

**STINA RESOURCES LTD.**

**Form 51-102F1  
Management Discussion & Analysis  
for the 6 Month Period and Quarter Ended  
June 30, 2008**

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## **STINA RESOURCES LTD.**

### **REVIEW OF OPERATIONS FOR THE QUARTER ENDED JUNE 30, 2008 AND UP TO THE DATE OF AUGUST 22, 2008**

#### **THIS REPORT DATED: AUGUST 22, 2008**

This discussion should be read in conjunction with the Company's annual audited financial statements dated September 30, 2007, and internal financial statements for the quarters ending March 31, 2008, December 31, 2007 and June 30, 2007 which are incorporated by reference to this discussion.

#### **1. NATURE OF BUSINESS:**

The Company's primary activity is the exploration of the Bisoni McKay Vanadium Property in northern Nevada. The Company also is engaged in the health food and supplement product industry. The Company's shares are traded on the TSX Venture Exchange.

#### **Mineral Exploration**

In 2005 the Company entered into an option agreement with Vanadium International Corp. (VIC) for 50% of the Bisoni McKay property rights. The Company has recently completed this option in addition to the option for the second 50% of the property from VIC. The company now holds 100% of the rights to 37 mineral claims on the property. The Bisoni McKay Vanadium property is located in north central Nevada, just east of Eureka, in Nye County.

Exploration in 2005 included 11 reverse circulation holes and 5 diamond drill holes, in addition to related field work and surface sampling, as Phase 1 of a 3 Phase program outlined by JA Mine. At that time JA Mine recalculated the potential for the project to be between 16 and 24 million tons of vanadium pentoxide (V<sub>2</sub>O<sub>5</sub>) on the Northern Section of the property alone, with average grades of 0.5 at the lower tonnages and 0.2 at the higher tonnages. Additional potential tonnage has yet to be calculated on southern sections B & C of the property.

In 2007 as part of Phase II outlined by JA Mine at the conclusion of Phase I, the Company drilled an additional 12 reverse circulation holes on Northern Section "A" as 100 foot intervals to RC BMK-04, RC BMK-05 and RC BMK-06, drilled in 2005, directly 100 feet north of core hole DD BMK-05-01 (2005). The result is a grid with 100 foot RC interval drilling that extends 700 feet long by 100 feet wide, and which is currently being evaluated by Maptek PTY of Lakewood, CO for the purposes of developing a resource estimation report under Canadian NI-43-101 guidelines.

In 2006 and 2007 metallurgical testing was conducted at Hazen Research in Golden, CO on samples from 2005 drilling on the Bisoni McKay Northern Section "A." While this test work can only be considered preliminary at this stage and a flowsheet has yet to be established for potential production, very encouraging results were observed. Recovery levels as high as 92% using an acid pug/ leaching method on oxidized material and levels close to 70% using a roast/ leach method on carbonaceous material were observed.

In February 2008 the Company received an updated technical report on the Bisoni McKay property, updating the report prepared by JA Mine in 2004 then updated in 2005. This new report was prepared by Ed Ullmer, who was previously employed by JA Mine as a geologist, including on Phase I of the Bisoni McKay project, before JA Mine principle John James passed away in 2006. Included in this report the Company also received its first NI 43-101 complaint resource report, which determined indicated resources in the north half of Area A totaling 8.07 million short tons averaging 0.43 per cent V<sub>2</sub>O<sub>5</sub> at the 0.3 per cent grade cut-off zone and 10.6 million short tons averaging 0.39 per cent V<sub>2</sub>O<sub>5</sub> at the 0.2 per cent cut-off.

### **Prior Exploration**

Prior exploration, particularly reverse circulation drilling in the 1960's and 1970s was conducted on the property, however the results are too old and incomplete to be considered under Regulations 43-101, for the reporting of mineral reserves prior to the option agreement. Therefore, in November 2004 Vanadium International Co. drilled two reverse circulation holes on the property, and completed extensive surface trench sampling.

Assays from the first reverse circulation hole (drilled in November 2004 by Vanadium International Co.) indicated a grade of 0.33% V<sub>2</sub>O<sub>5</sub> (vanadium pentoxide) from 0 to 60 feet, and 0.27% from 235 to 285 feet.

### **2005 Exploration by Stina**

Reverse Circulation and Core drilling on the property by Stina in 2005 showed very promising mineralization, including the following highlights:

- a) 75 feet of 0.95% V<sub>2</sub>O<sub>5</sub> contained within 323 feet of 0.46% V<sub>2</sub>O<sub>5</sub>, in DDH-BMK-05-01
- b) 132 feet of 0.88% V<sub>2</sub>O<sub>5</sub> contained within 345 feet of 0.53% V<sub>2</sub>O<sub>5</sub> in DDH-BMK - 05-02
- c) 116 feet of 0.60 V<sub>2</sub>O<sub>5</sub> contained within 475 feet of V<sub>2</sub>O<sub>5</sub> in DDH-BMK-05-03
- d) 300 feet of 0.45% V<sub>2</sub>O<sub>5</sub> in reverse circulation drill hole RC BMK-05-01
- e) 120 feet of 0.55% V<sub>2</sub>O<sub>5</sub> and 170 feet of 0.47% V<sub>2</sub>O<sub>5</sub> in RC BMK-05-02
- f) 120 feet of 0.55% V<sub>2</sub>O<sub>5</sub> in RC BMK-05-03

RC = Reverse Circulation; DDH = Diamond Drill Hole (core hole); BMK = Bisoni McKay

Assays for vanadium pentoxide (V<sub>2</sub>O<sub>5</sub>) from trench sampling were 35 feet of 0.21 per cent over 35 feet for trench 23, 0.24 per cent over 95 feet for trench 24 and 0.18 per cent over 40 feet for trench 25. Also, as previously reported, the company intends to use core drilling to twin Hecla's hole No. BMK18 which averaged 0.47 per cent V<sub>2</sub>O<sub>5</sub> over the full length of 400 feet, and included 90 feet of 0.81 per cent V<sub>2</sub>O<sub>5</sub> from 235 feet to 325 feet.

### **2007 Exploration by Stina**

In 2007, as part of Phase II, the Company drilled an additional 12 reverse circulation holes on Northern Section "A" as 100 foot intervals to RC BMK-04, RC BMK-05 and RC BMK-06, drilled in 2005, directly 100 feet north of core hole DD BMK-05-01 (2005). The result is a grid with 100 foot RC interval drilling that extends 700 feet long by 100 feet wide, and which is currently being evaluated by Maptek PTY of Lakewood, CO for the purposes of developing a resource estimation report under Canadian NI-43-101 guidelines.

### **Drilling Highlights Included**

- a) Inclusive section of 240 feet of 0.52% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-03
- b) Inclusive section of 350 feet of 0.47% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-03
- c) Inclusive section of 220 feet of 0.4% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-04
- d) Inclusive section of 85 feet of 0.50% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-04
- e) Inclusive section of 120 feet of 0.47% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-05
- f) Inclusive section of 270 feet of 0.38% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-06
- g) Inclusive section of 95 feet of 0.43% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-06
- h) Inclusive section of 65 feet of 0.54% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-06
- i) Inclusive section of 235 feet of 0.38% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-07
- j) Inclusive section of 255 feet of 0.47% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-08
- k) Inclusive section of 50 feet of 0.57% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-08
- l) Inclusive section of 170 feet of 0.44% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-09
- m) Inclusive section of 95 feet of 0.65% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-10
- n) Inclusive section of 200 feet of 0.57% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-10
- o) Inclusive section of 95 feet of 0.65% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-11
- p) Inclusive section of 135 feet of 0.40% V<sub>2</sub>O<sub>5</sub> on hole RC BMK 07-12

**Exploration target and future work on the Bisoni McKay Vanadium Property**

The objective of Phase II is to further develop the property and increase inferred, indicated and measured resources of vanadium pentoxide (V<sub>2</sub>O<sub>5</sub>) under the guidelines of Canadian Regulation 43-101, specifically on the north end of the property, where Phase I and Phase II drilling showed strong grades and substantial drilling width.

