

SKEENA RESOURCES LIMITED

(an exploration stage enterprise)

Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2014 and 2013

(Expressed in Canadian Dollars)

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.

SKEENA RESOURCES LIMITED*(an exploration stage enterprise)***CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited - expressed in Canadian dollars)

	Note	March 31, 2014	March 31, 2013
ASSETS			
Current			
Cash		\$ 8,353	\$ 24,690
Receivables		8,288	7,724
Prepaid expenses		8,216	9,828
		24,857	42,242
Mineral property interests	5	686,784	686,784
Equipment	6	10,944	11,559
		\$ 722,585	\$ 740,585
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7(c)	\$ 84,160	\$ 76,169
Loan	7(d)(e)	342,000	342,000
		426,160	418,169
SHAREHOLDERS' EQUITY			
Capital stock	8	21,574,497	21,574,497
Reserves	8	3,633,238	3,633,238
Deficit		(24,911,310)	(24,885,319)
		296,425	322,416
		\$ 722,585	\$ 740,585

Subsequent Events 11

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 March 31	
	Note	2014	2013
ADMINISTRATIVE EXPENSES			
Exploration and evaluation	5	\$ -	\$ 5,328
Amortization		615	789
Consulting	7 (a)	2,560	2,438
Investor relations		270	-
Office and administration	7 (b)	2,788	3,075
Professional fees		6,511	-
Rent and administration		2,360	2,252
Shareholder communications		4,295	149
Transfer agent and listing fees		6,460	6,090
Travel		132	-
		(25,991)	(20,121)
Net loss and comprehensive loss for the period		\$ (25,991)	\$ (20,121)
Loss per share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		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			Deficit	Total Shareholders' Equity (Deficiency)
	Shares (Note 1)	Amount	Options	Warrants	Total Reserves		
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 three months	-	-	-	-	-	(20,121)	(20,121)
Balance at March 31, 2013	25,551,762	21,574,497	2,310,023	1,323,215	3,633,238	(24,714,077)	493,658
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 three months	-	-	-	-	-	(25,991)	(25,991)
Balance at March 31, 2014	25,551,762	\$ 21,574,497	\$ 2,310,023	\$ 1,323,215	\$ 3,633,238	\$ (24,911,310)	\$ 296,425

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 three months ended	
	March 31	
	2014	2013
OPERATING ACTIVITIES		
Loss for the period	\$ (25,991)	\$ (20,121)
Items not effecting cash		
Amortization	615	789
Changes in non-cash working capital		
Receivables	(564)	1,547
Prepaid expenses	1,612	1,612
Accounts payable and accrued liabilities	7,991	5,220
Net cash used in operating activities	(16,337)	(10,953)
Change in cash during the period	(16,337)	(10,953)
Cash, beginning of the period	24,690	32,216
Cash, end of the period	\$ 8,353	\$ 21,263

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

SKEENA RESOURCES LIMITED*(an exploration stage enterprise)***NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2014 and 2013

(Unaudited - expressed in Canadian dollars)

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.

On June 1, 2012, the Company consolidated its capital stock on a 5:1 basis. All share and per share amounts have been adjusted retroactively to reflect the share consolidation unless otherwise noted.

These consolidated 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.

While the Company has been successful in obtaining its required financing in the past, through additional equity and non-arm's length loans, there is no assurance that such financing will be available on favourable terms. An inability to raise additional financing will adversely impact the future assessment of the Company as a going concern. The consolidated 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. These matters indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

	March 31	December 31
	2014	2013
Working capital deficiency	\$ (401,303)	\$ (375,927)
Deficit	\$ (24,911,310)	\$ (24,885,319)

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(Unaudited - expressed in Canadian dollars)

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited interim financial statements for the three months ended March 31, 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 interim financial statements are presented in Canadian dollars and have been prepared using the accounting policies as set out in the audited annual financial statements for the year ended December 31, 2013. The disclosures which follow do not include all disclosures required for the annual financial statements. These unaudited interim financial statements should be read in conjunction with the audited 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 May 29, 2014.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

Change in accounting policy

During a prior year, the Company changed its accounting policy for mineral property interests costs. Previously, the Company capitalized exploration and evaluation expenditures directly related to specific mineral properties, net of recoveries received. Under the new policy, exploration and evaluation costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. Expenditures incurred subsequent to a development decision are capitalized and will be amortized on the unit of production method based upon estimated proven and probable reserves. Management believes that this treatment provides a more accurate depiction of the asset base of the Company prior to establishing the economic feasibility of its resource base.

