

**MANAGEMENT DISCUSSION AND ANALYSIS**

**3RD QUARTER ENDED SEPTEMBER 30, 2013**

*This Management Discussion and Analysis (“MD&A”) is intended to supplement Skeena Resources Limited’s (the “Company” or “Skeena”) condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2013. This report is as at **November 28, 2013**.*

*All monetary amounts are in Canadian dollars unless otherwise specified.*

*The above referenced financial statements and the Company’s other public filings can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

**INTRODUCTION**

The MD&A has been prepared by management and reviewed and approved by the Audit Committee on November 28, 2013. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2012 and December 31, 2011. The information provided herein supplements but does not form part of the condensed consolidated interim financial statements. This discussion covers the three and nine months ended September 30, 2013 and the subsequent period up to the date of issue of this MD&A. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**FORWARD LOOKING STATEMENTS**

*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 every effort 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.*

**THE COMPANY**

Skeena Resources Limited (“the Company”) is a mineral exploration stage corporation that owns a 100% interest in the Tropico copper-platinum-palladium-gold project in Sinaloa State, Mexico. The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan. The Company trades on the TSX Venture Exchange under the symbol SKE.

## **SKEENA RESOURCES LIMITED**

*Management Discussion and Analysis*

September 30, 2013

### **DEVELOPMENTS IN THE QUARTER**

There were no technical investigations or field work conducted on the Tropico Property during the past Quarter. However, with the recent firming of copper and precious metals prices and some capital market improvement, we are pursuing discussions with numerous potential joint venture partners with a view to re-activating this project and to acquiring an additional copper-gold prospect in Mexico. Due diligence property examinations have been conducted by two different parties to date.

Mr. Steve Cook resigned as a director of the Company in order to pursue other activities. His patient counsel and guidance will be missed and the Company wishes him well in his future endeavours.

### ***Tropico Copper-Platinum-Palladium-Gold Project, Sinaloa State, Mexico***

In 2010 the Company acquired the remaining minority interests from three underlying vendors in the previously optioned 27,329 hectare Tropico copper-platinum-palladium-gold Project in Sinaloa State, Mexico in order to own the property 100%. The property is exceptionally well located with respect to readily available infrastructure, being crossed by two paved highways, two major power lines, within 10 km of the north-south coastal rail line, and 25 km north of the deep water port of Mazatlan (20 km north of the city limits). A new, natural gas pipeline, which will cross the western end of the property on the west side of the highway, is currently being constructed from Sonora State to the thermal electric plant at Mazatlan (to replace burning fuel oil). Completion is expected in 2014.

A 2% NSR royalty interest is reserved for Almaden Minerals - Anthem Resources Incorporated (formerly Virginia Energy Resources and Santoy Resources ) Joint Venture (the "JV") on certain of the concessions within the original project area, with half of that interest purchasable for fair market value upon presentation of a feasibility study. A 2% NSR royalty interest is also reserved for Minera Cascabel on the San Pablo mineral concession.

### **Geologic Setting & History**

The property covers a steeply NNW dipping, ENE striking (ie, at a right angle to the regional trend of the Sierra Madre Occidental to the east), 19 km long by 1 to 3 km wide, Late Jurassic to Early Cretaceous classic, layered mafic/ultramafic igneous complex that intrudes Paleozoic schists (meta-sediments). The complex is cored by pyroxenite, or mixed pyroxenite-gabbro, which in turn is commonly enclosed by gabbro. It is intruded by Late Cretaceous to Early Tertiary diorite, which is locally cut by quartz diorite to granodiorite (possibly part of the Sinaloa Batholith). Late stage Oligocene volcanics overlie much of the Complex (particularly the southern contact).

The primary exploration targets are large tonnage, open pitable, low-grade zones of disseminated copper sulphide mineralization with associated platinum, palladium and gold values. To date, known occurrences are preferentially deposited proximal to gabbro-pyroxenite contacts in stratigraphically controlled zones where there is a change from predominantly plagioclase cumulate to pyroxene cumulate (both at the hangingwall and footwall contacts of the pyroxenite or mixed pyroxenite-gabbro core). There is some potential for massive, high-grade, copper-nickel-platinum-palladium-gold occurrences in "feeder-pipe" zones or along major faults or within fold structures.

