-	**-**	273
Travel		**9,385**	-	**24,497**	-
Impairment of mineral property interests	5	**-**	-	**686,784**	-
Disposition of equipment		**-**	-	**4,995**	-
Net loss and comprehensive loss for the period		**$ (440,287)**	(19,954)	**(1,369,732)**	(109,267)
Loss per share		**$ (0.02)**	$ (0.00)	**$ (0.05)**	$ (0.00)
Weighted average number of common shares outstanding		**25,551,762**	25,551,762	**25,551,762**	25,551,762

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

SKEENA RESOURCES LIMITED

(an exploration stage enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Unaudited - expressed in Canadian dollars)

	Capital Stock		Reserves				Total Shareholders' Equity (Deficiency)
	Shares	Amount	Options	Warrants	Total Reserves	Deficit	
Balance at December 31, 2012	25,551,762	$ 21,574,497	$ 2,310,023	$ 1,323,215	$ 3,633,238	$ (24,693,956)	$ 513,779
Loss for the period	-	-	-	-	-	(109,266)	(109,266)
Balance at September 30, 2013	25,551,762	21,574,497	2,310,023	1,323,215	3,633,238	(24,803,222)	404,513
Balance at December 31, 2013	25,551,762	21,574,497	2,310,023	1,323,215	3,633,238	(24,885,319)	322,416
Loss for the period	-	-	-	-	-	(1,369,732)	(1,369,732)
Balance at September 30, 2014	25,551,762	$ 21,574,497	$ 2,310,023	$ 1,323,215	$ 3,633,238	$ (26,255,051)	$ (1,047,316)

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

SKEENA RESOURCES LIMITED
(an exploration stage enterprise)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - expressed in Canadian dollars)

	For the nine months ended September 30	
	2014	**2013**
OPERATING ACTIVITIES		
Loss for the period	**$ (1,369,732)**	$ (109,266)
Items not effecting cash		
Amortization	**1,319**	2,367
Loss on sale of marketable securities	**-**	273
Impairment of mineral property interests	**686,784**	-
Disposal of equipment	**4,995**	-
Changes in non-cash working capital		
Receivables	**(8,436)**	2,125
Prepaid expenses	**(129,545)**	4,194
Accounts payable and accrued liabilities	**505,697**	28,639
Commitment to issue shares	**832,250**	-
Net cash provided by (used in) operating activities	**523,332**	(71,668)
FINANCING ACTIVITY		
Loans	**-**	57,000
INVESTING ACTIVITY		
Sale of marketable securities	**-**	140
Change in cash during the period	**523,332**	(14,528)
Cash, beginning of the period	**24,690**	32,216
Cash, end of the period	**$ 548,022**	$ 17,688

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Skeena Resources Limited (the "Company") is incorporated under the laws of the province of British Columbia, Canada, and its principal business activity is the exploration of mineral properties. The Company's corporate office is located at Suite 611, 675 West Hastings Street, Vancouver, British Columbia V6B 1N2. The Company is in the exploration stage with respect to its mineral property interests and has not, as yet, achieved any commercial production.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. The Company has incurred significant operating losses over the past several years and does not have a current source of revenue or sufficient financial resources to sustain operations in the long term.

The Company continues to be dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects and, ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the exploration and development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2014 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and are in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements are presented in Canadian dollars and have been prepared using the accounting policies as set out in the audited annual consolidated financial statements for the year ended December 31, 2013. The disclosures which follow do not include all disclosures required for the annual consolidated financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2013.

The Board of Directors has approved and authorized the issuance of these condensed consolidated interim financial statements on November 26, 2014.

Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost basis using the accrual basis of accounting, except cash flow information.

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Seeker Resources Corp, a Yukon corporation and Skeena Mexico S.A. de C.V. ("Skeena Mexico"), a Mexican corporation. All significant intercompany balances and transactions have been eliminated.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as Fair Value Through Profit ("FVTPL"); accounts payable and accrued liabilities and loan payable, as other financial liabilities. The carrying values of these instruments approximate their fair value due to their short term to maturity.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company manages credit risk, in respect of cash, by placing its cash with major Canadian financial institutions. Management believes that credit risk with respect to receivables is minimal.

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 cash to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks consist of interest rate risk, foreign currency risk and other price risk. As at the quarter ended September 30, 2014, the Company is not exposed to significant market risk.

