

**STINA RESOURCES LTD.**  
**Consolidated Financial Statements**  
**Years ended September 30, 2014 and 2013**  
**Expressed in Canadian Dollars**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stina Resources Ltd.,

We have audited the accompanying consolidated financial statements of Stina Resources Ltd., which comprise the consolidated statements of financial position as at September 30, 2014 and September 30, 2013, the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years ended September 30, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Stina Resources Ltd. as at September 30, 2014 and September 30, 2013, and its financial performance and its cash flows for the years ended September 30, 2014 and September 30, 2013 in accordance with International Financial Reporting Standards.

### ***Emphasis of matter***

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

January 29, 2015  
Vancouver, Canada

A handwritten signature in black ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED ACCOUNTANTS

**STINA RESOURCES LTD.**Consolidated Statements of Financial Position  
Expressed in Canadian dollars

	Notes	September 30, 2014	September 30, 2013
<b>ASSETS</b>			
Current assets			
Cash		\$ 4,210	\$ 21,348
Short term investments	4	-	82,500
Receivables	5	366	2,336
Prepays		13,600	18,347
		18,176	124,531
Non-current assets			
Reclamation bond	7	21,768	21,768
Equipment	6	2,474	3,170
Exploration and evaluation assets	7	1,769,818	5,684,096
		\$ 1,812,236	\$ 5,833,565
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities			
Trade payables and accrued liabilities	8	\$ 97,164	\$ 30,042
Restoration obligation	7	21,768	21,768
Due to related parties	11	142,356	48,356
		261,288	100,166
Shareholders' equity			
Share capital	9	12,138,597	12,030,598
Reserves	10	2,153,716	2,129,716
Deficit		(12,741,365)	(8,426,915)
		1,550,948	5,733,399
		\$ 1,812,236	\$ 5,833,565

**Nature and continuance of operations (Note 1)****Commitments (Note 7)****Subsequent event (Note 14)**

"Jim Wall" Director  
Jim Wall

"James Corrigan"  
James Corrigan

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

**STINA RESOURCES LTD.**Consolidated Statements of Comprehensive Loss  
Expressed in Canadian dollars

		Years ended September 30,	
	Notes	2014	2013
<b>Expenses</b>			
Accounting, audit and legal		\$ 50,496	\$ 61,755
Depreciation		696	893
Consulting fees	11	74,200	78,800
Exchange loss		899	689
Office and sundry		31,199	39,832
Regulatory fees and shareholder communications		8,301	5,949
Rent		13,000	11,000
Salaries and benefits	11	106,583	128,736
Transfer agent		9,657	8,968
Travel and promotion		3,362	16,720
<b>Total expenses</b>		<b>(298,393)</b>	<b>(353,342)</b>
<b>Other items</b>			
Interest expense		(257)	(280)
Recovery of expenses		-	22,519
Impairment of exploration and evaluation assets	7	(4,015,942)	(18,998)
Interest income		141	2,580
		<b>(4,016,058)</b>	<b>5,821</b>
<b>Net loss for the year</b>		<b>(4,314,451)</b>	<b>(347,521)</b>
<b>Total loss and comprehensive loss for the year</b>		<b>(4,314,451)</b>	<b>(347,521)</b>
Weighted average number of common shares			
outstanding (basic and diluted)		29,521,883	28,876,540
Basic and diluted net loss per share		\$ (0.15)	\$ (0.01)

**STINA RESOURCES LTD.**Consolidated Statements of Changes in Shareholders' Equity  
Expressed in Canadian Dollars

		Share Capital		Reserves		
	Notes	Number of Common shares	Amount	Warrant and Stock Option Reserve	Deficit	Total
<b>Balance Forward at September 30, 2012</b>		<b>28,737,499</b>	<b>\$ 11,985,598</b>	<b>\$ 2,129,716</b>	<b>\$ (8,079,394)</b>	<b>\$ 6,035,920</b>
Net Loss and comprehensive loss for the period ended September 30, 2013					(347,521)	(347,521)
Shares issued on exploration and evaluation asset		500,000	45,000	-	-	45,000
<b>Balance at September 30, 2013</b>		<b>29,237,499</b>	<b>12,030,598</b>	<b>2,129,716</b>	<b>(8,426,915)</b>	<b>5,733,399</b>
Net Loss and comprehensive Loss for the year ended September 30, 2014					(4,314,451)	(4,314,451)
Shares for Private Placement	9	400,000	100,000	-	-	100,000
Allocate fair value of warrants	9		(24,000)	24,000	-	-
Shares issued on exploration and evaluation assets	7,9	400,000	32,000	-	-	32,000
<b>Balance at September 30, 2014</b>		<b>30,037,499</b>	<b>\$ 12,138,598</b>	<b>\$ 2,153,716</b>	<b>\$ (12,741,366)</b>	<b>\$ 1,550,948</b>

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

**STINA RESOURCES LTD.**  
Consolidated Statements of Cash Flows  
Expressed in Canadian Dollars

	Years ended September 30,	
	2014	2013
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (4,314,452)	\$ (347,521)
Adjustments to reconcile loss to net cash used in operations:		
Amortization	697	893
Interest income	(141)	(2,580)
Impairment of exploration and evaluation assets	4,015,942	18,998
Expenses recovered	-	22,519
Changes in non-cash working capital items:		
Receivables	1,970	28,451
Prepays	4,747	(12,995)
Trade payables and accrued liabilities	67,123	(115,479)
<b>Net cash used in operating activities</b>	<b>(224,115)</b>	<b>(407,714)</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Short-term investments redeemed	82,500	342,500
Interest received	141	2,580
Evaluation and exploration assets	(69,664)	(134,000)
<b>Net cash provided by investing activities</b>	<b>12,977</b>	<b>211,080</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	100,000	-
Advances from related parties	94,000	-
<b>Net cash provided by financing activities</b>	<b>194,000</b>	<b>-</b>
<b>Increase in cash</b>	<b>(17,138)</b>	<b>(196,634)</b>
<b>Cash, beginning of the year</b>	<b>21,348</b>	<b>217,982</b>
<b>Cash, end of the year</b>	<b>\$ 4,210</b>	<b>\$ 21,348</b>
Supplemental disclosure of cash flow information:		
Shares issued for exploration and evaluation assets	\$ 32,000	\$ 45,000
Exploration and evaluation expenditures included in accounts payable	\$ 26,370	\$ -

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

## 1. Nature and continuance of operations

Stina Resources Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia, Canada, and its principal activity is the exploration of its mineral properties in Canada and the United States. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "SQA".

The corporate office and principal place of business of the Company is Suite 10 – 8331 River Road, Richmond, British Columbia, Canada, V6X 1Y1.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2014, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares. These uncertainties may cast substantial doubt about the Company's ability to continue as a going concern.

## 2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on January 28, 2015 by the directors of the Company.

### ***Statement of compliance***

The consolidated financial statements of the Company have been prepared in accordance with the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

### ***Basis of preparation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

### ***Consolidation***

These consolidated financial statements include the accounts and operations of the Company and the Company's wholly-owned subsidiary, Stina Resources Nevada Ltd., since its inception on December 14, 2009. Stina Resources Nevada Ltd. was incorporated in the United States of America.

All intercompany balances and transactions were eliminated upon consolidation.

### ***Significant accounting judgments, estimates and assumptions***

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

## 2. Significant accounting policies and basis of preparation (cont'd)

### ***Significant accounting judgments, estimates and assumptions (cont'd)***

Significant Judgments and estimates made in the preparation of the financial statements:

Going concern assessment: The preparation of these financial statements under the going concern assumption requires significant judgment in assessing that future loans or equity financing are likely to be available in order to meet obligations coming due. The going concern assumption implies that the Company is expected to continue operations for at least the ensuing 12 month period. Alternatively, if the going concern assumption was not appropriate then assets of the Company would be stated at liquidation values which could result in a material change to asset values.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Areas requiring a significant degree of estimation uncertainty relate to:

Impairment of exploration and evaluation assets: The future recoverability of exploration and evaluation assets is dependent on a number of factors, including whether the Company intends to exploit the related mineral interest itself or whether it can successfully recover the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include commodity prices, the amount of estimated reserves and resources, the number of interested purchasers, future technological changes which could impact the cost of mining or future legal changes (including changes to environmental restoration obligations). To the extent that the capitalized exploration and evaluation asset is determined not to be recoverable in the future, the net asset will be reduced in the period in which this determination is made.

Stock based compensation: Upon granting stock options, management must select a valuation model as well as subjective inputs to that model in estimating the fair value of the options. Judgements are made regarding employee retention, expected exercise periods, and future stock volatility in estimating the fair value. Changes made to these judgements and estimates could materially affect the reported amount of stock based compensation in the period.