Historically, the project area has been subjected to considerable prospecting, soil geochemistry and ground geophysics, originally for nickel by BHP Minerals in the late 1990's, and subsequently, additional geochemistry, extensive mechanical trenching and drilling during the period 1999 to 2002 by the JV. This latter work was largely financed by Sumitomo Metal Mining Co. Ltd. of Japan. Historic expenditures are in the order of \$5 million.

## **SKEENA RESOURCES LIMITED**

### *Management Discussion and Analysis*

September 30, 2013

To date, nine sulphide occurrences have been identified at Tropico, consisting of variable, sparse amounts of chalcopyrite, cubanite, bornite, pyrrhotite, pyrite and minor pentlandite. This is a sulphide-deficient system – generally with less than 2 to 3% total sulphides. Some of the better mineralized trenches at the Maricela Occurrence were reported to assay 0.50 to 1.00 % copper and up to 1 gram/tonne (“g/t”) combined platinum + palladium + gold (generally with platinum to palladium ratio in the order of 0.75:1) over widths of 15 to 160 metres. Some 39 drill holes totaling approximately 6,550 metres are reported in the JV summary report. The best reported drill intercepts were 0.5% Cu and 0.75 g/t Pt+Pd+Au over 38.9 metres (hole M-02-08) and 0.39 % Cu and 0.55 g/t Pt+Pd+Au over 128.1 metres (hole M-01-03) at Maricela; and 0.47% Cu and 0.45 g/t Pt+Pd+Au over 59.0 metres and 0.82 % Cu and 0.70 g/t Pt+Pd+Au over 15.5 metres at San Pablo (hole SP-02-01).

The project was abruptly terminated by the Santoy–Almaden–Sumitomo JV in December, 2002 due to plunging metal prices (copper fell to \$0.75/lb., platinum to \$590/oz., palladium to \$230/oz., and gold to \$345/oz.) and a proposed follow-up drill program was never initiated.

### Skeena Resources Programs

In 2008 Skeena optioned the Tropico Project and contracted Fugro Airborne Surveys to undertake a helicopter-borne DIGHEM multi-frequency electromagnetic and magnetic survey (1,100 km of 100 metre spaced lines). The survey coverage and orientation was designed to investigate down-dip areas of known mineralization and those areas covered by a thin mantle of recent volcanics. This data has been re-processed and compiled with the existing database.

In 2010 the Company undertook the emplacement of approximately 170 line km of soil sample grid. Approximately 3,500 new samples were acquired on historic grid extensions and in-fill lines, generally at 50 metre station intervals and 100 metre line spacing. Sample analyses (31 element, identical analytical procedures to that of the historic sampling) were carried out by Acme Laboratories in Vancouver. The compiled soil geochemical database comprises 7,651 samples. Additionally, approximately 500 lithochemical samples were acquired as part of a three month geological mapping program.

A schematic compilation of all soil geochemical sample results, prior trench results, and all diamond drill intercepts is presented on 4 map sheets on Skeena’s website at [www.skeenaresources.com](http://www.skeenaresources.com).

In the late fall of 2010 the Company commenced a limited back-hoe trenching program.

During the spring and summer of 2011, a 4,900 metre (21 holes – NQ core) diamond drill program was undertaken. This work was focused on the apparently geochemically and geophysically continuous, 5,000-metre-long Maricela - San Pablo Zone, which had previously been explored by 22 trenches and 24 drill holes, and the 1,500-metre-long El Pochote zone, which was investigated by four trenches and two drill holes. These two zones characteristically occur along a low ridge crest with sparse overburden and tree cover in an area bounded by agricultural fields. The historic Maricela-San Pablo Zone drilling was not particularly definitive -- two holes were vertical with no platinum group metal assays having been undertaken; one vertical hole was outside the zone; six angle holes were outside of the zone; one reverse circulation hole was drilled at right angles to the zone; seven holes were apparently drilled down dip; and only six holes appear to have been successfully drilled at the proper orientation. The El Pochote zone was even less well explored.