In 2006, based on Stina's 2005 drilling results, the historical 6.1 million tons estimation of mineralization was expanded to a 16 to 24 million ton mineralization target extending to 600 feet below surface with grades ranging from 0.5% V<sub>2</sub>O<sub>5</sub> for the lower tonnage to 0.2% V<sub>2</sub>O<sub>5</sub> for the higher tonnage. (*technical report revision March 2006 by JA Mine*)

To complete Phase II, approximately 35 more reverse circulation and 10 diamond drill holes are required on Northern Section "A," in addition to 5 reverse circulation holes on Southern Section "C." Phase II will also include a Scoping Study outlining in greater detail an economic assessment of the property potential, as well as a Scoping Study. Additionally, further metallurgical testing has been planned for in Phase II.

The total budget to complete Phase II is estimated at \$1.2M CAD. The Company has incurred \$708,232 in exploration expenses on Phase I and part of Phase II, with all costs having been capitalized

**About Vanadium**

Vanadium pentoxide (V<sub>2</sub>O<sub>5</sub>) is normally quoted in United States currency per pound. On May 20, 2008 the quoted price on the London Metals Exchange was \$ 14.00 to \$16.00 (U.S.) per pound. (*source: Northern Miner*) A grade of 0.10 per cent V<sub>2</sub>O<sub>5</sub> is equivalent to approximately 2.0 pounds of V<sub>2</sub>O<sub>5</sub> per short ton (2,000 pounds).

Vanadium's principal use is as an alloying element in steel and the addition of small amounts of vanadium to ordinary carbon steel can significantly increase its strength and improve both its toughness and ductility. Such high-strength low-alloy (HSLA) steels are vital for high rise buildings, bridges, pipelines, aerospace technology, golf clubs and automotive/ truck manufacturing. Due to the inherent weight-saving qualities, HSLA steels are also much in demand by the space and defense programs. Today, about half of the world's steel manufacturing uses vanadium. Vanadium treated HSLA steels offer significant savings in processing through lower steel rolling temperatures, minimal heat treatment and increased strength-to-weight ratios. Other important uses of vanadium include its use in titanium alloys for high temperature applications such as aircraft turbine components. Vanadium is also used in the manufacturing of specific pharmaceuticals and is being used in large batteries that are being developed as power storage units where power supply is likely to be interrupted or service is deliberately intermittent. Vanadium is commonly converted to Ferrovandium for the purposes of the steel making industries.

**Natural Health Food Manufacturing and Marketing – Northern Seas Products**

The company remains engaged in the alternative natural health food manufacturing and wholesaling business and maintains a product line of natural food supplements marketed in Canada, the United States and internationally under the brand name Northern Seas Products, Sea Horse and Pet Wonder.

The company continues to explore opportunities to develop and market new products in this field based on market trends, ongoing industry research and findings, in addition to various research conducted on natural remedies for arthritic conditions, prostate problems and other ongoing health problems. Primarily, the company markets on a distributor and wholesale basis to health stores, health facilities, foreign distributors and manufacturers, pet food stores and zoos. Retail sales are made on a lesser scale, including over the internet. The company also produces educational and promotional literature to aid consumers in their use of the products. The company has sales offices in Toronto, ON, Richmond, BC and Blaine, WA, USA.

The company manufactures under the company division, Northern Seas Manufacturing, both in the U.S. and in Canada. Raw materials incorporated in production are subject to regular inspection and testing for purity and against contamination. In addition, only government-licensed facilities are used. Products include shark cartilage capsules and powders, which also may include saw palmetto, glucosamine and chondroitin sulfate, devil's claw and other natural herbal ingredients as additional additives.

Under the Northern Seas brand name, Super Sea Horse, the company produces and markets natural health products for horses, elephants, and other large animals suffering primarily from arthritic joint problems, although the products also assist in preventative health and providing increased energy. Northern Seas also produces a similar canine/ feline product called Pet Wonder, which provides the same natural choice for household dogs and cats that Super Sea Horse does for larger performing animals. The product was a natural choice, a derivative of the company's most popular product of similar content for humans suffering from arthritic problems. Since inception, Pet Wonder has opened a whole new marketplace for Northern Seas, and Pet Wonder has become a staple product of the company.

The overall sales of this company division (Northern Seas Products) to date increased by 17% comparatively to the same period in 2006 (quarter-end), mainly as a result of increased sales of Pet Wonder.

**2. OPERATIONS DETAIL AND FINANCIAL CONDITION:**

**(a) Acquisitions & Dispositions:**

(See Exploration, News releases and Material Changes, Subsequent Events below – section 3)

**(b) Selected Financial Information:**

This discussion should be read in conjunction with the Company's annual audited financial statements dated September 30, 2007 and internal financial statements for the quarter ending March 31, 2008, December 2007 and June 2007 which are incorporated by reference to this discussion. The company management has discussed the current financial results for the period ending June 30, 2008 with the directors and officers of the company, and amongst themselves respectively.

**Summary of Financial Years**

The following table sets forth selected audited financial information of Stina resources Ltd. for the last three completed financial years.

	FISCAL YEARS ENDED		
	September 30, 2007	September 30, 2006	September 30, 2005
<b>Total Revenue</b>	\$ 64,008	\$ 76,811	\$ 89,356
<b>Gross Profit</b>	\$ 47,355	\$ 56,473	\$ 62,272
<b>Operating Expenses</b>	\$ 234,937	\$ 274,577	\$ 474,738
<b>Net Income (Loss)</b>	\$ (234,937)	\$ (216,088)	\$ (409,158)
<b>Loss Per Share</b>	\$ (0.02)	\$ (0.02)	\$ (0.04)
<b>Total Assets</b>	\$ 1,447,196	\$ 1,189,279	\$ 623,513

**Summary of Quarterly Results**

The following table sets forth selected (unaudited) quarterly financial information for each of the last eight most recently completed quarters:

	QUARTERS ENDED			
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007
<b>Total Revenue</b>	\$14,066	\$ 18,467	\$ 17,177	\$ 16,714
<b>Gross Profit</b>	\$ 10,196	\$ 13,209	\$ 11,619	\$ 13,481
<b>Oper. Expenses</b>	\$ 64,623	\$ 84,855	\$ 54,457	\$ 70,328
<b>Net Income (Loss)</b>	\$ (54,427)	\$ (71,646)	\$ (42,838)	\$ (107,107)
<b>(Loss) Per Share</b>	\$ (0.005)	\$ (0.006)	\$ (0.004)	\$ (0.009)
<b>Total Assets</b>	\$ 4,011,029	\$ 1,389,469	\$ 1,457,394	\$ 1,447,196
<b>Total Liabilities</b>	\$ 100,845	\$ 122,465	\$ 118,744	\$ 55,709

	QUARTERS ENDED			
	June 30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sept. 30, 2006
<b>Total Revenue</b>	\$ 16,953	\$ 16,433	\$ 13,908	\$ 20,180
<b>Gross Profit</b>	\$ 12,230	\$ 11,304	\$ 10,340	\$16,047
<b>Oper. Expenses</b>	\$ 48,814	\$ 76,088	\$ 39,707	\$ 87,805
<b>Net Income (Loss)</b>	\$ (34,799)	\$ (63,664)	\$ (29,367)	\$ (71,758)
<b>(Loss) Per Share</b>	\$ (0.003)	\$ (0.006)	\$ (0.002)	\$ (0.006)
<b>Total Assets</b>	\$1,312,291	\$ 1,098,621	\$ 1,152,080	\$ 1,189,279
<b>Total Liabilities</b>	\$ 54,415	\$ 78,964	\$ 68,741	\$ 76,573

**Expenditure Comparison and Variances – Stina Administration Division:**

**Increases:** \$7,860 In Audit and Legal, attributed to the completion of the Bisoni McKay option completion; 1,235 in Office and Sundry mainly due to increased activity on the option agreement completion and attendance of the PDAC show increasing office activity; \$15,475 in Regulatory fees and shareholder info, due to the completion of the Bisoni McKay property option agreement;

**Decreases:** \$\$1,710 in Consulting fees; \$2,300 in Travel and Promotion; \$449 in Transfer Agent fees;

**Expenditure Comparison and Variances – Mineral Exploration Division:**

During the period between September 30, 2007 and June 30, 2008 Mineral Exploration Division expenditures totaling \$2,763,996 were classified as Mineral Interest in company assets, for a total of \$4,011,029 as of June 30, 2008.