### ***Foreign currency translation***

The functional currency of the Company and its subsidiary is determined by the currency of the primary economic environment in which the entity operates. The financial statements are presented in Canadian dollars which is both the Company's and its subsidiary's functional currency. The Company presently conducts the majority of its activities in Canada.

### **Transactions and balances:**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of loss and comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.



## 2. Significant accounting policies and basis of preparation (cont'd)

### ***Share-based payments***

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### ***Share capital and share units***

Common shares and share units issued are classified as equity. Incremental costs directly attributable to the issue of common shares and units are recognized as a deduction from equity, net of any tax effect.

Proceeds received on the issuance of units, consisting of common shares and share purchase warrants are allocated between the common share and warrant component. Historically the fair value of the common shares issued in unit private placements has determined to be the more reliably measurable component and has been measured at its fair value, as determined by the closing bid price on the issuance date. The remaining proceeds, if any, would be allocated to the attached warrants. Any value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in warrant reserve.

### ***Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

## 2. Significant accounting policies and basis of preparation (cont'd)

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

### ***Impairment of assets***

The carrying amount of the Company's non-current assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Statement Comprehensive Loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

### ***Deferred income tax***

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## 2. Significant accounting policies and basis of preparation (cont'd)

### ***Flow-Through Shares***

Share capital includes flow-through shares which is a unique Canadian tax incentive pursuant to certain provisions of the Canadian Income Tax Act. Proceeds from the issuance of flow-through shares are used to fund qualified exploration and evaluation expenditures and the related income tax deductions are renounced to the subscribers of the flow-through shares. Any premium paid for flow-through shares in excess of the market value of the shares without flow-through features, at the time of issue, is credited to accrued liabilities. Upon completion of the qualifying expenditures and renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

### ***Exploration and Evaluation Assets***

The Company is in the exploration stage in respect to its exploration and evaluation assets.

Pre-exploration costs are expensed in the year in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such amounts unpaid are not recorded as a liability when they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to the Statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment at each reporting date.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine development cost". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in the Statement of loss and comprehensive loss.

Mineral exploration and evaluation expenditures are classified as intangible assets.

## 2. Significant accounting policies and basis of preparation (cont'd)

### ***Restoration and environmental obligations***

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

### ***Equipment***

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period.

Depreciation is calculated on the declining balance basis at the following annual rates:

Computer equipment	30%
Office equipment	25%

One-half the normal rate is recorded in the year of acquisition.

## 3. New accounting pronouncements

Certain new accounting standards and interpretations have been adopted by the Company as of the beginning of the current fiscal period. The adoption of the following standards during the year did not have a material impact on the Company's financial statements.

**IFRS 10 Consolidated Financial Statements** - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies

### 3. New accounting pronouncements (cont'd)

of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

**IFRS 11 Joint Arrangements** - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers.

**IFRS 12 Disclosure of Interests in Other Entities** - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

**IFRS 13 Fair Value Measurement** - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

**IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine** - The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

**IAS 27 Separate Financial Statements** - IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements.

**IAS 28 Investments in Associates and Joint Ventures** - IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

**Amendments to other standards** - In addition, there have been other amendments to existing standards. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

**IFRS 9 Financial Instruments** – IFRS 9 is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. This new standard is effective for annual periods beginning on or after January 1, 2015.

**IAS 32 Financial Instruments: Presentation** - IAS 32 amendment provides clarification on the application of offsetting rules. The standard will be effective for annual periods beginning on or after January 1, 2014.

**4. Short term investments**

	September 30, 2014	September 30, 2013
Short-term investments	\$ -	\$ 82,500

Short-term investments include money market based investments and guaranteed investment certificates where initial maturity is more than ninety days. These investments may be redeemed at the Company's option without significant penalty. The carrying value approximates the fair value of these investments.

**5. Receivables**

	September 30, 2014	September 30, 2013
Goods and Services and harmonized sales tax receivables	\$ 366	\$ 2,336

**6. Equipment**

	Computer Equipment	Office Equipment	Total
<b>Cost:</b>			
At September 30, 2012, 2013, and September 30, 2014	\$ 765	\$ 4,758	\$ 5,523
<b>Depreciation:</b>			
At September 30, 2012	205	1,255	1,460
Charge for the year	105	788	893
At September 30, 2013	310	2,043	2,353
Charge for the year	85	611	696
At September 30, 2014	395	2,654	3,049
<b>Net book value:</b>			
At September 30, 2013	455	2,715	3,170
At September 30, 2014	\$ 370	\$ 2,104	\$ 2,474

## 7. Exploration and Evaluation Assets

	<u>Year ended September 30, 2014</u>	<u>Year ended September 30, 2013</u>
Bisoni McKay Vanadium Property, Nevada, USA		
Acquisition costs:		
Balance, beginning of year	\$ 897,722	\$ 897,722
Staking and claim costs	-	-
Balance, end of year	<u>897,722</u>	<u>897,722</u>
Exploration expenditures:		
Balance, beginning of year	825,972	812,548
Geological consulting	2,542	2,726
Claim fees and staking	6,128	5,573
Storage	5,453	5,125
Balance, end of year	<u>840,095</u>	<u>825,972</u>
Total Bisoni McKay Vanadium Property	<u>\$ 1,737,817</u>	<u>\$ 1,723,694</u>
Kodiak Property, Yukon, Canada		
Acquisition costs:		
Balance, beginning of year	\$ 647,175	\$ 582,175
Cash payment	-	37,500
250,000 shares at \$0.11	-	27,500
Balance, end of year	<u>647,175</u>	<u>647,175</u>
Exploration expenditures:		
Balance, beginning of year	379,537	379,337
Geological consulting	-	200
Balance, end of year	<u>379,537</u>	<u>379,537</u>
Impairment	<u>(1,026,712)</u>	-
Total Kodiak Property	<u>\$ -</u>	<u>\$ 1,026,712</u>

(continues)

STINA RESOURCES LTD.  
Notes to the Consolidated Financial Statements  
(Expressed in Canadian dollars)  
For the years ended September 30, 2014 and 2013

	<u>September 30,</u> <u>2014</u>	<u>September 30,</u> <u>2013</u>
Dime Property, Yukon, Canada		
Acquisition costs:		
Balance, beginning of year	\$ 827,150	\$ 759,650
Cash payment	-	50,000
250,000 shares at \$0.07	-	17,500
300,000 shares at \$0.19	-	-
Balance, end of year	<u>827,150</u>	<u>827,150</u>
Exploration expenditures:		
Balance, beginning of year	2,106,539	2,092,660
Assaying	-	13,879
Geological consulting	8,451	-
Geomagnetic	26,678	-
Helicopter rentals	10,793	-
Camp expense	9,619	-
Balance, end of year	<u>2,162,080</u>	<u>2,106,539</u>
Impairment	<u>(2,989,230)</u>	<u>-</u>
Total Dime Property	<u>\$ -</u>	<u>\$ 2,933,689</u>
KC Property, British Columbia, Canada		
Acquisition costs:		
Balance, beginning of year	\$ -	\$ -
400,000 shares at \$0.08	32,000	-
Balance, end of year	<u>\$ 32,000</u>	<u>\$ -</u>
Bandit Creek Property, British Columbia, Canada		
Acquisition costs:		
Balance, beginning of year	\$ 1	\$ 1
Balance, end of year	<u>1</u>	<u>1</u>
Exploration expenditures:		
Balance, beginning of year	-	17,294
Drilling	-	(4,466)
Geological consulting	-	6,170
Balance, end of year	<u>-</u>	<u>18,998</u>
Impairment	<u>-</u>	<u>(18,998)</u>
Total Bandit Creek Property	<u>\$ 1</u>	<u>\$ 1</u>
<b>Total Exploration and Evaluation Assets</b>	<b><u>\$ 1,769,818</u></b>	<b><u>\$ 5,684,096</u></b>



## 7. Exploration and Evaluation Assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

### a) **Bisoni MacKay Property, Nevada**

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

The Company earned its 50% interest, by making a series of cash payments totaling \$250,000 (\$175,000 of which was settled for 175,000 shares), issuing 1,250,000 shares to Vanadium, as well as funding \$700,000 of exploration activities.

During 2008, the Company exercised a purchase option, included in the original property option agreement, to acquire the remaining 50% interest in the mining 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 with a fair value of \$0.7982 per share.

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

During 2008, the Company posted a reclamation bond with the Nevada state government should the Company not complete any required site reclamation or environmental remediation. Effective October 1, 2008, the Company recorded an asset retirement obligation of \$21,768 relating to the Company's activities on the property. The site reclamation is expected to occur at the end of the Phase II drill program.

