

STINA RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

AUDITORS' REPORT

To the Shareholders of Stina Resources Ltd.

We have audited the consolidated balance sheets of Stina Resources Ltd. as at September 30, 2008 and 2007 and the consolidated statements of deficit, loss and comprehensive loss, and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial positions of the Company as at September 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.



January 14, 2009
Vancouver, B.C.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

STINA RESOURCES LTD.

CONSOLIDATED BALANCE SHEETS

AS AT SEPTEMBER 30, 2008 AND 2007

	2008 \$	2007 \$
ASSETS		
CURRENT ASSETS		
Cash	23,715	245,522
Accounts receivable	22,331	14,619
Prepaid expenses (Note 7)	-	3,878
Inventories (Note 3)	<u>7,572</u>	<u>15,685</u>
	53,618	279,704
EQUIPMENT (Note 4)	368	459
MINERAL PROPERTY INTEREST (Note 5)	3,509,128	1,247,033
	3,563,114	1,527,196
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	57,874	137,326
Due to related parties (Note 7)	<u>73,757</u>	<u>8,382</u>
	<u>131,631</u>	<u>145,708</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	6,806,435	4,534,955
CONTRIBUTED SURPLUS (Note 9)	214,547	214,547
DEFICIT	<u>(3,589,499)</u>	<u>(3,368,014)</u>
	3,431,483	1,381,488
	3,563,114	1,527,196

APPROVED ON BEHALF OF THE BOARD

signed: Sidney Mann Director

signed: Edward Gresko Director

- See Accompanying Notes -

STINA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF DEFICIT

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008 \$	2007 \$
BALANCE , beginning of year	(3,368,014)	(3,183,386)
NET LOSS	(221,485)	(184,628)
BALANCE , end of year	(3,589,499)	(3,368,014)

- See Accompanying Notes -

STINA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008 \$	2007 \$
SALES	65,437	64,008
COST OF GOODS SOLD (Schedule 1)	<u>21,011</u>	<u>16,653</u>
GROSS PROFIT	<u>44,426</u>	<u>47,355</u>
EXPENSES		
Operating expenses (Schedule 2)	77,157	79,147
Administration expenses (Schedule 3)	<u>188,754</u>	<u>155,790</u>
	<u>(265,911)</u>	<u>(234,937)</u>
OTHER ITEM		
Interest income	-	2,954
NET LOSS AND COMPREHENSIVE LOSS	(221,485)	(184,628)
BASIC AND DILUTED LOSS PER SHARE	(0.02)	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	12,577,016	11,688,771

- See Accompanying Notes -

STINA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
	\$	\$
<hr/>		
CASH FLOWS FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(221,485)	(184,628)
Add non-cash item:		
Amortization	<u>92</u>	<u>115</u>
	(221,393)	(184,513)
Net changes in other non-cash operating accounts		
Accounts receivable	(7,712)	4,164
Inventories	8,112	(1,105)
Prepaid expenses	3,878	(3,878)
Accounts payable	<u>(4,452)</u>	<u>(6,103)</u>
Net cash flows used in operating activities	<u>(221,567)</u>	<u>(191,435)</u>
INVESTING ACTIVITIES		
Exploration of mineral interests	(65,615)	(202,455)
Short-term investments	<u>-</u>	<u>150,000</u>
Net cash flows used in investing activities	<u>(65,615)</u>	<u>(52,455)</u>
FINANCING ACTIVITIES		
Issuance of share capital	-	453,410
Due to(from) related parties	<u>65,375</u>	<u>(14,762)</u>
Net cash flows from financing activities	<u>65,375</u>	<u>438,648</u>
(DECREASE) INCREASE IN CASH	(221,807)	194,758
CASH, beginning of year	245,522	50,764
<hr/>		
CASH, end of year	23,715	245,522
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Supplementary cash flow information:		
Interest paid	-	-
Income taxes paid	<u>-</u>	<u>-</u>
<hr/>		

Non-cash transactions:

In 2008, a total of 2,795,600 shares were issued with a total fair value of \$2,271,480 at the transaction date as part of the acquisition of the resource property interest **(Note 5)**.

- See Accompanying Notes -

STINA RESOURCES LTD.