## **SKEENA RESOURCES LIMITED**

*Management Discussion and Analysis*

September 30, 2013

Tropico is a classic, layered, mafic/ultramafic complex. When the historic and current multi-element soil geochemical database is geospatially and statistically analyzed, the most striking observation is the enrichment and the strong inter-element correlation amongst copper, nickel, cobalt, chrome, platinum, palladium and gold. The correlations and metal ratios are typical of sulphides segregating from a moderately to highly fractionated basic magma with possible alkaline affinities. Furthermore, there is no clear evidence of any significant supergene enrichment. The more mobile copper and palladium are strongly correlative with the more immobile nickel, chrome, cobalt and platinum.

The complex appears to be dipping to the north-northwest (at least in the Main Maricela-San Pablo area) at approximately 80 degrees as indicated by modeling and profiling of the Fugro DIGHEM airborne magnetic survey data.

Mineralization, at least of 'significant' grade, appears to be stratigraphically restricted to the pyroxenite units. There is often widespread very low grade (0.05 to 0.1% Cu) mineralization in the adjacent, often much thicker gabbro units [occasionally >500 metre thick flows], but generally these horizons contain only trace to weakly anomalous PGM values. While many of the strong soil anomalies out in this terrain have yet to be properly investigated (this will require extensive, but inexpensive back-hoe trenching), the Company's interpretation at this stage is that the gabbro is not as prospective a target horizon as the pyroxenite.

Partial to strong surface oxidation (now characterized by the presence of chrysocolla and malachite) extends downward from 30 to 100 metres.

The Skeena drilling shows that there are more bands of pyroxenite than had previously been mapped or interpreted, generally varying from 20 to >100 metres thick. In the central Maricela area, there are 4 main pyroxenite horizons, and each is mineralized [from N (up) to S (base of complex) respectively, 30 metres and 54 metres thick in Hole SK11-001, and 20 metres and 64 metres thick in Hole SK11-002]. The 2 horizons on the north side appear to have good continuity over a strike length of 2.5 km; the 2 horizons on the south side are interpreted to have continuity over a strike length of at least 1.5 km.

In retrospect, this pyroxenite banding is partially evident, but not well delineated, in Santoy's work. Their back-hoe trenches were almost everywhere placed on the down-dip slope of a low outcrop ridge – thus slightly amplifying the thicknesses of the mineralized horizons. While Santoy intentionally took advantage of the moderate slopes to provide for efficient machine trenching and wasting of overburden, it unintentionally and inadvertently masked the true thickness of individual bands by 'spreading' the surficial mineralized and lateritic weathered material down-slope. Thus, where the Company anticipated a single mineralized horizon of 100 to 125 metres thick, it has drill intersected two horizons of 30 and 54 metres, separated by 20 to 50 metres of un-mineralized gabbro.

There is some mineralogical zonation within the pyroxenites; generally more chalcopyrite-rich in the upper sections and more bornite-rich toward the base of each unit. Thus, the importance of drilling thru to the base of the layered complex – which Skeena did not achieve on the two more-or-less complete 'fences' (Holes 001 and 002, and Holes 007 and 008) - becomes very apparent. Initially, the Company was more focused on testing for strike continuity, trying to determine dip attitude and investigating the correlation between the soil geochemical responses and the re-interpreted airborne resistivity.

Assay results from the first phase of drilling are encouraging – with only a single drill hole having missed the zones.