This total encompasses the following non-exploration expenditures prior to September 30, 2007:

Initial Payment to VIC	\$60,000
Option Payment to VIC of 625,000 escrow shares	450,000
Additional staking costs not in original budget	<u>26,556</u>
<b>Total</b>	<b>\$536,556</b>

Comparative mineral property exploration expenditures were incurred as follows:

<b>Bisoni McKay Vanadium Property, Nevada, USA</b>		<b>June 30, 2008</b>	<b>Sept 30, 2007</b>
Acquisition costs:			
Balance, beg. of year		\$ 647,797	\$ 545,506
Incurred during the period	- Option payment, 2,705,600 shares	2,705,600	90,000
	- Staking and claim costs	<u>9,494</u>	<u>12,291</u>
<b>Balance, end of period</b>		<b>3,362,891</b>	<b>647,797</b>
Exploration expenditures:			
Balance, beg. of year		599,236	409,072
Drilling		-	62,983
Geological consulting		42,742	52,991
Assaying, transportation and field supplies		116	22,790
Metallurgical testing		-	33,461
Permits and bonds		-	10,478
Storage		<u>6,044</u>	<u>7,461</u>
<b>Balance, end of period</b>		<b>648,138</b>	<b>599,236</b>
<b>Cumulative mineral property interest expenditures</b>		<b>\$ 4,011,029</b>	<b>\$ 1,247,033</b>

**Phase I Expenditures:**

Additional staking expenditures had exceeded budgetary estimates by \$2,656, mainly as a result of recently increased annual fees for the filing of the claims; Engineering, reporting and field work expenditures had exceeded budgetary estimates by \$53,961, mainly as a result of additional requirements for engineers on-site and the on-site decision to drill additional diamond drill holes; Exploration drilling expenditures had exceeded budgetary estimates by \$26,126, mainly as a result of increased drilling rig costs and the on-site decision to drill additional diamond drill holes, mobilization and fuel charges. Permits & Bonds expenditures had exceeded budgetary estimates by \$3,583 mainly as a result of the full transfer of bond from Vanadium International to Stina; Assaying Costs exceeded budgetary estimates by \$2,435, mainly as a result of additional storage requirements at ALS Chemex.

Total expenditures for the Phase I program were originally estimated at US \$224,000 (approximately CAD \$278,000), plus approximately US \$30,000 (approximately CAD \$37,200) for metallurgical testing. A 9% contingency rate had been established in these budgeted expenditures.

Total Phase I expenditures were \$80,721 (29%) over-budget. This budgetary overrun is primarily as a result of decisions made on-site to drill additional diamond core holes, increased drill rig and mobilization costs, and unforeseen requirements for additional engineers on-site, and additional fieldwork.

Additionally, a \$90,000 option payment was due to Vanadium International Co. (VIC). On December 20, 2007 the Company received a letter from Vanadium International expressing an extension for this payment until June 30, 2008.

On December 23, 2007 the Company made a partial payment to VIC of \$15,000 towards the \$90,000 owing.

On July 7, 2008 the Company received approval from the TSX Venture Exchange to complete full payment of the \$75,000, in addition to \$100,000 payable at the completion of Phase II, originally set out in the 2005 Option Agreement, under a shares for debt arrangement, in which 800,000 common shares were issued to Vanadium International Corp. at a true value price of \$1.00 per share and with a 4 month hold period. (see below)

**Phase II Expenditures:**

A total of \$62,983 has been spent on drilling 12 additional reverse circulation holes on Northern Section A (see section 3 –Exploration below)

Additionally \$52,991 has been spent on geological consulting, \$22,790 on assaying and transport, and \$33,461 on metallurgical testing, \$10,478 on Permitting and Bonds, \$9,291 on Storage Rental and Power.

Phase II is underway and a budget of \$1.2M CAD has been estimated as a total cost for this phase.

**Expenditure Comparison and Variances – Northern Seas Division:**

***Expenditure Increases:*** \$1,591 in Office;

***Expenditure Decreases:*** \$1,171 in Rent;

**Liquidity and Solvency**

The company's liquidity will depend upon its ability to raise financing for the continued development of the Bisoni McKay property in addition to the ability to continue to market Northern Seas products at a profitable markup.

During the period ended June 30, 2008 over the same period in 2007, cash resources decreased by \$79,168 mainly as a result of exploration activities during the period. At the period ending June 30, 2008 the Company had a working capital deficiency of \$504 (June 30, 2007 – Surplus of \$75,494).

### Capital Resources

The company's liquidity will depend upon its ability to market Northern Seas' products at the current markup of over 100%, as well as the ability to raise additional financing to meet exploration requirements and working capital obligations. Two financings were completed during 2007, raising a total of \$407,160 in working capital and exploration funds for the Bisoni McKay Property.

In response to a trend of decreasing product sales over the past few years, the company has been exploring the future of the Northern Seas division. The company intends to continue operation of the Northern Seas Products division in the interim, but to review with company directors and officers, the direction and future of Northern Seas Products with respect to its profitability and economic feasibility.

With respect to the audit committee meeting on March 1, 2007 during which the year-end financial summary was reviewed with the company auditors, management discussed with the directors of the company the need for increased control measures within the company. The Company initiated addressing these issues during the year and discussed possible solutions with its auditors. (See section 5 below)

### Summary of Securities

Unlimited common shares without par value. On June 30, 2008 14,624,067 common shares were issued and outstanding.

#### Issued

	June 30, 2008		Sept 30, 2007	
	Number of Shares	Amount \$	Number of Shares	Amount \$
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	2,795,600	-
Options exercised		-	-	35,000
Warrants exercised		-	-	25,000
Shares	ii)	-	-	137,500
Share units	iii)	-	-	156,000
Transfer from contributed surplus	iv)	-	-	8,141
Cancellation of escrow	b)	-	-	(750,000)
Balance, end of year		14,624,067	7,330,555	11,828,467
				4,534,955

- i) On June 24, 2008, the Company issued a total of 2,795,600 shares at a deemed true value price of \$1.00 per share to acquire 100% interest in the Bisoni MacKay Vanadium Property.
  - 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 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 stock options as a charge to contributed surplus. These amounts are transferred to share capital on exercise of the underlying stock options of which \$8,141 was transferred during the year ended September 30, 2007.
- b) 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.

On July 7, 2008 the Company received approval from the TSX Venture Exchange to acquire the initial and remaining 50% of the Bisoni McKay property from Vanadium International Corp (VIC) in exchange for 2,795,600 common shares at a deemed true value price of \$1 per share. 800,000 shares were transferred in a shares for debt arrangement to complete the remaining 50% Option Agreement requirements of \$175,000 owing to VIC in cash, and 625,000 shares under an escrow agreement. The shares are subject to a time release escrow agreement as follows:

	<u>Anticipated release dates:</u>	<u>Shares for release</u>	
*93,750 shares to be released on Dec 14, 2008	Dec. 14, 2008*	93,750	
	June 24, 2008	62,500	(released)
	Dec. 24, 2008	93,750	
	June 24, 2009	93,750	
	Dec. 24, 2009	93,750	
	June 24, 2010	93,750	
	Dec. 24, 2010	93,750	
	June 24, 2011	<u>93,750</u>	
		<u>625,000</u>	

2008 are the last to be released from the 625,000 shares issued at the end of Phase I. 93,750 shares were released on June 14, 2008. The remaining 625,000 shares in escrow were issued June 24, 2008.