4. COMMITMENT TO ISSUE SHARES

On April 28, 2014, the Company announced that it had entered into a conditional asset purchase agreement (the "Acquisition") with two private British Columbia corporations, Eilat Exploration Ltd. ("Eilat") and Keewatin Consultants (2002) Inc., a company owned by a director, with respect to the acquisition of a 100% interest in the Spectrum Gold Property ('Spectrum") for total consideration of 80 million common shares and an interest-free note payable of $700,000 due September 30, 2015. Spectrum is located in the Golden Triangle of the Stikine Arch in northwest British Columbia. The Acquisition was conditional on a six-month due diligence program.

The Acquisition obtained shareholder approval at the Special Meeting held on September 30, 2014. The TSX Venture Exchange subsequently accepted the transaction for filing on October 28, 2014. The closing of the Acquisition was also subject to the Company completing a financing. The Company closed the financing on October 27, 2014 and raised $2,550,295. The deposits obtained from investors amounting to $832,250 are in Commitment to Issue Shares as at September 30, 2014. See subsequent Note 10.

(Unaudited - expressed in Canadian dollars)

5. MINERAL PROPERTY INTERESTS

Tropico Property, Mexico

In September 2010, the Company acquired a 100% interest in, and clear title to, the Tropico property, in consideration for 800,000 common shares of the Company (issued), valued at $400,000 and five-year warrants (issued), which can be exercised to acquire an additional 800,000 common shares, from Anthem Resources Incorporated, Almaden Minerals Corp. and Minera Cascabel S.A. de C.V, superseding all previous agreements. The total acquisition costs for the Tropico property amounted to $686,784. Mining concession fees due January 31, 2014 remain outstanding and are estimated to be $50,000 with penalties and interest. The Company has recognized an impairment loss of $686,784 against the Tropico mineral properties, which is equivalent to its carrying value. In addition, field equipment was written off.

6. EQUIPMENT

Cost	Computer Equipment	Field Equipment	Vehicle	Office Equipment	Total
Balance, December 31, 2012	$ 12,229	$ 20,940	$ 21,381	$ 5,945	$ 60,495
Additions	-	-	-	-	-
Balance, December 31, 2013	12,229	20,940	21,381	5,945	60,495
Disposals	-	(902)	(21,381)	-	(22,283)
Balance, September 30, 2014	**$ 12,229**	**$ 20,038**	**-**	**$ 5,945**	**$ 38,212**
Accumulated Amortization					
Balance, December 31, 2012	$ 10,103	$ 15,882	$ 15,075	$ 4,720	$ 45,780
Additions	638	1,012	1,261	245	3,156
Balance, December 31, 2013	10,741	16,894	16,336	4,965	48,936
Additions	335	585	252	147	1,319
Disposals	-	(700)	(16,588)	-	(17,288)
Balance, September 30, 2014	**$ 11,076**	**$ 16,779**	**$ -**	**$ 5,112**	**$ 32,967**
Carrying Value					
Balance, December 31, 2012	$ 2,126	$ 5,058	$ 6,306	$ 1,225	$ 14,715
Balance, December 31, 2013	$ 1,488	$ 4,046	$ 5,045	$ 980	$ 11,559
Balance, September 30, 2014	**$ 1,153**	**$ 3,259**	**$ -**	**$ 833**	**$ 5,245**

(Unaudited - expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the three and nine month periods ended September 30, 2014 and September 30, 2013 was as follows:

		For the three months ended September 30		For the nine months ended September 30	
		2014	**2013**	**2014**	**2013**
Short-term benefits	1	$ **57,319**	$ 2,080	$ **84,085**	$ 7,855

1 Short-term benefits consist exclusively of salaries, bonuses, health benefits if applicable and consulting fees for key management personnel.

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at September 30, 2014 is $168,796 (2013 - $7,855) due to directors or officers.

Loans (subsequently converted to shares – see Subsequent Note 10.)

During the year ended December 31, 2013, the Company obtained a loan from a private company held by a director of the Company for $142,000. The loan is non-interest-bearing and due on demand.

During the year ended December 31, 2012, the Company arranged a loan totalling $200,000 from a private company held by a director of the Company. The loan is secured by a non-interest-bearing promissory note for consideration of 500,000 shares for a loan fee fair valued at $35,000.

8. CAPITAL STOCK AND RESERVES

Authorized - unlimited number of voting common shares without par value.

There was no share issuances for cash during the nine months ended September 30, 2014.

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, on the date of grant. The options can be granted for a maximum term of five years and vest at the discretion of the Board of Directors.