CONSOLIDATED SCHEDULES OF COST OF GOODS SOLD

NORTHERN SEAS DIVISION

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008 \$	2007 \$
OPENING INVENTORY	<u>15,685</u>	<u>14,580</u>
ADD:		
Purchases	1,826	1,862
Packaging	10,634	14,961
Duty, freight and brokerage	<u>438</u>	<u>935</u>
	<u>12,898</u>	<u>17,758</u>
LESS: ENDING INVENTORY	(7,572)	(15,685)
COST OF GOODS SOLD	21,011	16,653

STINA RESOURCES LTD.

CONSOLIDATED SCHEDULES OF OPERATING EXPENSES

NORTHERN SEA'S DIVISION

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008 \$	2007 \$
Accounting	291	315
Advertising and promotion	1,547	1,451
Bad debts	-	1,035
Office	10,052	11,316
Product and market development	-	350
Rent	15,358	15,062
Shipping and postage	4,626	5,770
Telephone	10,147	10,438
Wages, commissions and contract services	35,136	33,410
	<u>77,157</u>	<u>79,147</u>

- See Accompanying Notes -

STINA RESOURCES LTD.

CONSOLIDATED SCHEDULES OF ADMINISTRATIVE EXPENSES

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
	\$	\$
Accounting, audit and legal	42,067	33,834
Amortization	92	115
Bank charges	717	1,083
Consulting fees	59,472	51,014
Exchange loss	1,533	2,371
Office and sundry	23,966	14,992
Regulatory fees and shareholder communications	18,638	19,540
Rent	11,238	10,985
Transfer agent	7,261	5,338
Travel and promotion	23,770	22,039
Cost recovered	-	(5,521)
	188,754	155,790

- See Accompanying Notes -

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

1. NATURE OF OPERATIONS

The Company's primary operation is mineral exploration and development. The Company is also engaged in the health food and supplement products industry through its Northern Seas Division. The Company's shares are traded on the TSX Venture Exchange (the "Exchange").

The Company is in the process of exploring and evaluating its mineral property interest in Nevada, USA. The Company presently has no identified proven or probable reserves, and on the basis of information to date, management has not determined whether the property interest contains economically recoverable resources. The amounts recorded as mineral property interests and deferred exploration represent costs incurred to date and do not necessarily represent recoverable future values. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of its mineral property interest, and upon future profitable production or proceeds from disposition.

The Company has sustained operating losses since inception and has an aggregate operating deficit totaling \$3,589,499 and a working capital deficit of \$78,013 as at the year end. These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business for the foreseeable future. Should the Company be unable to continue as a going concern, the basis of reporting the carrying values of assets may be adjusted. The ability of the Company to continue as a going concern is dependent upon the Company raising sufficient equity financing, issuing debt or securing related party advances to complete the evaluation and development of its mineral property interests, the discovery of economically recoverable reserves, and upon future profitable production or proceeds from disposition of its resource property interests. Management anticipates that the Company will need to seek out additional equity financing to continue with phase II of the exploration program on its mineral property interest during the 2009 fiscal period, as there are insufficient current cash reserves to conduct the planned exploration program and continue operations for the ensuing twelve months. Management is also aware that material uncertainties exist, related to current economic conditions, that could cast significant doubt upon the entity's ability to continue to finance its exploration activities. As a result, management plans on reducing spending in order to preserve cash and maintain liquidity until overall market conditions improve. Management is not able to assess the likelihood or timing of improvements in the equity markets for raising capital for future acquisitions, exploration or expenditures. It is anticipated that base level operational funding will be provided by related parties as needed over the ensuing twelve month period while management assesses the Company's strategies, capital and resource markets. This uncertainty represents a liquidity risk and may impact the Company's ability to continue as a going concern in the future.

Subsequent to the year end, the Company completed a private placement for \$132,300 (**Note 13**).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

These consolidated financial statements include the accounts and operations of the Company and the Company's wholly-owned subsidiary, Northern Seas Products Ltd. ("Northern Seas"). All significant intercompany balances and transfers have been eliminated upon consolidation.

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

b) Cash equivalents

Cash equivalents would include money market based investments and guaranteed investment certificates where maturity is less than ninety days and that may be liquidated at the Company's option without significant penalty. As at the year end, all cash was maintained in current operating accounts.

c) Mineral property interests

Where specific exploration programs are planned and budgeted by management, mineral exploration costs are capitalized and carried at cost until the properties to which they relate are advanced to the development stage, placed into commercial production, sold, abandoned or determined by management to be impaired in value.

Management evaluates the carrying value of each mineral property interest for impairment on a reporting period basis or as events and changes in circumstances as warranted, and makes a determination based on exploration activity and results, estimated future cash flows, and availability of funding as to whether the carrying value has been impaired.