Additionally, 1,995,600 shares were issued at a deemed and true value price of \$1 per share CAD as payment for the remaining 50% of the Bisoni McKay property at a price of \$2 million US, converted at an exchange rate of 1.0022. These shares are subject to a four month hold period from the date of issuance, June 24, 2008.

#### **Share purchase warrants outstanding at June 30, 2008:**

The following share purchase warrants are outstanding at June 30, 2008:

	<b>Weighted average Number of shares</b>	<b>Weighted average exercise price life remaining - \$ - (years)</b>
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> -
Balance at September 30, 2007	<u>78,000</u>	<u>1.70</u> <u>1.89</u>
Granted / expired / exercised	—	—      —
Balance at June 30, 2008	<u>78,000</u>	<u>1.70</u> <u>1.17</u>

**Stock options**

Under the Company's Incentive Share Option Plan, the Company may grant options to employees, consultants and directors when the number of shares reserved does not exceed 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the 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:*

<b>Weighted average</b>	<b>Weighted average Number of shares</b>	<b>exercise price - \$ -</b>	<b>life remaining (years)</b>
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 June 30, 2008	<u>887,475</u>	<u>0.50</u>	<u>1.92</u>

Each option outstanding entitles the holder to purchase one common share at an exercise price of \$0.50 until May 18, 2010.

Each option entitles the holder to purchase one common share at an exercise price of \$0.50 until May 18, 2010

The fair value of the options was estimated using the Black-Scholes option pricing model under the following assumptions: Risk free interest rate 3.45%, volatility 92%, expected life of 5 years, and a 0% dividend yield.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted.

**c) Related Party Transactions**

The Company entered into the following transactions with related parties:

- a) Sales commissions included in wages, commissions and contract services expense totalling \$22,500 (2007 - \$22,500) were paid to a director of the Company for product sales.
- b) The Company incurred consulting fees in the amount of \$36,686 (2007 - \$36,686) payable to a company owned by an officer for administrative services.

Related party transactions have been recorded at their dollar exchange amount, which management has determined approximates fair market value.

**d) Due To Related Parties**

The amount due to a related party is due to a company controlled by a director. The amount due director is non-interest bearing and has no specified terms of repayment.

	<b>June 30 2008</b>	<b>September 30 2007</b>
	<u>\$</u>	<u>\$</u>
<b>Due to related parties:</b>		
Officer	(207)	(1,222)
Company controlled by an officer		<u>(7,160)</u>
	<u>(11,706)</u>	
	<u>(11,907)</u>	<u>(8,382)</u>

The amounts due to related parties are non-interest bearing and have no specified terms of repayment.

### 3. EXPLORATION, NEWS RELEASES & MATERIAL CHANGE REPORTS

In 2005 the Company entered into an option agreement with Vanadium International Corp. (VIC) for 50% of the Bisoni McKay property rights. The Company had previously issued 625,000 common shares of stock under an escrow agreement and had made cash payments of \$75,000 CAD to VIC.

In July 2008, in exercising this option to earn a 50 % interest in the Bisoni MacKay vanadium property located in Nye county, Nevada, the company issued 800,000 shares to Vanadium.

Pursuant to the option exercise agreement, the company further agreed to purchase the remaining 50-per-cent interest in the property for a purchase price of \$2-million (U.S.). The company issued 1,995,600 shares at a true value price of \$1 per share to Vanadium as payment of the \$2-million (U.S.) purchase price (based on a deemed exchange rate of \$1 (Canadian) to \$1.0022 (U.S.)). These shares are subject to a four-month hold period.

Subsequent to the issuance of the 2,795,600 total shares to Vanadium, Vanadium now has control and direction over a total of 3,382,600 shares (representing 23.14 % of the outstanding shares) of the company.

Stina now has a 100 % interest in the Bisoni McKay property subject to a 2.5-% net smelter interest in favor of Dennis La Prairie.

*(see news release dated July 7, 2008)*

#### **Exploration Events During the Prior Periods**

In September 2005 the Company contracted Kettle Drilling of Coeur d'Alene, Idaho and drilled 1,024 feet of diamond core drilling on the Bisoni McKay property. Included was a fence of three holes on the north end of the property, immediately adjacent to Vanadium International's second reverse circulation hole drilled in 2004, as well as adjacent to Hecla RC holes BMK 17, 18 and 19 respectively, each of which showed strong grades of V2O5 at various intervals. Holes were drilled at angles of 45 degrees, 57.5 degrees and 66 degrees to the northwest.

A second fence of two diamond core holes was drilled on the southern end of the property adjacent to Vanadium International's first reverse circulation hole, and also to Hecla's RC holes BMK 6, 7 and 8 respectively. All four of these RC holes showed reasonable V2O5 grade at various intervals. This was the first diamond drilling ever conducted on the property.

Results of this diamond drilling showed very encouraging results from the northern fence, including grades much higher than from any other drilling on the property. (see news release dated October 18, 2005) The results from the southern fence of diamond drilling were less encouraging. The Company encountered technical difficulties in drilling these two holes and eventually had to abandon the second hole of this fence. The angle of the holes was reduced to 35 degrees from the planned 57.5 degrees to attempt to overcome these difficulties. As a result, the Company believes that it may have overshot the zone of mineralization encountered the year before by Vanadium International in its

reverse circulation drilling. At this time the Company released the results of further trench sampling at surface. (see news release dated October 26, 2005)

In November 2005, the Company contracted O'Keefe Drilling of Butte, MT to conduct approximately 3,600 to 4,000 feet of reverse circulation (RC) drilling, stepping out to the north and south of the two diamond drill fences. O'Keefe was the same drilling company contracted by Vanadium International Co to drill two RC holes in November 2004.

10 RC holes were drilled at 45 degrees to the northwest at step out intervals of 210 feet from the two diamond drill fences; 3 holes to the north of the northern fence, 3 to the south of the northern fence, and three holes drilled to the north of the southern diamond drill fence. One RC hole was drilled vertically in Trench ASC50.

Results from the three RC holes stepping out south of the northern diamond drill fence were released on November 29, 2005, and which were very encouraging to the Company. (see news release dated 11/19/05)

On January 11, 2006, the Company announced further drilling results from the northern section of the Bisoni McKay property. (see news release dated January 11, 2006)

These results were from three reverse circulation holes drilled at 210 foot step outs from the diamond drill fence drilled on the northern section in September 2005. Results from these three holes were very encouraging to the Company. The Company has now drilled into the main mineralization zone at the northern end of the claim block over a strike length of approximately 1,300 feet.

On February 8, 2006, the Company announced the completion of Phase I, and that the technical report prepared by JA Mine was being updated. (see news release dated February 8, 2006). At that time the Company also announced the proposed \$1.35M USD Phase II for further exploration of the Bisoni McKay property, outlined by JA Mine. Phase II would include further core drilling and reverse circulation drilling totaling over 33,000 feet, metallurgical testing and a scoping study, focusing primarily on the north section of the property, where strong mineralization was encountered in Phase I, and also where mineralization definition was more easily assessed. In this press release the Company also announced the final results of reverse circulation drilling from the Phase I program, from holes drilled south of the northern drilling section, which were received as very acceptable. The Company has initiated plans for financing of this Phase II program.