The following table summarizes some of the better drill results from Skeena’s 2011 program (refer to website drill plan map for a more complete summary):

<b>TROPICO DRILL RESULTS – 2011</b>						
<b>Drill Hole No.</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>% Cu</b>	<b>PGM Pl + Pd + Au g/t</b>	<b>Ag g/t</b>
SKE 11 - 01	74.0 -	104.0	30.0	0.504	573	3.2
SKE 11 - 01	128.0 -	182.1	54.1	0.465	570	2.6
SKE 11 - 02	108.7 -	129.1	20.4	0.405	539	2.3
SKE 11 - 02	148.6 -	212.9	64.3	0.360	503	1.9
SKE 11 - 04	92.9 -	121.3	28.4	0.235	402	1.4
SKE 11 - 08	114.6 -	178.5	63.9	0.395	635	2.3
SKE 11 - 10	221.0 -	265.7	44.7	0.336	431	1.9
SKE 11 - 15	74.0 -	194.5	120.5	0.255	345	1.4
SKE 11 - 17	70.9 -	155.7	84.8	0.224	292	1.1
SKE 11 - 17	166.7 -	218.5	51.8	0.189	318	1.9
SKE 11 - 18	0 -	27.0	27.0	0.200	408	2.4
SKE 11 - 18	76.0 -	122.7	46.7	0.176	296	1.9

Metallurgical testing

A bench-scale metallurgical test was undertaken on available drill core, and the very favorable results are summarized as follows (Skeena news release dated Jan. 30, 2013):

The metallurgical sample was composited from 6 widely-spaced NQ drill holes and consisted of 4-metre long half-core mineralized intercepts obtained at an average vertical depth of approximately 75 metres. The weighted average head-grade of the sample was 0.433 % copper, 0.16 g/t gold, 0.20 g/t platinum, 0.27 g/t palladium and 2.3 g/t silver. The sample was processed in a conventional circuit consisting of crush, grind and flotation, with a standard three-stage cleaner flowsheet, and yielded batch test copper recovery of 85% to a concentrate grade of 27% copper. Primary grinding size was 80% passing 100 microns with re-grinding to 30 microns in the cleaning stage and with industry standard reagents being utilized in the test work.

A “locked cycle test” resulted in copper recovery of 88% to a 25% grade copper concentrate. Gold grade was 5.14 g/t at 53% recovery, platinum grade was 3.14 g/t at 29% recovery, and palladium grade was 5.43 g/t at 40% recovery.

The test work, which was performed by SGS Minerals Services in Vancouver, was focused specifically on the grind-recovery relationship for copper in both the rougher and cleaner stages of flotation. **The recoveries of copper, gold, silver and platinum group metals have not been optimized** as there was insufficient fresh core available in this shipment. SGS have suggested that with further optimization these recoveries could be improved. Nevertheless, it is apparent that a “saleable grade” copper concentrate with payable amounts of precious and platinum group metals could feasibly be obtained from this partially oxidized, low grade mineralization.

Proposed Evaluation Program

It has been recommended that the next stage of investigation at Tropic consist of an induced polarization (“IP”) geophysical survey, 10,000 metres of primarily in-fill core drilling in order to advance the resource to the ‘Inferred’

## SKEENA RESOURCES LIMITED

### Management Discussion and Analysis

September 30, 2013

category, and a more comprehensive metallurgical study of variability and optimization of copper, precious and platinum group metals recovery within the deposit. This would require a budget of approximately \$2.75 million CDN.

The project is permitted for continued drilling, trenching and construction of drill road access. Land access agreements for exploration are in place with surface land owners.

No field work was conducted during the period. The Company's 100% owned subsidiary, Skeena Mexico SA de CV was maintained in good standing. As of September 30, 2013, there were mining concession fees owed which were subsequently paid in November 2013. The core property remains in good standing with claim renewals paid.

The qualified person responsible for the content of this summary, as defined by Canadian Securities Administrators National Instrument 43-101, is the company president and chief executive office, J.R. Allan, PGeol.

## DISCUSSION 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. Current market conditions are not favourable for raising capital and the Company arranged two non-interest bearing two year repayable loans for \$200,000 and \$57,000 respectively from a private company owned by a director in order to fund the metallurgical study on the Tropic property. Another \$85,000 was advanced subsequent to the quarter that allowed the Company to make the second semester mining concession payments for the 2013 year and to pay certain administrative costs both for Skeena Mexico SA de CV and for head office. Consideration for the first two loans as approved by the TSX-V Exchange was the issuance of 500,000 common shares valued at \$35,000 calculated using the closing market price on the date of the issuance.