Managements' review for indications of impairment in fiscal 2012 primarily considered that the acquisition costs of this property appeared non-recoverable in the current market. The acquisition costs were primarily based on 3,245,000 common shares that were issued at an average price of \$0.78 per share. During fiscal 2012, the Company recorded an impairment charge of \$1,962,257 to decrease the carrying value of the property based on market indicators.

### b) **Kodiak Property, Yukon**

On June 18, 2009, the Company entered into an option agreement with Ryanwood Exploration Inc. ("REI") pursuant to which REI has agreed to grant the Company an option to purchase a 100% beneficial interest in 152 mining claims located in the Dawson Mining District, Yukon Territory, subject to REI retaining a 2% NSR.

To exercise its option, the Company must make the following payments, share issuances and expenditures:

## 7. Exploration and Evaluation Assets (cont'd)

### b) Kodiak Property, Yukon (cont'd)

#### Cash payments:

- \$75,000 within five days of TSX-V approval (paid)
- \$50,000 on or before June 15, 2010 (paid)
- \$100,000 on or before June 15, 2011 (paid)
- \$75,000 on or before June 15, 2012, extended to November 18, 2012 (paid)
- \$75,000 on or before June 15, 2013, reduced to \$50,000 and extended to June 15, 2014 (unpaid)
- \$50,000 on or before June 15, 2015

#### Shares:

- 250,000 common shares of the Company within five days of TSX-V approval (issued)
- 200,000 common shares of the Company on or before June 15, 2010 (issued)
- 200,000 common shares of the Company on or before June 15, 2011 (issued)
- 200,000 common shares of the Company on or before June 15, 2012 (issued)
- 250,000 common shares of the Company on or before June 15, 2013 (issued)

#### Exploration Expenditures:

- \$100,000 on or before November 18, 2009 (incurred)
- \$200,000 on or before November 15, 2010 (incurred)
- \$300,000 on or before November 18, 2011 (reduced to \$100,000 and extended to on or before November 18, 2014; \$100,000 on or before November 18, 2015, and \$100,000 on or before November 18, 2016)

The Company has the option to purchase one half of the NSR for a payment of \$2,000,000. On January 9, 2015, the Company gave notice of termination of the option agreement to the vendor and has recognized an impairment of \$1,026,712 in fiscal 2014.

### c) Dime Property, Yukon

On July 23, 2009, the Company entered into a property option agreement with REI to earn a 100% interest in 308 claims in the Dawson Mining District, Yukon Territory, subject to a 2% NSR in favor of the optionor.

To exercise its option, the Company must make the following payments and expenditures:

#### Cash payments:

- \$125,000 within fifteen days of TSX-V approval (paid)
- \$125,000 on or before June 26, 2010 (paid)
- \$100,000 on or before June 26, 2011 (paid)
- \$100,000 on or before June 26, 2012, extended to November 18, 2012 (paid)
- \$ 50,000 on or before December 31, 2013 (paid)
- \$ 50,000 on or before March 31, 2014 (unpaid)
- \$ 50,000 on or before July 31, 2014 (unpaid)

## 7. Exploration and Evaluation Assets (cont'd)

### c) Dime Property, Yukon

#### Shares:

- 200,000 common shares of the Company within five days of TSX-V approval (issued)
- 200,000 common shares of the Company on or before June 26, 2010 (issued)
- 300,000 common shares of the Company on or before June 26, 2011 (issued)
- 300,000 common shares of the Company on or before June 26, 2012 (issued)
- 250,000 common shares of the Company on or before June 26, 2013 (issued)

#### Exploration Expenditures:

- in the amount of \$100,000 on or before November 15, 2009 (incurred)
- an additional amount of \$250,000 on or before November 15, 2010 (incurred)
- an additional amount of \$500,000 on or before November 15, 2011 (incurred)
- a cumulative amount of \$600,000 on or before November 15, 2012 (incurred)

The Company has the option to purchase one half of the NSR for a payment of \$2,000,000.

On May 7, 2014, the Company decided not to proceed with its option to earn its interest in the property has recorded an impairment of \$2,989,230 during the period.

### d) KC Property, British Columbia

On June 27, 2014, the Company entered into an option agreement with Kevin Cohen to earn 100% interest in the 405 hectare KC property located in the Kitimat-Stikine district of British Columbia, approximately 30 kilometres southeast of the city of Stewart.

The agreement calls for the issuance of 400,000 common shares (issued) and a \$5,000 cash payment (deferred).

## 8. Trade payables and accrued liabilities

	September 30, 2014	September 30, 2013
Trade payables	\$ 73,164	\$ 9,862
Accrued liabilities	24,000	20,180
	<u>\$ 97,164</u>	<u>\$ 30,042</u>

## 9. Share capital

### *Authorized share capital*

Unlimited number of common shares without par value.

## 9. Share capital (cont'd)

### *Issued share capital*

	Year ended September 30, 2014		Year ended September 30, 2013	
	Number of Shares	Amount \$	Number of Shares	Amount \$
Balance, beginning of year	29,237,499	12,030,598	28,737,499	11,985,598
Issued during the year:				
For cash, private placement				
- at \$0.25 per unit	i) 400,000	100,000	-	-
Less value allocated to warrants		(24,000)	-	-
For Mineral Property:				
- at \$0.08 per share	ii) 400,000	32,000	-	-
- at \$0.11 per share	iii) -	-	250,000	27,500
- at \$0.07 per share	iv) -	-	250,000	17,500
Balance, end of year	<u>30,037,499</u>	<u>12,138,598</u>	<u>29,237,499</u>	<u>12,030,598</u>

- i) On January 30, 2014, the Company completed a non-brokered private placement of 400,000 units at a price of \$0.25 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one two year non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company for a period of two years at a price of \$0.50 per share on until January 30, 2016. The Company estimated the fair value of the common shares issued as part of these units to be \$76,000. Accordingly, in applying the residual value method, the Company assigned a value of \$24,000 to the warrant component of this instrument.
- ii) On August 28, 2014, the Company issued 400,000 common shares with a fair value of \$0.08 per share as part of a property acquisition. Fair value was determined using the quoted price at the time of the transaction.
- iii) On June 15, 2013, the Company issued 250,000 common shares, with a fair value of \$0.11 per share as part of a property acquisition. Fair value was determined using the quoted price at the time of the transaction.
- iv) On June 16, 2013, the Company issued 250,000 common shares, with a fair value of \$0.07 per share as part of a property acquisition. Fair value was determined using the quoted price at the time of the transaction.

### **Stock options**

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares

## 9. Share capital (cont'd)

### Stock options (cont'd)

reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities.

The changes in options during the years ended September 30, 2014 and 2013 are as follows:

	September 30, 2014		September 30, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	2,250,000	\$ 0.31	2,250,000	\$ 0.31
Options expired	-	-	-	-
Options granted	-	-	-	-
Options outstanding, end of year	2,250,000	\$ 0.31	2,250,000	\$ 0.31
Options exercisable, end of year	2,250,000	\$ 0.31	2,250,000	\$ 0.31

Details of options outstanding as at September 30, 2014 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
\$0.30	0.09 years	375,000
\$0.46	0.85 years	825,000
\$0.33	1.46 years	250,000
\$0.15	2.76 years	800,000
\$0.31	1.47 years	2,250,000

### Warrants

September 30, 2013	Issued	(Expired)	(Exercised)	September 30, 2014	Terms
2,100,000	-	-	-	2,100,000	\$.45 expiring on September 19, 2015
-	400,000	-	-	400,000	\$.50 expiring on January 30, 2016
2,100,000	400,000	-	-	2,500,000	

## 9. Share capital (cont'd)

### *Warrants (cont'd)*

September 30, 2012	Issued	(Expired)	(Exercised)	September 30, 2013	Terms
729,286	-	(729,286)	-	-	\$.85 expiring on October 19, 2012
2,100,000	-	-	-	2,100,000	\$.45 expiring on September 19, 2015
2,829,286	-	(729,286)	-	2,100,000	

## 10. Reserves

The reserves recorded in equity on the Company's balance sheet is composed of the value of stock option grants and share purchase warrants issued prior to exercise at which time the corresponding amount will be transferred to share capital. The original value recorded for options and warrants that expire unexercised remains in the reserve balance.