When future cash flows are not reasonably determinable, mineral interests are evaluated for impairment based on management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded.

Costs incurred for acquisition, including option payments under acquisition agreements, are capitalized until such time as the related interest is placed into production, sold, abandoned, or where management has determined that an impairment in value has occurred. For mineral property interests under option, the Company records only the costs incurred or committed in respect of work programs or amounts due in the reporting period for payment requirements necessary to maintain the options in good standing.

Proceeds of dispositions of partial mineral interests on properties are credited as a reduction of carrying costs. No profit is realized until all the related costs have been offset by disposition proceeds. If a property is placed into commercial production, accumulated costs to production will be amortized based on units of production.

d) Income taxes

The Company follows Canadian Institute of Chartered Accountants (CICA) Handbook Section 3465 in accounting for corporate income taxes. The guidance focuses on the amount of income taxes payable or receivable that will arise if an asset is realized or a liability is settled for its carrying amount. The resulting future income tax asset or liability is recorded based on substantially enacted income tax rates. In the case of unused tax losses, flow-through resource expenditures and pools, income tax reductions and certain items that have a tax basis but cannot be identified with an asset or liability on the balance sheet, the recognition of future income tax assets is determined by reference to the likely realization of such benefits at the balance sheet date.

e) Inventories

Inventories of raw materials and product for resale are recorded on a first in first out basis at the lower of cost and net realizable value.

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

f) Foreign exchange

Balance sheet items denominated in U.S. dollars are translated into Canadian dollar equivalents at exchange rates prevailing at the balance sheet date for monetary items and at exchange rates in effect at the transaction date for non-monetary items. Income statement items are translated at actual rates or average rates prevailing during the year. Realized gains and losses from foreign currency transactions are charged to income in the period in which they occur.

g) Administrative expenditures

Administrative expenditures are expensed in the year incurred.

h) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures on contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates and assumptions relate to the determination of impairment of assets, going concern assessments, useful lives for depreciation and amortization, inventory costing and the determination of the fair value for stock options granted and for other equity and financial instruments. Financial results as determined by actual events could differ from those estimates.

i) Amortization and tangible capital property

Tangible capital property is recorded at costs. Amortization is provided at the following annual rates:

Office equipment	20% Declining balance
Laboratory equipment	20% Declining balance

j) Long-lived assets

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

Assets with indefinite or indeterminable lives are not amortized and are reviewed for impairment on a reporting basis using fair value determinations based on management's estimate of recoverable value. Assets held and available for sale or not in use are segregated and reported at lower of cost and recoverable amount.

k) Revenue recognition

Revenue from product sales in the Northern Seas division is recorded upon product shipment, when evidence of an arrangement exists and collection is reasonably assured.

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

l) Basic and diluted loss per share

The Company follows CICA Handbook section 3500, in calculating earnings (loss) per share.

The standard requires the use of the treasury stock method for computing diluted earnings (loss) per share, which assumes that any proceeds obtained upon exercise of options or warrants, would be used to purchase common shares at average market price during the period. Loss per share is calculated using the weighted average number of shares outstanding during the year.

Diluted loss per share is equal to Basic loss per share for all periods presented as the effect of all stock options and warrants outstanding have been excluded, as they are anti-dilutive.

m) Financial Instruments

The Company follows CICA Handbook Section 3855, financial instruments. The Section prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under the guidance, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities which are measured at amortized cost.

The Company's financial instruments consist of cash, accounts receivable, accounts payable and amounts due to related parties. Cash is measured at its face value, representing fair value. Accounts receivable, accounts payables and amounts due to the related parties are recorded at amortized cost. The fair value of all of the Company's financial instruments approximates their carrying value due to their short-term maturity.

Net smelter royalties, buy-out options and similar future entitlements or commitments on resource property interests are not considered to have reliably measurable value until such time as the mineral property interests to which they relate have reached the development or mining feasibility stage.

n) Comprehensive income (loss)

The Company follows CICA Handbook Section 1530, comprehensive income. Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Section 1530 establishes standards for reporting and presenting certain gains and losses not normally included in net income or loss, such as unrealized gains and losses related to available for sale securities and gains and losses resulting from the translation of self-sustaining foreign operations, in a statement of comprehensive income.

For all periods presented, the Company has no items that are required to be reported in comprehensive income. Accordingly, net loss and comprehensive loss are equal.