Management continues to investigate the acquisition of new projects, both in Mexico and in Canada. The Company has a stated preference for high-grade gold deposits or an advanced open pittable copper-gold project.

## SUMMARY OF QUARTERLY RESULTS

The following tables report selected financial information of the Company for the past eight quarters in accordance with IFRS.

Quarter ended	30-Sep-13	30-Jun-13	31-Mar-13	31-Dec-12
Capitalized property acquisition costs	\$ -	\$ -	\$ -	\$ -
Revenue <sup>(1)</sup>	-	-	-	-
	\$	\$	\$	\$
Loss for the quarter	(19,954)	(69,189)	(20,123)	(57,565)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Quarter ended	30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11
Capitalized property	\$ -	\$ -	\$ -	\$ -

**SKEENA RESOURCES LIMITED**  
*Management Discussion and Analysis*  
September 30, 2013

acquisition costs							
Revenue <sup>(1)</sup>		-		-		-	-
Loss for the quarter	\$		\$		\$		\$
		(99,951)		(22,828)		(56,159)	(57,014)
Loss per share	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$
							(0.00)

<sup>(1)</sup> this being an exploration stage company, there are no revenues from operations;

***Loss for the third quarter***

The Company reported net loss of \$19,954 for the three months ended September 30, 2013 (2012 - \$99,951), of which exploration expenditures of \$5,872 (2012 - \$49,910) and transfer agent and listing fees of \$5,751 (2012 - \$1,360) were the largest components. The Company recorded \$2,080 (2012 - \$2,550) in consulting and management fees.

***Loss for the nine months ended September 30, 2013***

The Company reported net loss of \$109,267 for the nine months ended September 30, 2013 (2012 - \$178,938), of which exploration expenditures of \$60,300 (2012 - \$77,063) and transfer agent and listing fees of \$15,611 (2012 - \$13,730) were the largest components. The Company recorded \$7,855 (2012 - \$9,300) in consulting and management fees.

***Cash flows for the nine months ended September 30, 2013***

The Company expended \$71,668 (2012 - \$201,856) in operating activities in the nine months ended September 30, 2013. A loan for \$57,000 from a private company owned by a director of the Company, was used to pay mining concession renewal fees and for a bench-scale metallurgical investigation.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company is currently in a working capital deficiency of \$228,875, and while the Company has been successful in obtaining the 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 within the next six months will adversely impact the future assessment of the Company as a going concern.

**TRANSACTIONS WITH RELATED PARTIES**

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

## **SKEENA RESOURCES LIMITED**

### *Management Discussion and Analysis*

September 30, 2013

in the consolidated financial statements:

- (a) The Company accrued consulting and management fees of \$7,855 (2012 - \$9,300) to companies controlled by directors or officers.
- (b) The Company paid or accrued office and administration fees on a cost recovery basis of \$14,074 (2012 - \$11,396) to a private company with a common director.
- (c) Included in accounts payable is \$25,492 (2012 - \$682) due to a directors or officers or companies with common directors or officers.
- (d) During 2013, the Company was advanced \$57,000 from a private company held by a director of the Company. The previous year, the Company arranged a loan totalling \$200,000 from a director secured by a non-interest-bearing promissory note for consideration of 500,000 shares for a loan fee valued at \$35,000.

## **RISK FACTORS AND MANAGEMENT'S RESPONSIBILITY OVER FINANCIAL REPORTING**

### ***Risk Factors***

Development-stage mineral exploration companies face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible.

Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and retains experienced consultants to assist in its risk management and to make timely adequate decisions.

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 conveyance history characteristic of many mineral properties.

The price of the commodities being explored is also a significant risk factor, as a substantial decline in their price could result in a decision to abandon a specific project.

Environmental laws and regulation could also impact the viability of a project. The Company has ensured that it has complied with these regulations, but there can be changes in legislation outside the Company's control that could also add a risk factor to a project.