## 11. Related party transactions

The Company entered into the following transactions with related parties:

- a) The Company incurred consulting fees in the amount of \$66,500 (2013 - \$73,500) with a company owned by a director for consulting services.
- b) The Company incurred remuneration in the amount of \$60,500 (2013 - \$72,000) with a senior officer and director.
- c) The Company incurred consulting fees in the amount of \$28,100 (2013 - \$44,000) with a director.
- d) The Company incurred consulting fees in the amount of \$2,000 (2013 - \$2,000) with directors.
- e) The Company incurred consulting fees in the amount of \$6,000 (2013 - \$1,500) with a senior officer and director.
- f) At September 30, 2014, a director and senior officer advanced \$94,000 (2013 - \$nil) to the Company. The advances are unsecured, non-interest bearing, and have no specific terms of repayment.
- g) At September 30, 2014, the Company owes a director \$1,600 (2013 - \$nil) for consulting fees. The Company also owes \$2,000 (2013 - \$nil) to a senior officer and director for consulting fees. The Company also owes \$48,356 to a company owned by a shareholder and former director.

### *Key management personnel compensation*

	Years ended September 30,	
	2014	2013
Short-term employee benefits - consulting fees	\$ 102,600	\$ 77,000
Short-term employee benefits – salaries and wages	60,500	116,000
	\$ 163,100	\$ 193,000

## 12. Financial risk management

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

### Credit Risk

The Company is exposed to credit risk by holding cash and short-term investments. Holding the cash and short-term investments in large Canadian financial institutions minimizes this risk. The Company has minimal accounts receivable exposure, and its various refundable credits are due from Canadian governments.

### Currency Risk

The Company's functional currency is the Canadian dollar. There is moderate foreign exchange risk to the Company as one of its mineral property interests is located in Nevada, USA. 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. Currently, this risk will have an immaterial effect on operations.

### Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Company is at risk to changes in commodity prices which may affect financing options available to the Company.

### Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages this risk by careful management of its working capital.

### Capital Management

The Company is engaged in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental issues 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.

The Company includes cash and equity in the definition of capital. Equity is comprised of issued common shares and deficit.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject

## 12. Financial risk management (cont'd)

to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

### **Classification of financial instruments**

The Company has designated its cash and short-term investments as held-for-trading, which is measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and amounts due to related parties are classified as other financial liabilities, which are measured at amortized cost.

### **Fair value**

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.
- 

The fair value of assets and liabilities measured on a recurring basis include cash and short-term investments which are based on Level 1 inputs as they are measured with reference to identical demand instruments at BMO. Management estimates that the recorded values of all accounts receivable, accounts payable, and amounts due to and from related parties approximate their current fair values because of their nature and anticipated settlement dates (Level 3).

## 13. 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:

	2014 \$	2013 \$
Loss before income taxes	(4,314,450)	(347,521)
Corporate tax rate	26.00%	25.00%
Expected tax recovery at statutory rates	(1,121,800)	(86,900)
Decrease (increase) resulting from:		
Changes in estimated corporate tax rates	0	(37,600)
Expiry of non-capital losses carried forward	21,900	-
Non deductible stock compensation and other	2,600	(100)
Current and prior tax attributes not recognized (recognized)	1,097,300	124,600
Deferred income tax provision (recovery)	-	-



### 13. Income Taxes (cont'd)

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

	2014	2013
	\$	\$
	26.00%	26.00%
Potential deferred income tax assets (liabilities)		
Non-capital losses available	839,900	767,600
Net book value of exploration and evaluation assets		
Less than tax bases	1,121,400	80,900
CEC pool	9,000	9,000
Share issue costs and other	8,200	23,700
Capital losses available	1,500	1,500
	1,980,000	882,700
Net book value of exploration and evaluation assets in excess of tax bases	-	-
Net potential deferred income tax assets	1,980,000	882,700
Valuation allowance	(1,980,000)	(882,700)
Net deferred income tax assets	-	-

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

At September 30, 2014, the Company had net operating losses of \$3,230,400, inclusive of those inherited from the discontinued operations of Northern Seas Products Ltd., for income tax purposes which subject to restrictions may be available to reduce future taxable income. If not utilized, the losses expire through 2034 as follows:

	\$
2034	357,400
2033	413,500
2032	480,100
2031	432,700
2030	405,900
2029	314,600
2028	225,700
2027	182,300
2026	219,300
2015	198,900
	3,230,400

### 14. Subsequent event

On November 3, 2014, a total of 375,000 options exercisable at \$0.30 per share expired unexercised.

# **Stina Resources Ltd.**

## **Management Discussion & Analysis for the Quarter Ending September 30, 2014**

**Ste 10 – 8331 River Road  
Richmond, BC V6X 1Y1  
Tel: (604) 244-0964 Fax: (604) 244-8902**

**STINA RESOURCES LTD.**

**FORM 51-102F1**

**Management's Discussion & Analysis  
for the Quarter Ended September 30, 2014  
(and containing information as of January 27, 2015)**

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**STINA RESOURCES LTD.**

**FORM 51-102F1**

**Management's Discussion & Analysis  
for the Quarter Ended September 30, 2014  
(and containing information as of January 27, 2015)**

**Item 1: ANNUAL MD&A**

**Forward-looking Information**

This Management Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to Stina Resources Ltd. (the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of Company exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional important factors, if any, are identified here.

**NATURE OF BUSINESS:**

Stina Resources Ltd. (the "Company") is incorporated under the laws of British Columbia and is engaged in the acquisition, exploration and development of resource properties. The Company's current primary activity is the exploration of the Bisoni McKay Vanadium Property in northern Nevada, and future exploration of the KC Property in northern British Columbia. Additionally, the Company intends to seek further venture acquisitions that may increase shareholder value and generate revenues.

The Company's shares are traded on the TSX Venture Exchange under the symbol SQA.

**1.1 DATE**

The following discussion and analysis was approved by the Directors of the Company and should be read in conjunction with the audited financial statements for year ended September 30, 2014, and unaudited financial statements for the quarters ending, December 31, 2013, March 31, 2014, June 30, 2014 and the related notes thereto. All figures are in Canadian dollars unless otherwise noted.

**1.2 OPERATIONS DETAIL AND FINANCIAL CONDITIONS:**

(a) Acquisitions & Dispositions:

See Note 7 – Exploration and Evaluation Assets of the Financial Statements

1) **Bisoni McKay Vanadium Property in Nevada**

In 2005 the company entered into an option agreement with Vanadium International Corp. (VIC) to acquire 50% of the rights to 19 mining claims covering 392.6 acres, located in Nye County, Nevada, USA, called the Bisoni McKay Vanadium Property. In earning its interest, the Company made cash payments totaling \$250,000, issued 1,250,000 shares to Vanadium, and funded \$700,000 of exploration activities

On July 3, 2008 the Company issued an additional 800,000 common shares to VIC in a shares for debt arrangement to complete the initial 50% acquisition, then issued an additional 1,995,600 shares at a deemed price of \$1 (Canadian) per share to Vanadium as payment of the \$2-million (U.S.) purchase price (based on a deemed exchange rate of \$1 (Canadian):\$1.0022 (U.S.)) to VIC as option payment for the remaining 50% of the property. Stina now holds 100% of the rights to 37 mineral claims on the property. In the subsequent period (January 2013) the Company Directors elected to impair the property value by \$1,962,257 effective September 30, 2012. Managements' review for indications of impairment primarily considered that the acquisition costs of this property appeared non-recoverable in the current market. The acquisition costs were primarily based on 3,245,000 common shares that were issued at an average cost of \$0.78 per share. At September 30, 2012, the shares would have been worth \$0.18 per share. During fiscal 2012, the Company recorded an impairment charge of \$1,962,257 to decrease the carrying value of the property based on market indicators

### Present Outlook

The Company has contracted ED Ullmer, P. Geo to update the property's NI-43-101 report and currently awaits a final copy. The company intends to further explore alternative recovery methods as per the incomplete Lyntek technical report, in addition to observing the developments in the oncoming year of other vanadium producers. By completing this report and exploring various vanadium outputs alternative to V2O5, the company believes it can better assess the future potential of the Bisoni McKay Property.

### **2) Kodiak Gold Property in the Yukon**

On June 18, 2009 the Company entered into an option agreement with Ryanwood Exploration Inc. ("REI") to purchase a 100-per-cent beneficial interest in 152 mining claims located in the Dawson mining district, Yukon Territory, generally known and described as the Kodiak Property, subject to a 2-per-cent net smelter interest in favour of REI.

Pursuant to the option agreement, to exercise the option the Company was required to:

#### Pay to REI:

- \$75,000 within five days after the approval date of the option agreement by the TSX-V (Paid);
- \$50,000 on or before June 15, 2010; (Paid)
- \$100,000 on or before June 15, 2011; (Paid)
- \$75,000 on or before June 15, 2012, (Paid)
- \$75,000 on or before June 15, 2013, (extended – under renegotiation)

#### Issue and deliver to REI:

- 250,000 common shares of the Company within five days of Exchange approval (issued)
- 200,000 common shares of the Company on or before June 15, 2010 (issued)
- 200,000 common shares of the Company on or before June 15, 2011 (issued)
- 200,000 common shares of the Company on or before June 15, 2012 (issued)
- 250,000 common shares of the Company on or before June 15, 2013 (issued)

#### Incur expenditures:

- \$100,000 on or before November 18, 2009 (incurred)
- \$200,000 on or before November 15, 2010 (incurred)
- \$300,000 on or before November 18, 2011 (reduced to \$100,000 and extended to on or before November 18, 2014;
- \$100,000 on or before November 18, 2015, and \$100,000 on or before November 18, 2016)

The Company had the option to purchase one half of the NSR for a payment of \$2,000,000.