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

o) Asset retirement obligations

The Company follows CICA Handbook section 3110, relating to the recognition and disclosure of asset retirement obligations and associated asset retirement costs. Management has reviewed the anticipated obligations and retirement costs of long-lived assets for known obligations under contract, common practice, or laws and regulations in effect or anticipated and has determined that there are no known or likely material quantifiable obligations to be recorded to September 30, 2008. The Company is currently in the exploration stage on its Nevada mineral property interest and has not determined whether significant site reclamation or environmental remediation costs will be required. The Company records liability for site reclamation, when determinable, on a systematic accrual basis in the period in which such costs, if any, can be reasonably determined.

p) Stock-based compensation

The Company follows the accounting guidelines of the CICA Handbook section 3870, Stock-based Compensation and Other Stock-Based Payments. Under the guidelines, all new or repriced stock-based awards are measured and recognized using a recognized fair-value method. The standard also encourages the use of the fair-value methodology for all direct awards of stock, stock appreciation rights, and awards that call for settlement in cash or other assets.

q) Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset or services received, whichever is more reliable, unless the transaction lacks commercial substance. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction.

r) Related party transactions

All monetary transactions occurring with related parties in the normal course of operations are measured at the exchange value which is determined by management to approximate fair value based on observable or comparable market indicators. Non-monetary transactions in the normal course of operations that have commercial substance and do not involve the exchange of property or product held for sale are also measured at the exchange value. All other related party transactions are valued at the carrying value.

s) Newly adopted accounting policies

On October 1, 2007, the Company adopted the new accounting standards related to accounting changes, financial instruments – presentation and disclosure, and capital disclosures that were issued by the CICA. These standards were adopted on a prospective basis and are primarily related to disclosures. There were no adjustments recorded to opening balance sheet items or deficit as a result of the adoption of these standards.

Section 1506, Accounting Changes

This standard establishes criteria for changes in accounting policies, accounting treatment and disclosure regarding changes in accounting policies, estimates and corrections of errors. In particular, this Section allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

- s) Changes in accounting policies – continued
Section 1506, Accounting Changes (cont'd)

retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and errors on the financial statements. Furthermore, this Section requires disclosure of when an entity has not applied a new source of GAAP that has been issued but is not yet effective. Such disclosures are provided under Recent accounting pronouncements, (note 2 t)).

Section 3862, Financial Instruments – Disclosures & Section 3863, Financial Instruments – Presentation

Effective October 1, 2007, the Company adopted these new standards related to financial instruments, these replace Section 3861 - Disclosure and Presentation, revising and enhancing disclosure requirements while carrying forward presentation requirements. These new Sections will place increased emphasis on disclosure about the nature and extent of risk arising from financial instruments and how the entity manages those risks. The adoption of these sections has resulted in additional disclosures in these financial statements. **(Note 11)**

Section 1535, Capital Disclosures

The Company has adopted CICA Handbook Section 1535, Capital Disclosures. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. **(Note 12)**

- t) Recent accounting pronouncements, not yet adopted

Transition to International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board (AcSB) ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by public companies, with International Financial Reporting Standards (IFRS) over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. The Company is beginning to review some of the differences and options available under IFRS and is continuing to assess the impact of this initiative on its financial statements. A more comprehensive review and conversion strategy is planned for early 2010.

Section 3064, Goodwill and Intangible Assets

The new standard establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets, including those developed internally. At the same time the CICA accounting standards board amended section 1000, Financial Statement Concepts, to clarify the criteria for recognition of an asset. Therefore items that no longer meet the definition of an asset are no longer recognized with assets. The new standard and amended standard are both effective for annual and interim periods beginning on or after October 1, 2008. The Company does not currently have recorded goodwill or intangibles. Accordingly, there is no impact to these financial statements.

Section 3031, Inventories

In June 2007, the CICA issued this Section which prescribes the accounting treatment for inventories. In particular, this Section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value and potential recovery through a reversal of a write-down. This Section does not apply to the measurement of inventories held by producers of minerals and mineral products to the extent that they are measured at net realizable value. The mandatory effective date is for annual and interim financial statements for years beginning on or after January 1, 2008. This new standard will be adopted by the Company effective October 1, 2008. No material impact is anticipated by the adoption of the standard.