In March 2006 the Company received an updated Technical report from JA Mine with recommendations to proceed to Phase II of the exploration of the Bisoni McKay vanadium property in Nevada. This report presented the following conclusions and recommendations in summary:

Conclusions

- (i) the results of Phase 1 add substantially to the 2004 exploration results and available historic data and documentation contained in Technical Report 2005, thus confirming that the Bisoni McKay Property is a vanadium prospect of merit on which further exploration and development is warranted, in particular, at Northern Area "A" and Southern Area "C";
- (ii) in Northern Area "A", the vanadium mineralization is stratabound and strataform within carbonaceous shale over a strike length exceeding 2,000 ft with much of the former carbonaceous shale oxidized near surface. Overall widths of oxidized and unoxidized zones have not been established but appear to range up to a combined width of 360 ft;

- (iii) in Northern Area “A” , the mineralization will probably be up to four times larger than the target of 4.0 and 6.0 million st extending to 150 and 200 ft below the surface, postulated in Technical Report 2005, and over a significantly shorter strike length. The new target can be expressed as 16 million to 24 million st with a grade ranging to 0.5%  $V_2O_5$  for the lower tonnage, and 0.2%  $V_2O_5$  for the higher tonnage, extending to  $\pm$  600 ft below surface. The potential quantities and grades within the aforesaid range are conceptual in nature since there has been insufficient exploration to define a Mineral Resource, as defined within NI 43-101, on the Bisoni McKay Property;
- (iv) in Southern Area “B”, the stratabound mineralization intersected in the Woodruff Formation ranged in thickness from 45 to 150 feet along a trend of about 1,100 ft of carbonaceous shale. At the south end of the area at Trench AS50C intersected host rocks have been structurally disrupted in a pattern that has yet to be completely understood;
- (v) the existence of a pronounced supergene blanket of vanadium enrichment at and below the redox boundary has not been verified. Most of the vanadium distribution appears to be primary-syngenetic with some minor redistribution/redeposition; and
- (vi) the trenches sampled on the area labeled Southern Area “C”, indicate the presence of at least 1,200 feet of vanadiferous strata.

Recommendations:

- (i) further surface mapping, using the Global Satellite Imagery (GSI) obtained in 2005, as a base. Surface surveying is also recommended to determine extremities of claim boundaries and lay out base and section lines in Northern Area “A” and Southern Area “C”.
- (ii) drilling 11 core holes and 45 RC holes, totalling 6,530 ft and 24,760 ft, respectively in Northern Area “A”.  
The combination of core and RC drilling in Northern Area “A” is designed to provide sufficient data for resources to be estimated in compliance with Canadian National Instrument 43-101. The infill drilling within Northern Area “A” will be carried out at approximately 105 ft ( $\pm$  32 m) centers, over approximately 2,000 ft of strike length, and provide data to  $\pm$  600 ft below surface;
- (iii) drilling five (5) RC holes at 210 ft centers ( $\pm$  65 m) as preliminary exploration over 840 ft of strike length in Southern Area “C”;
- (iv) mineralogical and metallurgical test work on samples collected from core and RC drilling in Phase I. The test work should be carried out on discrete samples from oxidized, transition and fresh rock zones; and
- (v) staking

The estimated costs for Phase II are CAD \$1.2 million and the duration is expected to be between six and nine months, subject to availability of drilling rigs.

In April 2006 the Company contracted Hazen research of Colorado for the metallurgical and leach testing of vanadium from core and reverse circulation drilling on the Bisoni McKay property in the fall of 2005. (see news release dated April 6, 2006)

Hazen carried out mineralogical characterization to determine the mode of occurrence of vanadium, followed by two sets of tests on samples from three zones: the oxidized zone (mudstone), the transition zone (mudstone to carbonaceous shale) and the unoxidized zone (carbonaceous shale).

The tests comprised of:

- (i) direct acid leaching with sulfuric acid, at two grinds and at two temperatures, for a total of 12 experiments; and
- (ii) roasting experiments, with at least four roasting conditions for samples from each zone, followed by appropriate leaching, either alkaline or acidic, i.e., a minimum of 12 roasting/leaching experiments.

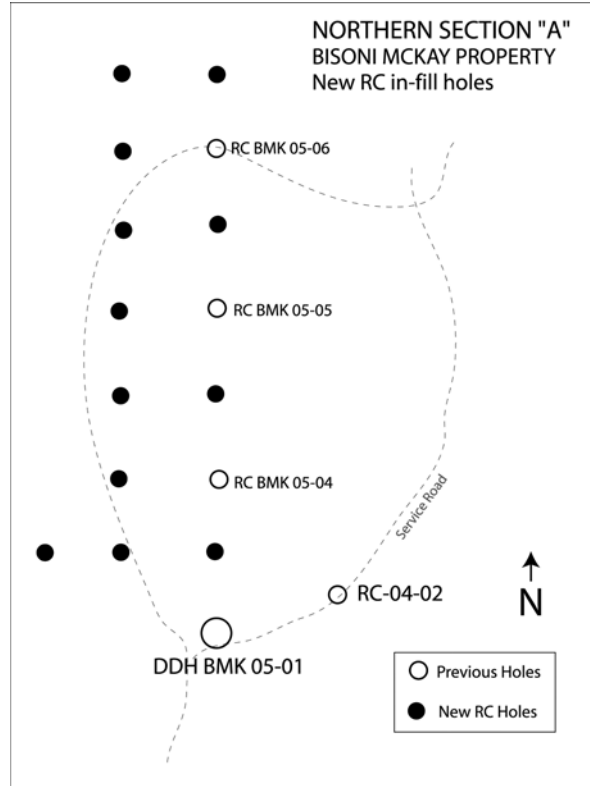
The tests were designed to define the steps and conditions needed to obtain reasonable vanadium extraction and examine the reagent consumptions in leaching and roasting, and thus develop the first stages of a process flowsheet. The cost of the testing was \$US 49,500.

#### Current Exploration – Phase II

The Company received final test results in January 2007, and a report on recovery of oxidized vanadium pentoxide using an acid pug/ leach recovery method, including some results as high as 95%. Test results on transition and carbonaceous material showed recovery as high as 70% and 75% of vanadium pentoxide using a roast/ leach recovery method. Hazen Research also recommended further metallurgical test work to continue the refinement of these processes, as well as explore other recovery options. (see news release dated February 6, 2007)

In May 2007, the Company contracted O’Keefe Drilling of Boise, ID to conduct reverse circulation (RC) drilling on Northern Section “A” of the Bisoni McKay property, with respect to target drill sites outlined in the technical report by JA Mine, revised in November 2006. A total of 12 RC holes were drilled according to schedule, for a total of 5,130 feet. (see news release dated May 23, 2007)

This drilling campaign was comprised of step-out holes at 100 foot intervals directly north for 700 feet along strike length from core hole fence DDH-05-1/2/3. Additionally, drilling was conducted parallel to the immediate west by 100 feet and north by 700 feet. The result of this campaign is a section approximately 700 feet long by 100 feet wide, with 100 foot intervals, immediately to the north of core hole fence DDH-05 and inclusive of RC holes BMK-05-04, BMK-05-05 and BMK-05-06 drilled by the Company in 2005. (see map below)



**Drilling Results**

Results of the twelve holes have been summarized in Table 1 below. The results of Hole N<sup>o</sup>. RC BMK 07-01 through RC BMK 07-12 show values for vanadium (V), vanadium pentoxide (V<sub>2</sub>O<sub>5</sub>) and contained V<sub>2</sub>O<sub>5</sub> in pounds per short ton (lb/st).  
(See news release dated June 20/07)

Table 1						
Description	Interval (feet)			V (%)	V <sub>2</sub> O <sub>5</sub> (%)	V <sub>2</sub> O <sub>5</sub> (lbs/st)
	From	To	Length			
<b>Hole N<sup>o</sup>. RC BMK 07-01</b> – declined 45°, azimuth N288°, length 220 feet.						
Siltstone, fine-grain, oxidized.	0	5	5	.165	.259	5.89
<b>Siltstone, med. grain, oxidized</b>	<b>5</b>	<b>140</b>	<b>135</b>	<b>.196</b>	<b>.351</b>	<b>7.02</b>
Siltstone/Sandstone	135	220	80	.021	.038	0.78
<b>Total hole</b>			220	.132	.236	4.71
<b>Hole N<sup>o</sup>. RC BMK 07-02</b> – declined 45°, azimuth N288°, length 320 feet.						
Siltstone, oxidized	0	45	45	.149	.266	5.33
<b>Siltstone/Carbonaceous Shale</b>	<b>45</b>	<b>245</b>	<b>200</b>	<b>.188</b>	<b>.336</b>	<b>6.72</b>
Carbonaceous shale	245	320	75	.054	.097	1.93
<b>Total hole</b>			320	.149	.270	5.40