3. RECENT ACCOUNTING PRONOUNCEMENTS

A number of new accounting pronouncements including IFRS 9 Financial Instruments (Revised), IFRS 10 Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, IFRS 13, Fair value measurement, Amendment to IAS 32 Financial Instruments: Presentation and Amendment to IAS Impairment of Assets are in effect. None of these currently have any material impact to these financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2014 and 2013

(Unaudited - expressed in Canadian dollars)

4. 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 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 March 31, 2014, the Company is not exposed to significant market risk.

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. There were no mining concession fees owing at December 31, 2013. Mining concession fees due January 31, 2014 remain outstanding.

SKEENA RESOURCES LIMITED*(an exploration stage enterprise)***NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2014 and 2013

(Unaudited - expressed in Canadian dollars)

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
Additions	-	-	-	-	-
Balance, March 31, 2014	\$ 12,229	\$ 20,940	\$ 21,381	\$ 5,945	\$ 60,495
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	112	202	252	49	3,156
Balance, March 31, 2014	\$ 10,853	\$ 17,096	\$ 16,588	\$ 5,014	\$ 48,936
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, March 31, 2014	\$ 1,376	\$ 3,844	\$ 4,793	\$ 931	\$ 10,944

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties in addition to those discussed elsewhere in the consolidated financial statements:

- (a) The Company paid or accrued consulting fees of \$2,560 during the three months ended March 31, 2014 (2013 - \$2,438) to companies controlled by directors or officers.
- (b) The Company paid or accrued office and administration fees on a cost recovery basis of \$3,142 during the three months ended March 31, 2014 (2013 - \$3,269) to a private company with a common director.
- (c) Included in accounts payable and accrued liabilities at March 31, 2014 is \$35,845 (2013 - \$10,221) due to directors or officers or companies with common directors or officers.
- (d) 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.
- (e) 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.

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8. CAPITAL STOCK AND RESERVES

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

There were no share issuances for cash during the three months ended March 31, 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.

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	-	-	(360,000)	\$ 0.50
Outstanding and exercisable, March 31, 2014	800,000	\$ 2.50	845,000	\$ 0.51

As at March 31, 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
	795,000	\$ 0.50	September 22, 2015
	<u>845,000</u>		
Warrants	800,000	\$ 2.50	September 1, 2015

Share-based transactions

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

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For the three months ended March 31, 2014 and 2013

(Unaudited - expressed in Canadian dollars)

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 three months ended March 31, 2014.

10. SEGMENTED INFORMATION

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

	March 31, 2014	December 31, 2013
Mineral Property Interest and Equipment:		
Canada	\$ 5,950	\$ 6,302
Mexico	691,778	692,041
	\$ 697,728	\$ 698,343

11. SUBSEQUENT EVENTS

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. The Company will also pay up to \$50,000 as a non-refundable deposit to cover certain near term operating expenses incurred by Eilat.

Spectrum is located in the Golden Triangle of the Stikine Arch in northwest British Columbia. The property is situated west of Imperial Metals' Red Chris mine and west-northwest of the NGEx/Teck GJ deposit.

The Acquisition is subject to shareholder and TSX Venture Exchange acceptance. The Acquisition is conditional on a six-month due diligence program and obtaining shareholder approval. Closing of the Acquisition, which is further subject to regulatory review, is anticipated to occur in mid-October 2014. The closing of the Acquisition is also subject to the Company completing a financing for net proceeds of at least \$2 million. In the event that management of Skeena decides not to proceed with the Acquisition, after shareholder approval has been obtained, Eilat would be entitled to a \$700,000 termination fee.