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

3. INVENTORIES

	2008	2007
	\$	\$
Inventories consist of:		
Raw materials	2,129	2,135
Finished goods	<u>5,443</u>	<u>13,550</u>
	<u>7,572</u>	<u>15,685</u>

4. EQUIPMENT

	2008		
	\$		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Office equipment	3,179	3,000	179
Laboratory equipment	<u>4,270</u>	<u>4,081</u>	<u>189</u>
	<u>7,449</u>	<u>7,081</u>	<u>368</u>

	2007		
	\$		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Office equipment	3,179	2,956	223
Laboratory equipment	<u>4,270</u>	<u>4,034</u>	<u>236</u>
	<u>7,449</u>	<u>6,990</u>	<u>459</u>

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

5. MINERAL PROPERTY INTEREST

On April 25, 2005, Company entered into a property option agreement with Vanadium International Co. ("Vanadium") to acquire a 50% undivided interest in 19 mining claims (the Bisoni McKay Vanadium Property) covering 392.6 acres, located in Nye County, Nevada, USA. The optioned claims are subject to a 2.5% Net Smelter Royalty (NSR) payable to the vendor.

To earn the interest, the Company was required to make a series of cash payments totaling \$250,000, issue 1,250,000 shares to Vanadium, as well as fund \$700,000 of exploration activities, as follows:

<u>Due</u>	<u>Cash</u> <u>payments</u>		<u>Common</u> <u>shares</u>		<u>Exploration</u> <u>Work</u>	
Regulatory approval – June 3, 2005	\$ 60,000	(paid)	-		\$ -	
Within one year of approval	-		-		150,000	(completed)
Within two years of approval	90,000	(\$15,000 paid, see below)	625,000	(issued)	200,000	(completed)
Within three years of approval	<u>100,000</u>	(see below)	<u>625,000</u>	(issued)	<u>350,000</u>	(see below)
	<u>\$250,000</u>		<u>1,250,000</u>		<u>\$ 700,000</u>	

On June 24, 2008, the Company issued a total of 175,000 common shares to satisfy the requirement for the remaining cash payments of \$175,000, pursuant to a shares for debt settlement, and issued an additional 625,000 common shares to satisfy the third year requirement and acquire its 50% undivided interest. The 625,000 shares are subject to a time release escrow agreement (Note 6). The escrowed shares were recorded at \$0.80 per share, being management's estimate of fair value based on a 20% discount from the quoted market price of \$1.00 per share at the time of issuance to factor in a large block discount and the time release provisions.

Additionally, the Company exercised a purchase option, included in the original property option agreement, to acquire the remaining 50% interest in the claims, for a 100% total interest, subject to the 2.5% NSR. Consideration under the purchase option included a US\$2,000,000 payment to the vendor. The US\$2,000,000 option payment was satisfied in a share settlement through the issuance of 1,995,600 common shares at a stated value of \$0.9978 per share. These shares have been recorded at management's estimate of fair value of \$0.7982 per share, based on a 20% discount from the quoted market price at the time of the share issuance to factor in market conditions and large block discount.

In order to fulfill its obligation of \$700,000 in exploration expenditures, the Company and Vanadium have agreed to recognize 10% of the Company's administrative overhead costs incurred during the work programs as part of the exploration commitment. Accordingly, as at September 30, 2008, the Company has completed its \$700,000 funding obligation under the option agreement.

Management has determined that the carrying value of the mineral property interest has not been impaired as at the year ended September 30, 2008. Prevailing market conditions are considered to be temporary. However, this assessment may change in the future if current market trends continue for a sustained period.

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

5. MINERAL PROPERTY INTEREST - CONT'D

The Company staked an additional 18 claims in the area which are contiguous with the existing claims.

During the reporting periods presented, mineral property acquisition and exploration expenditures were incurred as follows:

Bisoni McKay Vanadium Property, Nevada, USA	2008	2007
Acquisition costs		
Balance, beginning of year	\$ 647,797	\$ 545,506
Incurred during the year:		
Accrual for option payment	(75,000)	90,000
Option payments, 175,000 shares in lieu of cash payments	175,000	
Option payment, 625,000 shares	500,000	-
Acquire additional 50% for 1,995,600 shares	1,596,480	-
Staking and claim costs	<u>14,340</u>	<u>12,291</u>
Balance, end of year	<u>2,858,617</u>	<u>647,797</u>
Exploration expenditures		
Balance, beginning of year	599,236	409,072
Drilling	-	62,983
Geological consulting	43,200	52,991
Assaying, transportation and field supplies	120	22,790
Metallurgical testing	-	33,461
Permits and bonds	-	10,478
Storage	<u>7,955</u>	<u>7,461</u>
Balance, end of year	<u>650,511</u>	<u>599,236</u>
Cumulative mineral property interest expenditures	<u>\$ 3,509,128</u>	<u>\$ 1,247,033</u>