<b>Hole N<sup>o</sup>. RC BMK 07-03 – declined 45°, azimuth 288°, length 450 feet.</b>						
Siltstone, gray-tan, oxidized	0	35	35	.111	.197	3.95
<b>Siltstone/Carbonaceous Shale</b>	<b>35</b>	<b>385</b>	<b>350</b>	<b>.262</b>	<b>.468</b>	<b>9.36</b>
<b>Including Carb. Shale</b>	<b>55</b>	<b>295</b>	<b>240</b>	<b>.288</b>	<b>.515</b>	<b>10.29</b>
Carbonaceous Shale	385	450	65	.177	.315	6.31
<b>Total hole</b>			450	.238	.425	8.50
<b>Hole N<sup>o</sup>. RC BMK 07-04 – declined 45°, azimuth N288°, length 400 feet.</b>						
Siltstone, tan-gray, fine-grain, oxidized.	0	135	135	.045	.080	1.61
<b>Siltstone/Shale, white-gray-black, silicified,</b>	<b>135</b>	<b>355</b>	<b>220</b>	<b>.222</b>	<b>.396</b>	<b>7.91</b>
<b>Including Carb. shale</b>	<b>270</b>	<b>355</b>	<b>85</b>	<b>.269</b>	<b>.497</b>	<b>9.59</b>
Shale, carbonaceous, pyritic.	355	400	45	.123	.220	4.39
<b>Total hole</b>			400	.151	.269	5.39
<b>Hole N<sup>o</sup>. RC BMK 07-05 – declined 65°, azimuth N288°, length 320 feet.</b>						
Siltstone, tan, oxidized	0	55	55	.103	.184	3.67
Siltstone, tan-gray, oxidized	55	225	170	.243	.435	8.69
<b>Including Siltstone, finegrain</b>	<b>105</b>	<b>225</b>	<b>120</b>	<b>.262</b>	<b>.468</b>	<b>9.36</b>
Carbonaceous shale	225	320	65	.089	.159	3.19
<b>Total hole</b>			320	.174	.310	6.19
<b>Hole N<sup>o</sup>. RC BMK 07-06 – declined 90°, azimuth N288°, length 625 feet.</b>						
Siltstone/Sandstone, oxidized	0	195	195	.041	.073	1.47
<b>Carbonaceous shale</b>	<b>195</b>	<b>465</b>	<b>270</b>	<b>.211</b>	<b>.380</b>	<b>7.52</b>
<b>Including</b>	<b>260</b>	<b>355</b>	<b>95</b>	<b>.239</b>	<b>.430</b>	<b>8.52</b>
<b>Including</b>	<b>395</b>	<b>460</b>	<b>65</b>	<b>.304</b>	<b>.540</b>	<b>10.86</b>
Carbonaceous shale	465	625	160	.063	.119	2.24
<b>Total hole</b>			625	.121	.216	4.32
<b>Hole N<sup>o</sup>. RC BMK 07-07 – declined 90°, azimuth N288°, length 645 feet.</b>						
Siltstone, yellow-gray, oxidized	0	145	145	.030	.053	1.06
<b>Siltstone/Carbonaceous Shale</b>	<b>145</b>	<b>380</b>	<b>235</b>	<b>.214</b>	<b>.382</b>	<b>7.63</b>
<b>Including</b>	<b>240</b>	<b>280</b>	<b>40</b>	<b>.251</b>	<b>.447</b>	<b>8.95</b>
<b>Including</b>	<b>325</b>	<b>380</b>	<b>55</b>	<b>.265</b>	<b>.474</b>	<b>9.48</b>
Carbonaceous shale	380	645	265	.028	.050	1.01
<b>Total hole</b>			645	.096	.172	3.43
<b>Hole N<sup>o</sup>. RC BMK 07-08 – declined 45°, azimuth N288°, length 400 feet.</b>						
Siltstone, fine-grain, oxidized	0	110	110	.072	.129	2.58
<b>Siltstone/Carbonaceous shale</b>	<b>110</b>	<b>365</b>	<b>255</b>	<b>.263</b>	<b>.470</b>	<b>9.39</b>
<b>Including, siltstone</b>	<b>125</b>	<b>175</b>	<b>50</b>	<b>.320</b>	<b>.572</b>	<b>11.44</b>
<b>Including, carb. shale</b>	<b>245</b>	<b>355</b>	<b>110</b>	<b>.283</b>	<b>.505</b>	<b>10.10</b>
Carbonaceous shale	365	400	35	.081	.145	2.90
<b>Total hole</b>			400	.195	.348	6.95

<b>Hole N<sup>o</sup>. RC BMK 07-09</b> – declined 45°, azimuth N288°, length 480 feet.						
Siltstone, med. grain, oxidized	0	160	160	.083	.149	2.98
<b>Siltstone/Carbonaceous shale</b>	<b>160</b>	<b>330</b>	<b>170</b>	<b>.437</b>	<b>.437</b>	<b>8.74</b>
<b>Including</b>	<b>205</b>	<b>330</b>	<b>95</b>	<b>.455</b>	<b>.455</b>	<b>9.09</b>
Carbonaceous Shale	330	480	150	.055	.099	1.98
<b>Total hole</b>			480	.132	.235	4.71
<b>Hole N<sup>o</sup>. RC BMK 07-10</b> – declined 45°, azimuth N288°, length 300 feet.						
Siltstone, tan, oxidized	0	100	100	.094	.168	3.35
<b>Siltstone/Carbonaceous shale</b>	<b>100</b>	<b>300</b>	<b>200</b>	<b>.318</b>	<b>.567</b>	<b>11.34</b>
<b>Including</b>	<b>200</b>	<b>295</b>	<b>95</b>	<b>.362</b>	<b>.647</b>	<b>12.93</b>
<b>Total hole</b>	<b>295</b>	<b>300</b>	<b>300</b>	<b>.243</b>	<b>.434</b>	<b>8.68</b>
<b>Hole N<sup>o</sup>. RC BMK 07-11</b> – declined 65°, azimuth N288°, length 480 feet						
Siltstone, tan, oxidized	0	130	130	.043	0.077	1.54
<b>Siltstone/Carb. shale</b>	<b>130</b>	<b>345</b>	<b>215</b>	<b>.266</b>	<b>.475</b>	<b>9.51</b>
<b>Including</b>	<b>170</b>	<b>240</b>	<b>70</b>	<b>.358</b>	<b>.639</b>	<b>12.77</b>
Carbonaceous shale	345	480	135	.149	.265	5.31
<b>Total Hole</b>			480	.173	.308	6.17
<b>Hole N<sup>o</sup>. RC BMK 07-12</b> – declined 45°, azimuth N288°, length 300 feet.						
Siltstone, tan, oxidized	0	5	5	.129	.230	4.61
<b>Siltstone, tan, fine grain, oxidized</b>	<b>5</b>	<b>210</b>	<b>205</b>	<b>.207</b>	<b>.370</b>	<b>7.40</b>
<b>Including</b>	<b>70</b>	<b>100</b>	<b>30</b>	<b>.291</b>	<b>.519</b>	<b>10.37</b>
<b>Including</b>	<b>175</b>	<b>210</b>	<b>135</b>	<b>.258</b>	<b>.402</b>	<b>8.05</b>
Carbonaceous shale	210	300	90	.034	.061	1.22
<b>Total hole</b>		300		.028	.050	1.00

In the fall of 2007 the Company contracted Edward Ullmer, P. Geo, to produce an updated geological technical report based on the report presented to Stina by JA Mine in 2005, and updated in 2006. The report includes exploration developments since that time, as well as updated recommendations. The report also includes a resource estimate on a sub-section of Northern Section “A” which extends 700 feet long by 100 feet wide, directly north of BMK DDH – 2005, and with 100 foot interval RC drilling. The Company contracted Maptex Co. of Lakewood, CO to conduct the resource estimate.