(Unaudited - expressed in Canadian dollars)

8. CAPITAL STOCK AND RESERVES (Continued)

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

	Warrants			Stock Options		
	Number		Weighted Average Exercise	Number		Weighted Average Exercise
Outstanding, December 31, 2012	800,000	$	2.50	1,455,000	$	0.65
Expired/cancelled	-		-	(250,000)	$	(1.46)
Outstanding, December 31, 2013	800,000	$	2.50	1,205,000	$	0.51
Expired/cancelled	-		-	(480,000)	$	(0.50)
Outstanding and exercisable, September 30, 2014	800,000	$	2.50	725,000	$	0.52

As at September 30, 2014 incentive stock options and share purchase warrants were outstanding as follows:

	Number		Exercise Price	Expiry Date
Options	50,000	$	0.75	January 11, 2015
	675,000	$	0.50	September 22, 2015
	725,000			
Warrants	800,000	$	2.50	September 1, 2015

Share-based transactions

No incentive options were granted to officers, employees or directors during the period ended September 30, 2014 nor were there incentive options granted during the years ended December 31, 2013 and 2012.

9. CAPITAL RISK MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as shareholders' equity. The Company is not exposed to any capital requirements.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's capital risk management approach in the period ended September 30, 2014.

10. SUBSEQUENT EVENT

On October 27, 2014, pursuant to a shareholder vote on September 30, 2014, the Company completed the acquisition of a 100% interest in the Spectrum gold and copper exploration property in northwest British Columbia in exchange for 80,000,000 common shares at a deemed issue price of $0.06 per common share, of which 64,000,000 common shares were issued to Eilat Exploration Ltd. ("Eilat") and 16,000,000 common shares were issued to Keewatin Consultants (2002) Inc. ("Keewatin"), together with an interest free promissory note payable to Eilat in the amount of $700,000. In connection with the closing of the acquisition, Eilat assigned the promissory note to Keewatin in satisfaction of certain outstanding debt as between the parties. The promissory note, along with $342,000 in additional debt outstanding with the Company to Keewatin, was converted to common shares of the Company at a deemed issue price of $0.075 per common share pursuant to a debt settlement agreement between the Company and Keewatin, resulting in the issuance of an additional aggregate 13,893,333 common shares to Keewatin. The 64,000,000 common shares acquired by Eilat and the 29,893,333 common shares acquired by Keewatin are equal to 40.0% and 18.7%, respectively, of the issued and outstanding common shares of the Company.

Under the policies of the Exchange, an aggregate of 99,002,452 common shares, 400,000 incentive stock options and 200,000 warrants to purchase common shares held by insiders of the Company have been deposited with Computershare Investor Services Inc. as escrow agent and will be released over a 36 month period. The common shares held by Eilat and Keewatin are further subject to a pooling agreement that includes a voting trust over such shares, which will be controlled by Skeena's chairman, Ron Netolitzky. Throughout the pooling period, Skeena retains a right-of-first-offer to find a purchaser, at the prevailing volume-weighted average price on the Exchange, with respect to sales of blocks of common shares having a value of more than $250,000.

In conjunction with the acquisition transaction of the Spectrum property, the Company closed a private placement, raising aggregate gross proceeds of $2,550,295 through the issuance of an aggregate of 40,397,000 units consisting of (i) 25,295,000 units at a price of $0.065 per unit, consisting of one flow-through common share and one non-flow through warrant; (ii) and 15,102,000 units at a price of $0.06 per unit, consisting of one non-flow-through common share and one warrant. Each warrant is exercisable to purchase one common share at a purchase price of $0.10 per common share for a period of two years from the date of issuance. In the event that the Company's common shares trade for a period of 20 consecutive days at a volume-weighted average price of $0.15 per share or greater, the Company may elect to accelerate the expiry date of the warrants to a date that is 60 days from the date that notice is provided to the warrant holders.

A finder's fee consisting of $77,372 and 1,218,268 broker warrants, exercisable for a period of 12 months at a price of $0.10 per common share, was paid on a portion of the financing.

As a result of the transactions, the Company has an aggregate of 159,842,095 common shares issued and outstanding. In accordance with TSX Venture Exchange regulations and the Company's approved stock option plan allowing for up to 10% of the outstanding issued shares available for options to directors, officers and consultants, the Company granted 14,950,000 incentive stock options to directors, officers and consultants exercisable at $0.07 for 5 years.