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

6. SHARE CAPITAL

a)	Authorized: Unlimited common shares without par value				
b)	Issued	2008		2007	
		Number of	Amount	Number of	Amount
		Shares	\$	Shares	\$
	Balance, beginning of year	11,828,467	4,534,955	12,224,967	4,080,904
	Issued during the year:				
	Property	i) 2,795,600	2,271,480	-	-
	Options exercised	-	-	35,000	17,500
	Warrants exercised	-	-	25,000	31,250
	Shares	ii) -	-	137,500	192,500
	Share units	iii) -	-	156,000	212,160
	Transfer from contributed surplus	iv) -	-	-	8,141
	Cancellation of escrow	c) -	-	(750,000)	(7,500)
		_____	_____	_____	_____
	Balance, end of year	14,624,067	6,806,435	11,828,467	4,534,955
		_____	_____	_____	_____

i) On June 24, 2008, the Company issued a total of 2,795,600 shares valued at \$2,271,480 as part of a series of transactions resulting in the Company acquiring a 100% interest (subject to a 2.5% NSR) in the Bisoni McKay Vanadium Property. **(Note 5)**

ii) On May 30, 2007, the Company completed a non-brokered private placement of 137,500 shares at a price of \$1.40 per share.

iii) On August 20, 2007, the Company completed a non-brokered private placement of 156,000 share units at \$1.36 per unit. Each unit consists of one common share and one half share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at \$1.70 per share up to August 20, 2009. The warrant component of the private placement share units has an estimated aggregate fair value of \$34,300 and is included in share capital. The fair value of the warrant component was estimated using the Black-Scholes Option Pricing Model under the following assumptions: expected life 2 years; volatility 66%; risk free rate of return 3.45%; dividend yield 0%.

iv) The Company records the grant date fair value of vested stock options as a credit to contributed surplus. These amounts are transferred to share capital upon exercise of the underlying stock options. During the 2007 fiscal year, \$8,141 was transferred to share capital for options exercised.

c) Shares in escrow

During the year ended September 30, 2007, 750,000 shares previously held in escrow were returned to the Company's treasury and cancelled. The cancelled escrow shares were originally issued at \$0.01 per share. Upon cancellation, the subscribed value of the shares was reallocated as contributed surplus.

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

6. SHARE CAPITAL – CONT'D

c) Shares in escrow – cont'd

As at September 30, 2008, 750,000 (2007- 375,000) shares were held in escrow. During the current year, 625,000 shares issued to the property vendor (**Note 5**) were subject to an escrow agreement. As at September 30, 2008, shares subject to the current and prior time release escrow agreements are as follows:

<u>Anticipated release dates:</u>	<u>Shares for release</u>	
December 14, 2008	93,750	(subsequently released)
June 14, 2009	<u>93,750</u>	
	<u>187,500</u>	
December 24, 2008	93,750	(subsequently released)
June 24, 2009	93,750	
December 24, 2009	93,750	
June 24, 2010	93,750	
December 24, 2010	93,750	
June 24, 2011	<u>93,750</u>	
	<u>562,500</u>	
	<u>750,000</u>	

d) Share purchase warrants

	<u>Number of shares</u>	<u>Weighted average exercise price - \$ -</u>	<u>Weighted average life remaining (years)</u>
Balance at September 30, 2006	<u>175,000</u>	<u>1.25</u>	<u>1.0</u>
Granted	78,000	1.70	2.0
Expired	(150,000)	1.25	-
Exercised	<u>(25,000)</u>	<u>1.25</u>	<u>-</u>
Balance at September 30, 2007	<u>78,000</u>	<u>1.70</u>	<u>1.89</u>
Granted / expired / exercised	<u>-</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2008	<u>78,000</u>	<u>1.70</u>	<u>0.89</u>

At September 30, 2008, the Company has 78,000 share purchase warrants outstanding, exercisable into shares at \$1.70 per share on or before August 20, 2009.