The updated Technical Report (February 2008), which also contains the updated Resource Report is also available on the Company website at [www.stinaresources.com](http://www.stinaresources.com).

The Company regrettably announces that engineer John James of JA Mine Co. passed away in August of 2007. John had significant impact in the development of the Bisoni McKay property and will be dearly missed. Geologist Ed Ullmer, who worked under John James, including on the Bisoni McKay property in 2006, has replaced him as the company “qualified person” and has assumed the role as geological consultant at this time.

In the fall of 2007, director Robert Cuffney resigned from the board. A replacement has not yet been announced and the Company thanks Mr. Cuffney for his involvement with Stina.

In February 2008 the Company received a finalized geological technical report from Ed Ullmer, P. Geo, which updated all geological aspects of the property with respect to the previous report issued by John James, P.Eng in 2005 (later revised in 2006). This report has adjusted the total costs of completing Phase II on the Bisoni McKay vanadium property downwards from CAD \$1.5M to CAD \$1.2M, mainly as a result of foreign exchange changes between the Canadian and US dollar. Additionally, the report included a resources estimate, the first ever conducted on the Bisoni McKay property, and which was conducted by Maptek of Lakewood, CO. (*see news release dated 2/27/08*)

The NI 43-101-compliant mineral resource study, completed in November, 2007, by Maptek using the Vulcan program, determined **indicated resources in the north half of Area A totaling 8.07 million short tons averaging 0.43 per cent V<sub>2</sub>O<sub>5</sub> at the 0.3 per cent grade cut-off zone and 10.6 million short tons averaging 0.39 per cent V<sub>2</sub>O<sub>5</sub> at the 0.2 per cent cut-off.**

The indicated resources calculations table separates reduced and oxide mineralization. About 130 feet to 150 feet of oxidized shale overlies the carbonaceous mineralization, the result of deep weathering of the carbonaceous-shale host rock. The transition from oxidized to reduced zone is typically abrupt, and in some holes there is supergene vanadium enrichment of vanadium from five feet to 35 feet below the redox horizon with grades that can be 50 per cent to 150 per cent higher than grades in the reduced shale below.

Because of geological evidence and good grade and mineralization continuity in Area A-North, an inferred resource estimate was calculated Area A-South using data from three 2005 RC holes, BMK 05-1, 2 and 3 at intervals slightly more than 200 feet apart. The results are presented in the attached inferred resources calculations table. Also included is a small increment of inferred resources on the north half of Area A.

The detailed drilling on the north half of Area A reveals a thick section of vanadiferous carbonaceous shale capped with mineralized weathered, oxidized shale. Vanadium-bearing rock begins essentially on or within a few feet of the surface and continues down-dip below 450 feet, the current depth limit of drilling into vanadium-bearing strata. From Area A-North, the vanadium trend continues south over 6,000 feet to Area B. The character of the mineralization in Area B appears similar to that drilled in Area A, but parts of the trend appear to have been narrowed and thinned by faulting, especially between Area A and Area B. Evidence that the vanadiferous trend continues south of Area B comes from two historic borings and trenching by Hecla Mining Company. The southernmost area of the projected strike of the vanadiferous trend in Area C and beyond is still unexplored by Stina.

Hazen's vanadium extraction tests from oxide and reduced ore successfully recovered 74 per cent vanadium from carbonaceous shale and 90 per cent from the oxide zone rocks. The recovery procedures will be further optimized in future tests.

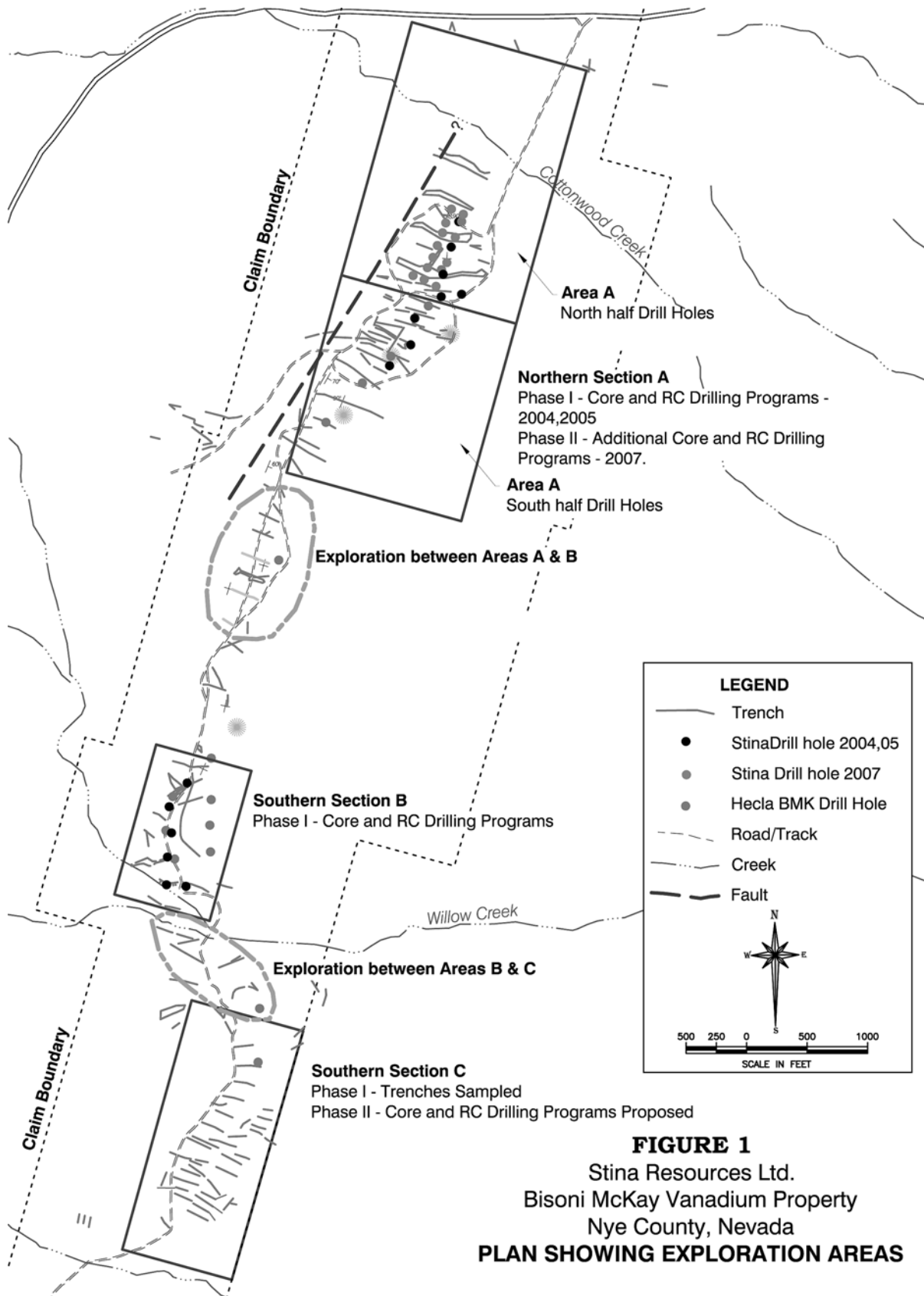
**Indicated Resource Calculations for Area A-North**

Lithology	Idlf	Distance to Measured Samples	0.1% V <sub>2</sub> O <sub>5</sub> Cutoff Tonnage	0.2% V <sub>2</sub> O <sub>5</sub> Cutoff Tonnage	0.3% V <sub>2</sub> O <sub>5</sub> Cutoff Tonnage	Average grade for 0.1% V <sub>2</sub> O <sub>5</sub> Cutoff	Average grade for 0.2% V <sub>2</sub> O <sub>5</sub> Cutoff	Average grade for 0.3% V <sub>2</sub> O <sub>5</sub> Cutoff
Oxide Total	Indicated	0-200 ft	5,386,090	4,617,674	3,546,154	0.33	0.36	0.39
Reduced Total	Indicated	0-200 ft	8,069,182	6,009,170	4,527,690	0.35	0.42	0.47
<b>Grand Total</b>			<b>13,455,272</b>	<b>10,626,844</b>	<b>8,073,844</b>	<b>0.34</b>	<b>0.39</b>	<b>0.43</b>