Finally, operating in a specific country has legal, political and currency risks that must be carefully considered to ensure their level is commensurate to the Company's assessment of the project.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions.

## **FINANCIAL INSTRUMENTS**

### **Financial assets**

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

#### ***Fair value through profit or loss***

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash and cash equivalents is included in this category of financial assets.

#### ***Loans and receivables***

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

#### ***Held-to-maturity***

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

#### ***Available-for-sale***

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. The Company has marketable securities that are classified as AFS.

### **Financial liabilities**

The Company classifies its financial liabilities in the following categories:

#### ***Borrowings and other financial liabilities***

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the condensed consolidated

## **SKEENA RESOURCES LIMITED**

*Management Discussion and Analysis*

September 30, 2013

interim statement of loss and comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable, accrued liabilities and the loan.

### **Fair value hierarchy**

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of these condensed consolidated interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates which, by their nature, are uncertain.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the condensed consolidated interim statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) the carrying value and recoverable amount of mineral property interests;
- (ii) the estimated useful lives of equipment and the related depreciation included in the condensed consolidated interim statements of loss and comprehensive loss;
- (iii) the recoverability and measurement of deferred tax assets and liabilities;
- (iv) the provisions for estimated site restoration obligations;
- (v) the inputs used in calculating share-based payments expense; and
- (vi) the allocation of proceeds for units between capital stock and warrants.

### **CHANGE IN ACCOUNTING POLICY**

## **SKEENA RESOURCES LIMITED**

*Management Discussion and Analysis*

September 30, 2013

During the 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.

### **New accounting standards effective January 1, 2015**

#### **IFRS 9 *Financial Instruments***

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at FVTPL or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairment) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in January 2011 and they largely carried forward existing requirements in IAS 39 *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at FVTPL would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new amended standards will have on its condensed consolidated interim financial statements or whether to early-adopt any of the new requirements

## **CORPORATE GOVERNANCE**

Management of the company is responsible for the preparation and presentation of the annual and interim consolidated financial statements and notes thereto and the accompanying MD&A and other information contained therein. Additionally, it is management's responsibility to ensure the company complies with the laws and regulations applicable to its activities.

The company's management is accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the company.

Responsibility for the reviewing and approving of the company's quarterly unaudited interim and annual consolidated financial statements and related MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, all of whom are independent of management.

The condensed consolidated interim financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and

**SKEENA RESOURCES LIMITED***Management Discussion and Analysis*

September 30, 2013

make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

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).

**OTHER MANAGEMENT'S DISCUSSION AND ANALYSIS**

1. Additional disclosure for venture issuers without significant revenue:

***Capital Stock and Distributed Surplus as at November 28, 2013:***

Authorized:

Unlimited common shares without par value

Issued:

25,551,762 common shares

Warrants:

- 800,000 exercisable at \$1.00 until September 1, 2012 and \$2.50 until September 1, 2015.

\* an accelerator clause reduces the expiry date to 25 days if the stock trades at \$2.00 or greater for 10 consecutive trading days.

800,000 total warrants

Stock options:

<u>Number</u>	<u>Exercise Price</u>	<u>Date of Expiry</u>
360,000	\$0.50	May 14, 2014
50,000	\$0.75	January 11, 2015
<u>795,000</u>	\$0.50	September 22, 2015
1,205,000		

Fully diluted:

**27,556,762**

**SKEENA RESOURCES LIMITED**

*Management Discussion and Analysis*

September 30, 2013

**OTHER INFORMATION**

***List of Directors and Officers***

***Directors***

J. Rupert Allan, *Victoria, BC*  
Ronald K. Netolitzky, *Victoria, BC*  
Peter N. Tredger, *Vancouver, BC*  
Alfredo Sebastia, *Quito, Ecuador*

***Officers***

J. Rupert Allan, P.Geol., President & CEO  
Karen A. Allan, CMA, Corporate Secretary

***Auditors:***

Smythe Ratcliffe LLP

***Company solicitors:***

DuMoulin & Black