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

6. SHARE CAPITAL – CONT'D

e) Stock options

Under the Company's Incentive Share Option Plan, stock options may be granted to employees, consultants and directors when the number of shares reserved does not exceed 10% of the number of common shares issued and outstanding at the date of grant. The exercise price of the options granted will be no less than the prescribed discounted market price of the Company's shares and the maximum term of the options will be 5 years.

The following stock options are vested and exercisable:

	<u>Number of shares</u>	<u>Weighted average exercise price - \$ -</u>	<u>Weighted average Life remaining (years)</u>
Balance at September 30, 2006	924,994	0.50	3.60
Options forfeited	(2,519)	0.50	-
Exercised	<u>(35,000)</u>	<u>0.50</u>	<u>-</u>
Balance at September 30, 2007	<u>887,475</u>	<u>0.50</u>	<u>2.63</u>
Granted / expired / exercised	<u>-</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2008	<u>887,475</u>	<u>0.50</u>	<u>1.63</u>

On January 8, 2009 the Company proposed a reduction in the exercise price of 887,475 incentive stock options held by insiders from 50 cents to 21 cents. (See Note 13 Below)

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- Incurring premises rent in the amount of \$11,536 (2007 - \$14,856) to a company with common directors. The rent was payable on a month to month tenancy. This agreement has been terminated as of September 30, 2008.
- Included in wages, commissions and contract services were selling expenses totalling \$30,000 (2007 - \$30,000) paid to a director of the Company.
- The Company incurred consulting fees in the amount of \$51,867 (2007 - \$49,000) with a company owned by an officer for administrative services.
- Advanced \$3,878 to a company controlled by a director for future overseas product marketing expenses which was recorded as a prepaid expense at September 30, 2007.
- Received advances totalling \$73,556 (2007 - \$nil) from a company controlled by a director. The loans are unsecured, non-interest bearing, and have no specific terms of repayment.
- Had amounts payable of \$nil (2007 - \$8,382) to a company controlled by an officer as amounts due for prior services. These amounts were unsecured, non-interest bearing, with no specific terms of repayment.

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

8. INCOME TAXES

The actual income tax provision differs from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are estimated as follows:

	2008	2007
	\$	\$
Loss before income taxes	(221,485)	(184,268)
Corporate tax rate	31.93%	34.12%
Expected tax recovery at statutory rates	(70,700)	(63,000)
(Increase) decrease resulting from:		
Changes in estimated corporate tax rates	52,400	6,600
Expiry of non-capital losses carried forward	2,800	1,900
Permanent and other differences	1,800	500
Change in future tax asset valuation allowance	13,700	54,000
Future income tax provision (recovery)	-	-

The Company's tax-effected future income tax assets and liabilities are estimated as follows:

	2008	2007
	\$	\$
Potential future income tax assets		
Non-capital losses available	267,300	249,700
Capital losses available	1,500	1,800
Share issue costs and other	13,000	16,600
	281,800	268,100
Potential future income tax liabilities	-	-
Net potential future income tax assets	281,800	268,100
Valuation allowance		
Valuation allowance, opening	(268,100)	(214,100)
Change in valuation allowance	(13,700)	(54,000)
Less: valuation allowance	(281,800)	(268,100)
Net Future Income Tax Assets	-	-

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

8. INCOME TAXES – CONT'D

At September 30, 2008, the Company and Northern Seas had combined net operating losses of \$1,028,100 for income tax purposes which are available to reduce future taxable income. If not utilized, the losses expire through 2028 as follows:

	<u>\$</u>
2028	225,700
2027	182,200
2026	219,300
2015	198,900
2014	84,200
2010	67,600
2009	<u>50,200</u>
	<u>1,028,100</u>

Management has determined that there is insufficient likelihood of recovery to record a future benefit arising from potential tax assets. Accordingly a 100% valuation allowance has been applied.

9. CONTRIBUTED SURPLUS

Changes to the contributed surplus account are as follows:

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Balance, beginning of year	214,547	215,188
Escrow shares cancelled (Note 6c)	-	7,500
Options exercised during period (Note 6 b)iv))	<u>-</u>	<u>(8,141)</u>
Balance, end of year	<u>214,547</u>	<u>214,547</u>

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

10. SEGMENTED INFORMATION

The Company continues to operate in two business segments. The primary business of the Company is in mineral exploration and development. In addition, the Company sells and markets natural alternative health food products for people and animals.