The Kodiak property claim block consists of 152 claims covering 30 square kilometers or 6400 acres and ties on to the southern side of Kinross Gold Corp white gold property. The Kodiak claim block also straddles Thistle creek which was the richest placer gold-producing creek in the area given up more than 63,000 ounces of placer gold since the turn of the century.

REI is the property vendor for Kinross Gold Corps' (formerly Underworld Resources Inc's) White Property and has re-evaluated the Geological Survey of Canada database for similar positive indicators for white-style mineralization. The GSC airborne magnetic data indicate the Kodiak claims are sitting on the same regional north - south magnetic high anomaly that Kinross Gold Corp's White Gold Property is now covering. The GSC silt survey of the Thistle area indicates a 90-per-cent

percentile gold anomaly, a 98-per-cent percentile arsenic anomaly and up to 99-per-cent percentile silver anomaly all draining from the Kodiak property. Again, all positive indicator elements are in white-gold-style mineralization. The third piece of data that increases the Kodiak potential is the GSC geology map. The GSC geology map has noted a northwest and northeast trending regional structure and the same geological units were mapped by the GSC on both the white and Kodiak properties which consist of DMA amphibolites, DMogtorthogneiss, and DMps quartz mica schist.

Results from the 2010 soil survey have extended the main 2009 northwest-trending soil anomaly (Main Northwest trend) to a strike length of four km and defined a second parallel four km long anomaly, with values up to 856.8 ppb gold (No. 2 Northwest trend), approximately one km to the southwest. The location that had a 856.8 ppb gold could not be trenched due to steep topography. Infill sampling on the Zipper trend in 2010 has outlined a gold anomalous zone at the junction of the northerly Zipper trend with the Main Northwest trend.

On December 30, 2014 the Company elected to terminate the option agreement with Ryanwood Exploration for the Kodiak Property. The property was written off for a total impairment of \$1,026,712 as of September 30, 2014. (See Section 7 of the Financial Statements)

### **3) Dime Gold Property in the Yukon**

On July 23, 2009 the Company entered into an option agreement with Ryanwood Exploration Inc. (“REI”) to acquire a 100 per-cent beneficial interest in 128 mining claims located in the Dawson mining district, Yukon Territory, generally known and described as the Dime Property, subject to a 2-per-cent net smelter interest in favour of REI (the Company has the option to purchase one-half of the net smelter return royalty for a payment of \$2-million)

Pursuant to the option agreement, to exercise the option the Company must:

#### Pay to REI:

- \$125,000 within fifteen days of Exchange approval (paid)
- \$125,000 on or before June 26, 2010 (paid)
- \$100,000 on or before June 26, 2011 (paid)
- \$100,000 on or before June 26, 2012, extended to November 18, 2012 (paid)
- \$ 50,000 on or before December 31, 2013 (paid)
- \$ 50,000 on or before March 31, 2014 (unpaid)
- \$ 50,000 on or before July 31, 2014 (unpaid)

#### Issue and deliver to REI:

- 200,000 common shares of the Company within five days of Exchange approval (issued)
- 200,000 common shares of the Company on or before June 26, 2010 (issued)
- 300,000 common shares of the Company on or before June 26, 2011 (issued)
- 300,000 common shares of the Company on or before June 26, 2012 (issued)
- 250,000 common shares of the Company on or before June 26, 2013 (issued)

#### Exploration expenditures:

- in the amount of \$100,000 on or before November 15, 2009 (incurred)
- an additional amount of \$250,000 on or before November 15, 2010 (incurred)
- an additional amount of \$500,000 on or before November 15, 2011 (incurred)
- a cumulative amount of \$600,000 on or before November 15, 2012 (incurred)

The Dime property is located 42 kilometers northwest of the Kinross (formerly Underworld’s) White Gold project and covers a well-known placer gold creek called Ten Mile. Ten Mile creek has produced coarse placer gold since the turn of the century and the placer deposits are believed to be locally derived. In 1998 Teck Corp. staked the ground surrounding two placer gold districts in the Dawson area. One was the area now covered by Kinross Gold Corp. Underworld's White Gold property and the second one was a claim package in the Ten Mile Creek area. Teck worked on both properties for two or three seasons and successfully identified several promising targets. The company changed its focus in 2000 and dropped all their gold exploration efforts in the Dawson area, except claims in the 10 Mile area, which it optioned to Radius Gold.

In early 2010, the Company announced results of 2009 exploration consisting of a 191-soil-sample program, collected on a grid covering about 37 hectares on the Dime property. The gold values in the survey reached as high as 6,082 parts per billion or six grams per ton gold and defined an easterly trend. The 2010 soil survey collected a total of 3401 soil samples covering a total of 13.2 square kilometers, or (1,322 hectares) or 3268 acres (5.1 square miles) which represent 21% of the property sample so far. Three new gold soil anomalies were discovered. The soil anomalies were named as geographic locations relative to each other hence the names are, West anomaly, Central anomaly, and East anomaly. The three gold soil anomalies appear to be structurally controlled with the West soil anomaly running in an east west direction (following a slight east west magnetic anomaly), the Central Anomaly is center on a north south magnetic low structure and the Eastern soil anomaly appears to be related to separate north south magnetic low structure.

On May 7, 2014, the Company decided not to proceed with its option to earn its interest in the property has recorded an impairment of \$2,989,230 during the period.

#### **4) Bandit Blackwater Property, British Columbia**

On June 5, 2012 The Company entered into an option agreement with Copper Creek Gold Corp. to earn a 60-per-cent interest in the Bandit property, located in the Blackwater gold district of central British Columbia, approximately 137 kilometres southwest of the city of Prince George, and more specifically in the Nechako plateau. The property consists of three contiguous claims, the Bandit, the Smokey, and the Burt, for a total of 8,732 hectares. Copper Creek Gold holds a 100-per-cent interest in the three property claims.

Pursuant to the option agreement, the company must issue a total of 400,000 common shares and expend \$2-million on exploration as follows:

1. Issue and deliver to Copper Creek:
  - a. 100,000 common shares of the company within five days after the approval date of the option agreement by the TSX Venture Exchange (issued);
  - b. 100,000 common shares of the company on or before June 15, 2013; (Not issued)
  - c. 100,000 common shares of the company on or before June 15, 2014;
  - d. 100,000 common shares of the company on or before June 15, 2015.
2. Incur a total of \$2-million in work cost expenditures as follows:
  - a. In the amount of \$100,000 on or before June 15, 2013 (incurred);
  - b. In an additional amount of \$650,000 on or before June 15, 2014;
  - c. In an additional amount of \$500,000 on or before June 15, 2015;
  - d. In an additional amount of \$750,000 on or before the fourth anniversary of TSX Venture Exchange approval.

See Section 1.3 (6) below for recent exploration information

During fiscal 2012, the Company recorded an impairment charge of \$268,786 as exploration results suggested nominal mineralization. The Company recorded an additional impairment charge of \$18,998 during fiscal 2013 as it has decided not to carry on with the option.

#### **5) KC Copper Property, British Columbia**

On June 27, 2014, Stina Resources Ltd. entered into an option agreement with Kevin Cohen to earn a 100-per-cent interest in

the KC property, located in the Kitimat-Stikine district of central British Columbia, approximately 60 kilometers southeast of the city of Stewart, B.C., and 100 kilometers north of Terrace, B.C. The 405-hectare property has had prior trenching and sampling work in the early 1990s. Pursuant to the option agreement, the company must issue a total of 400,000 common shares and pay \$5,000 to Mr. Cohen as follows:

1. 200,000 common shares of the company and a \$5,000 cash payment within five days after the approval date of the option agreement by the TSX-V (issued);
2. 200,000 common shares of the company on or before the first anniversary of TSX-V approval. (issued)

The Company has received approval from the TSX Venture Exchange on August 28, 2014. Mr. Cohen has agreed to an indefinite deferment for payment of the \$5,000.