**Table 17: Inferred Resource Calculations for Area A-South and North**

Lithology	Idlf	Distance to Measured Samples	0.1% V <sub>2</sub> O <sub>5</sub> Cutoff Tonnage	0.2% V <sub>2</sub> O <sub>5</sub> Cutoff Tonnage	0.3% V <sub>2</sub> O <sub>5</sub> Cutoff Tonnage	Average grade for 0.1% V <sub>2</sub> O <sub>5</sub> Cutoff	Average grade for 0.2% V <sub>2</sub> O <sub>5</sub> Cutoff	Average grade for 0.3% V <sub>2</sub> O <sub>5</sub> Cutoff
<b>South Half</b>								
Oxide	Inferred	All	3,363,818	2,227,622	1,257,334	0.26	0.32	0.37
Reduced	Inferred	All	4,851,884	4,260,328	3,486,880	0.44	0.47	0.52
<b>Total</b>			<b>8,215,702</b>	<b>6,487,950</b>	<b>4,744,214</b>			<b>0.48</b>
<b>North Half</b>								
Oxide & Reduced	Inferred	200+	1,064,786	893,328	746,142	0.34	0.39	0.45
<b>Grand Total</b>			<b>9,280,488</b>	<b>7,381,278</b>	<b>5,490,356</b>	<b>0.36</b>	<b>0.42</b>	<b>0.48</b>

Following is a summary map of all drilling to date on the Bioni McKay property.



The Report outlined a number of updated Interpretations and Conclusions, and Recommendations. (see *Technical Report dated February 20, 2008 on Company's website*)

The Company's focus for immediate development is on Northern Section "A."  
*Recommendations on this section is as follows:*

The ultimate aim of the Phase II program is to develop a resource inventory over a significant part of the vanadiferous trend to the point of justifying a preliminary assessment report. Further exploration and appraisal tasks in Area A will explore for extensions of vanadium mineralization east, west, north and south of the known trend and block out additional resources. The drilling program should include up to 13 core holes (DDH) and up to 36 RC holes, totaling 6,530 feet and 20,000 feet, respectively, in and around Area A. See Figure 24 for general locations of additional drilling and exploration adjacent to the 2007/2005 drilling programs in Area A.

Surface mapping coupled with core holes and RC drilling will evaluate the ends and east and west sides of the Area A mineralization trend for additional vanadium resources. Also infill drilling where necessary will strive to resolve unexplained structural anomalies found during the 2005-2007 drilling and to tighten up evaluation of the Area A-South to upgrade the resources category to "indicated". The following summarizes the work planned to enlarge and better appraise the Area A resource base. See the "Interpretation and Conclusions" section for explanations of some of these recommended activities and Figure 24 for areas identified for drilling and other exploration. Supplemental diamond drill core holes will be sited in critical locations to better define lithologic elements. The prelude to drilling will include surface field mapping and surface examinations to better determine relevant drill sites and to gain more understanding of the surrounding structure. Additionally, professional photogeologic mapping of Area A and the entire BMK property and surrounding vicinity is an excellent and inexpensive method to provide a base of geologic information and understanding to be followed up by ground mapping

- Establish the down-dip extension (eastward) of the vanadiferous beds beyond the present drill hole locations: The work will block out inferred or indicated resources down to a minimum of 600 feet. See Figure 24 – A1 for the location of designated area. If the stratigraphy cooperates, this drilling will also measure the depth from the top of the mineralization to the top of the Woodruff Formation. This stratigraphic information will be valuable when exploring for deep mineralization that may also lie under younger strata west of the fault (see bullet below and Figure 24 – A4).
- Explore and map the vanadiferous shale trend under sedimentary cover north of the limit of current drilling: Block out inferred or indicated resources as much as financially feasible for resources. If an offset has shifted the mineralized unit, conduct a minimum of drilling to determine where it ended up for future reference. See Figure 24 – A2 for location.
- Block out resources along the east side of the fault: On the west side of Area A-North, drill to resolve the fold pattern of the vanadium-bearing beds and the fault disruption of beds along the east margin of the fault zone. See Figure 24 – A3 for location.
- Angle drill holes eastward on the west side of the west fault to cross the fault zone and penetrate the Woodruff lithology: Also, if the stratigraphy is favorable, one or two vertical hole(s) should advance down to locate the possible down-faulted Woodruff Formation. This will determine if vanadiferous beds are present within feasible mining depths. See Figure 24 – A4 for location.
- Extend the mineralized trend south of the current limits of drilling: Drill a series of holes to evaluate the mineralized trend intersected by Hecla holes 14 and 15 located south of the limits of the Area A-South resource block limit. See Figure 24 – A5 for location.

- Sufficient infill drilling to intersect a complete thickness and attitude confirmation of the vanadiferous unit between DDH BMK 05-03 and RC BMK 05-03 in Area A- South. (Figure 24-A6). Drilling to east between the 2005 holes and the Devils Gate Limestone outcrop; the holes to the east (down dip) will evaluate the grade tenor and depth for a potential resource assessment.
- In the 2007 drill pattern, borings should confirm or better characterize the apparent dip changes observed in hole pairs RC BMK 07-04 and 06 and RC BMK 07-07 and 08 (see sections Figures 18 and 20 and Figure 24-A7).

The Company also exhibited at the PDAC (Prospectors and Developers Association of Canada) Trade Show in Toronto in March 2008 and, in addition to developing its vanadium property, is also exploring other new exploration opportunities, most notably the examination of several gold property opportunities.

The Company is currently arranging further financing for completion of Phase II on the Bisoni McKay property, as well as for working capital.

#### **Exploration Events During the Quarter Period**

No exploration has occurred during the quarter period ending June 30, 2008

#### **4. SUBSEQUENT EVENTS**

The Company continues discussions with several parties with respect to the financing of Phase II of the Bisoni McKay property.

As of the date of this report, no other third party agreements have been entered into by the Company.

## 5. OTHER

### Controls over disclosure and financial reporting

Under multi-lateral instrument 52-109 management is now required to certify that they have caused the company to design suitable controls over external disclosure and financial reporting. Management must also undertake reviews of the effectiveness of such controls and discuss areas of significant weakness and the associated risks as well as their plans to address them.

The company has not had sufficient financial resources to maintain dedicated internal financial reporting and qualified professional accounting personnel. Accordingly, financial reporting controls and internal transaction controls are designed and provided primarily by management with limited involvement from external consultants and professionals. This approach has been determined by management to be the most cost effective to date. However, controls may not be as strong as other entities with access to greater resources.

Management and the audit committee have identified areas that need to be improved as the company expands its scope of operations and strives to meet current market and regulatory expectations relating to the effectiveness of controls.

Identified areas of control weaknesses to be addressed include:

- Payment authorization and signing authorities
- Timely bookkeeping and account classifications and reconciliations
- Supplementing ongoing expertise in GAAP and disclosure requirements
- Segregation of duties
- Management override of controls
- Governance processes and clarification of duties.

When control weaknesses are identified there is increased risk of release of inappropriate disclosures. There is also increased risk of misstatement in financial reporting through errors, omissions or fraudulent activity that could occur and go undetected. Management and the directors of the company have started addressing the need for increased control measures. Included in these steps were the following:

1. Regular periodic review of all cash transactions by an audit committee director with management, with required written approval.
2. Required written approval for non-routine large transactions by an audit committee director.
3. Engagement of an independent third party accountant to review interim quarterly statements with Company management, check for bookkeeping and classification errors, and proper disclosure.

The Company intends to direct additional resources to improving the identified deficiencies and overall control environment and governance processes within the company.

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*This management discussion may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.*