2008

Operating segments	Mineral Exploration	Health Foods	Corporate & Other	Consolidated
Total revenue	\$ -	\$ 65,437	\$ -	\$ 65,437
Segment gross profit	\$ -	\$ 44,426	\$ -	\$ 44,426
General and administrative expenses	\$ -	\$ 77,157	\$ 188,754	\$ 265,911
Net Profit (Loss)	\$ -	\$(32,731)	\$ (188,754)	\$ (221,485)
Identifiable assets	\$ 3,509,128	\$ 27,453	\$ 26,533	\$ 3,563,114

Geographical location	Canada	USA	Total
Customer sales	\$ 34,914	\$ 30,523	\$ 65,437
Cash	\$ 21,608	\$ 2,107	\$ 23,715
Mineral property interests	-	\$ 3,509,128	\$ 3,509,128
Other assets	\$ 27,582	\$ 2,689	\$ 30,271
Total identifiable assets	\$ 49,190	\$ 3,513,924	\$ 3,563,114

2007

Operating segments	Mineral Exploration	Health Foods	Corporate & Other	Consolidated
Total revenue	\$ -	\$ 64,008	\$ 2,954	\$ 66,962
Segment gross profit	\$ -	\$ 47,355	\$ -	\$ 47,355
General and administrative expenses	\$ -	\$ 70,079	\$ 164,858	\$ 234,937
Net Profit (Loss)	\$ -	\$(22,724)	\$ (161,904)	\$ (184,628)
Identifiable assets	\$ 1,247,033	\$ 42,710	\$ 237,453	\$ 1,527,196

Geographical location	Canada	USA	Total
Customer sales	\$ 35,915	\$ 28,093	\$ 64,008
Cash	\$ 237,288	\$ 8,234	\$ 245,522
Mineral property interests	-	\$ 1,247,033	\$ 1,247,033
Other assets	\$ 28,610	\$ 6,031	\$ 34,641
Total Identifiable assets	\$ 265,898	\$ 1,261,298	\$ 1,527,196

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

11. RISK MANAGEMENT

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements. There is no certainty that all environmental risks and contingencies have been addressed.

Financial Risk Management:

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash accounts and accounts receivables. Cash accounts are held with major banks in Canada and the United States. This risk is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to credit risk is in its receivables, comprising amounts due from government agencies as well as amounts due from customers. The Company only grants credit where customers have established a history of purchases. New and infrequent customers are normally subject to COD terms.

Currency Risk

The Company's functional currency is the Canadian dollar. There is moderate foreign exchange risk to the Company as some of its natural health food customers and suppliers and its resource property interest are located in the United States. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk.

Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates. The income earned on certain bank accounts is subject to the movements in interest rates.

Liquidity and Funding Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

Under current market conditions both liquidity and funding risk have been assessed as high. **(Notes 1, 12 and 13)**

STINA RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

12. CAPITAL MANAGEMENT

The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support the planned exploration and development of mineral property interests and ongoing operations of the alternative health products segment. Management has not established a quantitative capital structure, but reviews on a regular basis the capital requirements of the Company relative to the stage of development of the business entity and mineral property interest and market conditions.

The Company currently is dependent on externally provided equity financing to fund its exploration and development activities. In order to carry out planned exploration and development and fund administrative costs, the Company will concentrate its capital plans to raise additional amounts as needed through equity and where necessary, related party advances, if available. Management reviews the capital management approach on an ongoing basis and believes that this approach is reasonable given the current state of financial markets and the exploration industry. In the case of uncertainty over the ability to raise funds in current or future economic conditions, the Company would manage capital by minimizing ongoing expenses, and if necessary, employ the use of related parties funding. If slower market conditions are prolonged the Company may need to take more aggressive fundraising actions in addition to reducing ongoing expenses further. (**See Notes 1 and 13**)

Other than circumstances arising from the global financial markets, there were no changes in the Company's approach to capital management for the year ended September 30, 2008 compared to the year ended September 30, 2007. The Company is not subject to externally imposed capital requirements.

13. SUBSEQUENT EVENTS

- i. In January 2009, the Company completed a non-brokered private placement consisting of 661,500 common shares of the Company at an offering price of \$0.20 per share. The shares are subject to a four month hold period ending on May 15, 2009.
- ii. On January 8, 2009 the Company proposed a reduction in the exercise price of 887,475 incentive stock options held by insiders from 50 cents to 21 cents. These options shall continue to be subject to an expiry date of May 18, 2010. The foregoing re-pricing is subject to Exchange acceptance as well as disinterested shareholder approval at the Company's annual and special meeting to be held on March 5, 2009.