The 405-hectare KC Property is located in the Stewart district of central British Columbia, approximately 30 kilometers southeast of the city of Stewart, and just to the east of the Portland Canal, an area noted for historical copper exploration, including the Castle Resources' Granduc mine. Additionally, Avanti Mining's Kitsault molybdenum mine lies to the west. The KC property has easy access, with previous trenching and copper soil sampling conducted in the mid-1980s by Ron Crimeni. Stina intends to conduct an initial magnetic/spectrometer radiometric survey over of the property this summer, followed by soil sampling and trenching to identify and reaffirm copper anomalies.

### **Selected Financial Information:**

The following table sets forth selected audited financial information of the Company for the last 3 completed financial years.

	<b>FISCAL YEARS ENDED</b>		
	<b>September 30, 2014</b>	<b>September 30, 2013</b>	<b>September 30, 2012</b>
<b>Total Revenue</b>	\$ -	\$ -	\$ -
<b>Gross Profit</b>	\$ -	\$ -	\$ -
<b>Operating Expenses</b>	\$ 298,392	\$ 353,342	\$ 569,247
<b>Net Income (Loss)</b>	\$ (4,314,450)	\$ (347,521)	\$ (2,791,418)
<b>Loss Per Share</b>	\$ (0.15)	\$ (0.01)	\$ (0.11)
<b>Total Assets</b>	\$ 1,812,236	\$ 5,833,565	\$ 6,236,076

### **Summary of Quarterly Results**

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

	<b>QUARTERS ENDED</b>			
	<b>Sept. 30, 2014</b>	<b>June 30, 2014</b>	<b>Mar. 31, 2014</b>	<b>Dec. 31, 2013</b>
<b>Total Revenue</b>	\$ -	\$ -	\$ -	\$ -
<b>Gross Profit</b>	\$ -	\$ -	\$ -	\$ -
<b>Oper. Expenses</b>	\$ 52,111	\$ 96,929	\$ 84,230	\$ 65,122
<b>Net Income (Loss)</b>	\$ (1,078,822)	\$ (108,999)	\$ (3,061,623)	\$ (65,006)
<b>Income (Loss) Per Share</b>	\$ (0.04)	\$ (0.00)	\$ (0.10)	\$ (0.00)
<b>Total Assets</b>	\$ 1,812,236	\$ 2,806,769	\$ 2,814,031	\$ 5,805,953
<b>Total Liabilities</b>	\$ 261,288	\$ 208,998	\$ 107,261	\$ 137,560
	<b>QUARTERS ENDED</b>			
	<b>Sept. 30, 2013</b>	<b>June 30, 2013</b>	<b>Mar. 31, 2013</b>	<b>Dec. 31, 2012</b>
<b>Total Revenue</b>	\$ -	\$ -	\$ -	\$ -
<b>Gross Profit</b>	\$ -	\$ -	\$ -	\$ -
<b>Oper. Expenses</b>	\$ 74,881	\$ 77,566	\$ 120,135	\$ 80,760
<b>Net Income (Loss)</b>	\$ (51,004)	\$ (77,221)	\$ (119,682)	\$ (99,614)
<b>(Loss) Per Share</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Total Assets</b>	\$ 5,833,565	\$ 5,916,140	\$ 5,955,829	\$ 6,056,766
<b>Total Liabilities</b>	\$ 100,166	\$ 131,737	\$ 139,205	\$ 120,460

**Expenditure Comparison and Variances – Stina Administration Division (Years ending September 30, 2013 and 2014)**  
**Increases:** (\$2,000) in Rent; \$2,352 in Regulatory Fees and Shareholder Communication;



**Decreases:** (\$11,259) in Accounting and Legal; (\$8,632) in Office and Sundry; (\$22,153) in Salaries and Benefits; (\$13,358) in Travel and Promotion;

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

During the period from October 1, 2013 to September 30, 2014 Mineral Exploration Division expenditures totaling \$4,117,606 were classified as exploration and evaluation assets, for a total asset of \$1,769,818 as of September 30, 2014. Of this amount, \$32,000 was classified as acquisition costs, \$69,664 as exploration costs, and \$4,015,942 as impairment charges. (See Note 7 of Financial Statements)

**Comparative mineral exploration and evaluation assets as follows:**

	<u>Year ended September 30, 2014</u>	<u>Year ended September 30, 2013</u>
Bisoni McKay Vanadium Property, Nevada, USA		
Acquisition costs:		
Balance, beginning of year	\$ 897,722	\$ 897,722
Staking and claim costs	-	-
Balance, end of year	<u>897,722</u>	<u>897,722</u>
Exploration expenditures:		
Balance, beginning of year	825,972	812,548
Geological consulting	2,542	2,726
Claim fees and staking	6,128	5,573
Storage	5,453	5,125
Balance, end of year	<u>840,095</u>	<u>825,972</u>
Total Bisoni McKay Vanadium Property	<u>\$ 1,737,817</u>	<u>\$ 1,723,694</u>
Kodiak Property, Yukon, Canada		
Acquisition costs:		
Balance, beginning of year	\$ 647,175	\$ 582,175
Cash payment	-	37,500
250,000 shares at \$0.11	-	27,500
Balance, end of year	<u>647,175</u>	<u>647,175</u>
Exploration expenditures:		
Balance, beginning of year	379,537	379,337
Geological consulting	-	200
Balance, end of year	<u>379,537</u>	<u>379,537</u>
Impairment	<u>(1,026,712)</u>	<u>-</u>
Total Kodiak Property	<u>\$ -</u>	<u>\$ 1,026,712</u>

(continues)

*Exploration and Evaluation Assets (cont'd)*

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Dime Property, Yukon, Canada		
Acquisition costs:		
Balance, beginning of year	\$ 827,150	\$ 759,650
Cash payment	-	50,000
250,000 shares at \$0.07	-	17,500
300,000 shares at \$0.19	-	-
Balance, end of year	<u>827,150</u>	<u>827,150</u>
Exploration expenditures:		
Balance, beginning of year	2,106,539	2,092,660
Assaying	-	13,879
Geological consulting	8,451	-
Geomagnetic	26,678	-
Helicopter rentals	10,793	-
Camp expense	9,619	-
Balance, end of year	<u>2,162,080</u>	<u>2,106,539</u>
Impairment	<u>(2,989,230)</u>	-
Total Dime Property	<u>\$ -</u>	<u>\$ 2,933,689</u>
KC Property, British Columbia, Canada		
Acquisition costs:		
Balance, beginning of year	\$ -	\$ -
400,000 shares at \$0.08	32,000	-
Balance, end of year	<u>\$ 32,000</u>	<u>\$ -</u>
Bandit Creek Property, British Columbia, Canada		
Acquisition costs:		
Balance, beginning of year	<u>\$ 1</u>	<u>\$ 1</u>
Balance, end of year	<u>1</u>	<u>1</u>
Exploration expenditures:		
Balance, beginning of year	-	17,294
Drilling	-	(4,466)
Geological consulting	-	6,170
Balance, end of year	<u>-</u>	<u>18,998</u>
Impairment	<u>-</u>	<u>(18,998)</u>
Total Bandit Creek Property	<u>\$ 1</u>	<u>\$ 1</u>
<b>Total Exploration and Evaluation Assets</b>	<b><u>\$ 1,769,818</u></b>	<b><u>\$ 5,684,096</u></b>

### **Bisoni McKay Budget**

A budget of approximately \$25,000 has been set for further metallurgical testing and to complete the Lintek report on the Bisoni McKay property.

### **Liquidity and Solvency**

The company's liquidity will depend upon its ability to raise financing for the continued development of the Bisoni McKay property, the KC Property, and other business ventures entered into, as well as the acquisition of revenue generating assets.

During the period ended September 30, 2014 cash resources (including short-term investments) decreased \$99,638 from the balance at September 30, 2013

As of September 30, 2014 the Company had a working capital deficiency of (\$243,112) (September 30, 2013 – surplus of \$24,365).

### **Capital Resources**

The Company's liquidity depends upon its ability to raise additional financing to meet exploration requirements and working capital obligations. The Company is securing cash for 2015 working capital, and is investigating raising capital for the 2015 exploration programs.

## **1.3 EXPLORATION, NEWS RELEASES & MATERIAL CHANGE REPORTS**

### **1) Kodiak Gold Property in the Yukon Territory**

**On December 30, 2014 the Company elected to terminate the option agreement with Ryanwood Exploration for the Kodiak Property.** (See Section 7 of the Financial Statements and Subsequent Events below)

In August 2009 the Company initiated a work program on the Kodiak property in the Dawson Mining District of the Yukon Territory. The Kodiak property claim block consists of 152 claims covering 30 square kilometers or 6400 acres and ties on to the southern side of Underworld White Gold Property.

On February 28, 2012 the Company received an updated technical report on the Kodiak property

#### **2010 Work Program**

The 2010 Kodiak soil sample program included 2,037 samples for a total of 3,923 samples, covering approximately 60 per cent of the property. Results from the 2010 soil survey have extended the main 2009 northwest-trending soil anomaly (Main NW trend) to a strike length of four km and defined a second parallel 4 km long anomaly, with values up to 856.8 ppb gold (No. 2 Northwest trend), approximately 1 km to the southwest. Infill sampling on the Zipper trend in 2010 has outlined a gold anomalous zone at the junction of the northerly Zipper trend with the Main Northwest trend. A total of 383 m of trenching was completed in 3 trenches based on soil geochemical anomalies obtained in 2009.

#### **2011 Work Program**

The 2011 exploration consisted of an air magnetic fly-over survey. The survey further supported the belief that the Kodiak claim block ties onto the south side of the Kinross White Gold property.

#### **2012/ 2013/2014 Work Program**

No significant work was conducted on the Kodiak property in 2012, 2013, or 2014

On December 30, 2014 the Company formally terminated the option agreement for the Kodiak property. (See news release dated January 9, 2015)

### **2) Dime Gold Property**

**On May 9, 2014 the option agreement for the Dime property was terminated – (See Section 7 of the Financial Statements and news release dated May 9, 2014)**

On July 23, 2009 the Company entered into an option agreement with Ryanwood Explorations Inc. to acquire a 100% interest in 152 claims referred to as the Dime Property.

On February 8, 2010 the Company announced results of 2009 exploration consisting of a 191-soil-sample program, collected on a grid covering about 37 hectares on the Dime property. The gold values in the survey reached as high as 6,082 parts per billion or six grams per tonne gold and defined an easterly trend.

2010 Exploration

On August 4, 2010 the Company announced that it had staked an additional 180 claims at the Dime property, to the east, north and west of the existing 128 claims, bringing the total Dime claims to 308, and increasing the property size from 6,400 acres (25 square kilometers) to 15,400 acres (61 square kilometers).

The 2010 soil survey collected a total of 3,401 soil samples covering a total of 13.2 square kilometers, or (1,322 hectares) or 3,268 acres (5.1 square miles) which represent 21% of the property sample so far. Three new gold soil anomalies were discovered. The soil anomalies were named as geographic locations relative to each other hence the names are, West anomaly, Central anomaly, and East anomaly. The three gold soil anomalies appeared to be structurally controlled with the West soil anomaly running in an east west direction (following a slight east west magnetic anomaly), the Central Anomaly is center on a north south magnetic low structure and the Eastern soil anomaly appears to be related to separate north south magnetic low structure. Follow-up trenching (1,125 m in nine trenches) confirmed the soil results from anomalies with better results.

Western anomaly: First reported by Teck Corp., measures approximately 1.3 km long by 750 metres wide, has a general east-west trend and includes values up to 578 parts per million arsenic and 6,092 parts per billion gold;

Central anomaly: 1.6 km long by 350 m wide area of anomalous gold (up to 147 ppb Au), arsenic (values up to 1,975 ppm As) and weaker lead in soil values (up to 49 ppm Pb). This anomaly is offset to the north from the western and eastern anomalies;

Eastern anomaly: This anomaly measures 1.8 km long by up to 900 m wide and consists of an Au (values up to 894 ppb Au), As (values up to 1,070 ppm As) and Pb (values up to 167 ppm Pb) geochemical signature.

These areas are related to a sinistral (left lateral) offset on a prominent northwest trending magnetic low and may indicate a major structure.

Results from continuous five-metre chip samples on the Western zone anomaly included a 30 m zone of silicified metasedimentary rocks in Trench 2 returned 0.168 gm/t Au between five and 35m. A five hole drilling program included 5 core drill holes totaling 657 metres from three separate drill pads. Two pads (2 holes each) were located on the western anomaly near the high soil sample, and one pad on the eastern anomaly. The program was successful in hitting mineralization in every hole, including 0.71 g/t over 32 m, and 4.15 g/t over 1.5m on holes 4 and 3 on the Western Zone.

2011 Exploration

During the 2011 season, the Company drilled an additional 14 core holes on the Western and Eastern zones (2,574 metres). Holes DDH-11-6 to 11-8 were collared to follow up on drill results from 2010.

Drilling on the western anomaly, DDH 11-06, DDH 11-07, and DDH 11-08 were drilled from the same drill pad as DDH 10-04 and DDH 10-05. DDH 11-06 returned encouraging values including over 12 metres of 0.90 g/t au, 1.45 metres of 8.32 g/t au, and 1.6 metres of 5.37 g/t au. Holes DDH-11-07 and DDH-11-08 confirmed the presence of a steeply south dipping east-west trending structure with strong silicification, brecciation and pyrite-arsenopyrite sulphide mineralization. DDH-11-07 was drilled at azimuth 020° and an angle of -50° dip. The hole was drilled to 150.26 m (493 ft) depth. DDH-11-08 was drilled at 020° azimuth and -78° dip. DDH 11-07 included a 10.65 metre interval of 1.07 g/t au.

2012 Exploration

In 2012 the Company did limited work on the Dime property, including a soil program on the central anomaly. On

February 22, 2012 the Company received an updated technical report on the Dime property

### 2013 Exploration

In November 2013 the Company completed a high-resolution IP (induced polarization) survey on the property. The West and East mineralized zones were both surveyed with the Supersting R84 IP/Resistivity system. Seven separate lines were surveyed for a total linear length of 2,940 metres. The 420-metre lines were completed over both the West (two) and East (five) zones on the Dime property. These zones had been previously tested using auger soil sampling surveys, mechanized trenching, airborne magnetics and radiometrics, and diamond drilling.

### 2014 Exploration

(See 2013 exploration above) No further significant work was conducted on the Dime Property.

On May 9, 2014 the Company formally terminated the option agreement for the Dime property. At this time, and with respect to current economic and industry factors, the company believes the Dime property is not a viable resource in the short term. Furthermore, recent discussions between the Yukon government, local aboriginal leaders, the federal government, and industry representatives have added a new dimension of uncertainty to the Dime property project. A recent litigation ruling challenged the legality of the grant of mineral titles in the Yukon in connection with Crown's obligation to consult with first nations on decisions affecting their aboriginal title and rights. This has abruptly changed the landscape for Stina and its investors with respect to the Dime property, and the company believes the best decision at this time is to exit the option agreement. Further, recent economic factors, particularly with respect to the Dime property's local region, have led Stina to re-evaluate the ultimate potential of the property in the short- to midterm future. As a result the property was fully impaired. (See news release dated May 9, 2014)

## **3) Bisoni McKay Vanadium Property in Nevada**

### Exploration Events During 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 1970s Hecla RC holes BMK 17, 18 and 19 respectively, each of which showed strong grades of V<sub>2</sub>O<sub>5</sub> 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 V<sub>2</sub>O<sub>5</sub> 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. 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.

In November 2005, the Company contracted O'Keefe Drilling of Butte, MT to drill 10 RC holes at 45 degree angles 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.

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

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. A total of 12 RC holes were drilled according to schedule, for a total of 5,130 feet. 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.

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.

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 also included a resource estimate on a subsection 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 Maptek Co. of Lakewood, CO to conduct the resource estimate.

In February 2008 the Company received a further updated geological technical report from Ed Ullmer, P. Geo, and included a resources estimate, the first ever conducted on the Bisoni McKay property, and which was conducted by Maptek of Lakewood, CO. The report was amended in May 2012 and is available on the company website. A map of the Bisoni McKay drill locations can be found on the Company website.

2011 Exploration

In the spring of 2011 the Company contracted Lyntek Corp., of Lakewood, CO to conduct a Conceptual Study of the Bisoni McKay to better assess the potential economic viability of the property, the vanadium pentoxide and ferrovandium markets, and how the property fits into the world vanadium industry. On June 30, 2011, the Company announced that further metallurgical work was required to complete the Conceptual Study, and that it intended to do so.

2012/ 2013/ 2014 Exploration

No significant work was conducted on the Bisoni McKay Property in 2012, 2013 or 2014. The Company has recorded an impairment charge of \$1,962,257 in 2012 to decrease the carrying value of the property, primarily considering the acquisition costs of it appeared non-recoverable under general market conditions. In addition, the Company had not conducted a significant work program in four years. However, another venture mineral exploration company is currently developing an adjacent vanadium property approximately 20 miles to the northwest, on the same geological vanadium belt. This company has announced plans for a vanadium recovery operation to be established on site over the next few years, and Stina believes these developments may further add validity and value to the Bisoni McKay property.

#### 2015 Exploration

The Company intends to attempt to pair the property with a strategic market, preferably in the vanadium redox battery industry. It is expected that a suspension-based vanadium product would be required for such market, which may or may not be established in the future. The Company has contracted Ed Ullmer, P. Geo to update the NI 43-101 report on the Bisoni McKay. As of the date of this report, the final copy has not been received.

The focus of the Company is to complete the Lintek Report and assess the property subsequently.

#### **4) Bandit Property**

See section 1.2 (6) above

#### 2012 Exploration

On November 23, 2012 Copper Creek received assay results from 15 percussion drill holes (1,402 meters) over part of a two-kilometer-by-five-kilometer copper, gold and molybdenum anomaly identified during mobile metal ion (MMI) sampling by Copper Creek in the summer of 2011. Although several values of anomalous copper, gold and silver were encountered, none of the holes reported values of economic importance. The Company Directors have had discussions and have decided not to proceed with the option agreement at this time.

#### Impairment to Property

With consideration to the impairment standards of recently adopted IFRS, the Company directors have determined there to be an impairment of the Bandit Property carrying value of \$268,786. As exploration results received subsequent to year end suggested nominal mineralization, the Company is unlikely to carry on with the option.

### **RECENT NEWS RELEASES**

- December 22, 2014 - Stina Resources arranges \$225,000 private placement
- January 9, 2015 - Stina drops Kodiak option granted by Ryanwood

#### **1.4 OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-Balance Sheet Arrangements

#### **1.5 TRANSACTIONS WITH RELATED PARTIES**

The Company entered into the following transactions with related parties as at September 30, 2014 and for the period then ended as follows (with comparative figures as at September 30, 2013).

- a) The Company incurred consulting fees in the amount of \$66,500 (2013 - \$73,500) with a company owned by a director for consulting services.
- b) The Company incurred remuneration in the amount of \$60,500 (2013 - \$72,000) with a senior officer and director.
- c) The Company incurred consulting fees in the amount of \$28,100 (2013 - \$44,000) with a director.
- d) The Company incurred consulting fees in the amount of \$2,000 (2013 - \$2,000) with directors.
- e) The Company incurred consulting fees in the amount of \$6,000 (2013 - \$1,500) with a senior officer and director.
- f) At September 30, 2014, a director and senior officer advanced \$94,000 (2013 - \$nil) to the Company. The advances

are unsecured, non-interest bearing, and have no specific terms of repayment.

- g) At September 30, 2014, the Company owes a director \$1,600 (2013 - \$nil) for consulting fees. The Company also owes \$2,000 (2013 - \$nil) to a senior officer and director for consulting fees. The Company also owes \$48,356 to a company owned by a shareholder and former director.

### Key management personnel compensation

	Years ended September 30,	
	2014	2013
Short-term employee benefits - consulting fees	\$ 102,600	\$ 77,000
Short-term employee benefits – salaries and wages	60,500	116,000
	\$ 163,100	\$ 193,000

-See note 11 of Financial Statements

## 1.6 PROPOSED TRANSACTIONS/COMMITMENTS

The Company has engaged in no other proposed transactions or commitments outside of what has been outlined in this report at this time.

## 1.7 CRITICAL ACCOUNTING ESTIMATES

### Use of Estimates:

The company's financial statements have been prepared in conformity with International Financial Reporting Standards and form the basis for discussion and analysis of critical accounting policies and estimates. Management is required to make estimates and assumptions that affect the report amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant financial statement areas requiring the use of management estimates relate to the determination of impairment of assets and resource property interests, and their useful lives for amortization, allocations between exploration projects, the fair value of investments and share-based compensation, asset retirement obligations and the recoverability of future income tax assets. Financial results as determined by actual events could differ from those estimates.

### Risk Management:

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. Observed potential risks include those 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. Company management acknowledges that 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 a major bank in Canada. This risk is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

#### *Currency Risk:*

The Company's functional currency is the Canadian dollar. There is moderate foreign exchange risk to the Company as one of 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 reserves in order to meet its liquidity requirements 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.

The Company is not utilizing any other financial instruments other than cash at this time.

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

Under current market conditions both liquidity and funding risks have been assessed as medium to high.

**Stock-based compensation:**

The Company follows the guidelines of the IFRS 2 –“Share Based Payment”, relating to stock-based compensation and other stock-based Payments. The Company follows a fair-value method for all stock-based compensation and similar stock based awards to directors, employees and consultants. Where the Company has issued options that vest over a period of expected service, the fair value of the options at the date of grant is estimated and charged to income over the respective vesting periods.

**1.8 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

**New accounting pronouncements**

Certain new accounting standards and interpretations have been adopted by the Company as of the beginning of the current fiscal period. The adoption of the following standards during the period did not have a material impact on the Company's financial statements.

**IFRS 10 Consolidated Financial Statements** - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

**IFRS 11 Joint Arrangements** - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers.

**IFRS 12 Disclosure of Interests in Other Entities** - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

**IFRS 13 Fair Value Measurement** - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

**IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine** - The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

**IAS 27 Separate Financial Statements** - IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements.

**IAS 28 Investments in Associates and Joint Ventures** - IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

**Amendments to other standards** - In addition, there have been other amendments to existing standards. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

**IFRS 9 Financial Instruments** – IFRS 9 is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. This new standard is effective for annual periods beginning on or after January 1, 2015.

**IAS 32 Financial Instruments: Presentation** - IAS 32 amendment provides clarification on the application of offsetting rules. The standard will be effective for annual periods beginning on or after January 1, 2014.

## 1.9 FINANCIAL AND OTHER INSTRUMENTS

The Company’s financial instruments consist of cash, short term investments, accounts receivables, amounts due to and from related parties, and accounts payable and accrued liabilities. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency risks arising from financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

### 1.10 OTHER MD&A REQUIREMENTS

Additional information relating to the Company’s operations and activities can be found by visiting the Company’s website [www.stinaresources.com](http://www.stinaresources.com) as well as numerous news releases and 43-101 reports filed on SEDAR at [www.sedar.com](http://www.sedar.com)

#### A. Authorized and Issued Share Capital as at September 30, 2014:

**Authorized:** Unlimited common shares without par value

**Issued and outstanding:** 30,037,499 common shares

*See Note 9 – Share Capital of the Financial Statements*

#### B. Options, Warrants & Convertible Securities Outstanding as at September 30, 2014:

##### 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 employee stock options were vested and exercisable at September 30, 2014:*

<b><u>Number of shares</u></b>	<b><u>Exercise price - \$ -</u></b>	<b><u>Expiry Date</u></b>
375,000	0.30	Expired Nov 3, 2014
825,000	0.46	August 5, 2015
250,000	0.33	March 16, 2016
<u>800,000</u>	0.15	July 3, 2017
<b><u>2,250,000</u></b>		

### **Escrow shares**

As of September 30, 2014 no shares were held in escrow

### **Share purchase warrants**

As of September 30, 2014 the following share purchase warrants were outstanding:

<u>No. of warrants</u>	<u>Exercise price</u>	<u>Expiry Date</u>
2,100,000	0.45	September 19, 2015
<u>400,000</u>	0.50	January 30, 2016
<b><u>2,500,000</u></b>		

### **C. Subsequent Events**

On November 3, 2014 a total of 375,000 options exercisable @ \$0.30 per share expired unexercised.

### **D. Evaluation of Disclosure Controls and Procedures**

Based on our evaluation for the quarter ended September 30, 2014, and up to the date of this Management Discussion and Analysis, we have concluded that our disclosure controls and procedures are sufficiently effective to provide reasonable assurance that material information required to be disclosed in the Company's interim and annual filings and other reports filed or submitted under Canadian securities laws are recorded, processed, summarized and reported within the time periods specified by those laws and that the material information is accumulated and communicated to Management of the Company, including the President, and CEO, as appropriate to allow timely decisions regarding required disclosure.

### **E. Corporate Governance Disclosure**

The company has submitted to its members and shareholders details in the Information Circular dated May 21, 2011 Corporate Governance Disclosure guidelines that have been presented to the Board of Directors for periodic review. Some of these guidelines are: Outlining the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company's internal control and management information systems. The Management of the Company periodically updates directors with regulatory policy changes. Management encourages and promotes a culture of ethical business

conduct. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

# STINA RESOURCES LTD.

## CORPORATE DATA

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### **Directors and Officers**

James Corrigan – President/ Director  
Jim Wall, CEO, Secretary/ Director  
Al Doherty, VP Exploration/ Director  
Edward Gresko, Director

### **Registrar and Transfer Agent**

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Vancouver, British Columbia V6C 3B9

### **Solicitors**

Fang & Associates  
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Vancouver, B.C. V6B 3K1

### **Auditors**

Dale, Matheson, Carr-Hilton, LaBonte LLP,  
Chartered Accountants  
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Vancouver, B.C. V6E 4G1

### **Listing**

TSX Venture Exchange  
Symbol: SQA