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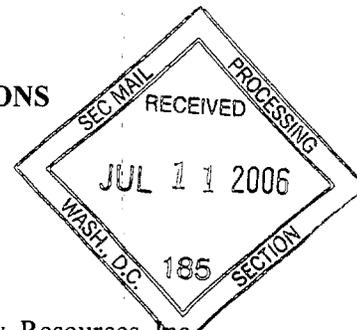
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STINGRAY RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FIRST QUARTER ENDED APRIL 30, 2006

June 28, 2006



GENERAL

The following Management Discussion and Analysis ("MD&A") of Stingray Resources Inc. ("Stingray" or the "Company") should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto for the fiscal years ended January 31, 2006 and 2005. This MD&A covers the last completed fiscal year and the subsequent period up to the date of filing. All dollar amounts are stated in Canadian dollars, unless otherwise noted. The financial statements are prepared in accordance with Canadian generally accepted accounting principals ("GAAP"). Readers are encouraged to read the Company's public information filings on Sedar at www.sedar.com.

OVERVIEW OF PERFORMANCE

Stingray is in the business of exploring for minerals, primarily for precious metals (gold, silver) and copper in Mexico. The Company has its corporate office located in Toronto, Ontario, Canada and explores in Mexico through its wholly owned Mexican subsidiary, Minera Stingray S.A. de C.V. which has its exploration base located in Hermosillo, Sonora, Mexico.

The Company's assets at April 30, 2006 were \$5,580,750 compared to \$5,708,380 at January 31, 2006. Working capital of \$4,905,680 at April 30, 2006 has decreased by \$136,107 since January 31, 2006 as a result of funding the search for new properties in Mexico and for general corporate operations.

MINERAL PROPERTIES

El Indio Properties

The El Indio consists of 3 exploration properties located along the Sierra Madre trend in Chihuahua that were optioned from Minera Uruachic S.A. de C.V. by the Company. Under the terms of the option, Stingray can acquire a 75% interest in the property by paying the vendor a series of payments staged over 7 years: CDN\$ 500,000, 250,000 common shares of Stingray and by expending CDN\$ 1 million in exploration on the properties.

A technical report describing areas of gold and silver mineralization at the properties was prepared for Stingray in September 2003 by Victor Jaramillo, P. Geo. Mapping at the El Indio concession has identified a north, northwest trending, elliptical package of silicified andesitic to rhyolitic volcanic rocks, dipping steeply to the west that extend for 2 kilometers and across a maximum width of 300 meters. These silicified rocks show much fracturing and quartz veining with accompanying iron oxides. The rock sampling program which was conducted by the Company's geologists included several hundred samples collected across the grid and sent for assaying to ALS Chemex (with appropriate quality assurance and control programs).

The results to date indicate a few, narrow areas of veining yielding significant gold results. The Company's geologists are considering geophysical methods that may be helpful in determining subsurface concentrations of gold mineralization within this extensive altered series of volcanic rocks.

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At the nearby Pelonachi concession, a detailed sampling program of the altered and intensively fractured target did not reveal significant precious metal mineralization.

Elephant 8 Property

Stingray has staked the "Elephant 8" exploration concession in the area north of Chinipas, Chihuahua. This large concession located along the Sierra Madre trend has been reported as the historic host of significant silver and gold production from the late 1600's to early 1900's. The Company's geologists have established access routes into these remote areas and have concluded several reconnaissance programs of locating historic production sites and the associated mineralization. The previous years efforts outlined interesting silver and gold mineralization at the San Agustin open cut. Recent efforts to access the property have been unsuccessful due to personal safety risks regarding the Company's exploration personnel. The Company monitors the accessibility into the area and exploration programs designed to follow up the results of the reconnaissance work will be conducted as conditions allow.

MINERAL EXPLORATION ACTIVITIES

The Company's operations consist of the exploration and development of mineral properties in Mexico as well as ongoing overheads to run the Company from its corporate head office in Toronto, Canada. Expenditures on the Company's mineral properties for the three months ended April 30, 2006 were Nil compare to \$39,419 for the same period in 2005. The Company's exploration efforts were focused on the search for new mineral properties of merit.

RESULTS OF OPERATIONS

During the three months ended April 30, 2006 the Company incurred a loss of \$140,691 (\$0.01 per share) compared to a loss of \$79,857 (\$0.01 per share) in the same period in 2006.

Operating expenses for the three months ended April 30, 2006 were \$177,716 compared with \$111,357 for the same period in the prior year. The increase of \$66,359 is substantially attributed to an increase in project evaluation expenses of \$48,251 from \$35,169 for the three month ended April 30, 2006 to \$83,960 for the same period in the current year.

Interest and other income increased by \$11,726 from \$31,500 in 2005 to \$43,226 in 2006 due to increased rates of interest paid on bank deposits.

SUMMARY OF QUARTERLY RESULTS

Selected consolidated financial information for each of the last eight quarters of fiscal 2006 and 2005 (unaudited):

Quarter Ended	Revenue \$	Loss For the Period \$	Loss Per Share * \$
April 30, 2006	43,226	(140,691)	(0.01)
January 31, 2006	43,529	(129,822)	(0.01)
October 31, 2005	35,010	(115,994)	(0.01)
July 31, 2005	31,500	(197,707)	(0.02)
April 30, 2005	31,500	(79,857)	(0.00)
January 31, 2005	36,957	(116,740)	(0.01)
October 31, 2004	30,401	(94,043)	(0.00)
July 31, 2004	33,751	(253,442)	(0.02)

*basic and diluted

LIQUIDITY AND CAPITAL RESOURCES

As discussed above, the Company's financial position remains strong, with working capital at January 31, 2006 of \$4,905,680. This working capital position, comprised substantially of cash, is sufficient to fund the Company's overheads for the foreseeable future and the Company's planned exploration activity in Mexico.

The Company's cash position of approximately \$4.9 million has been invested in an interest bearing cash account with a major Canadian bank.

The Company has been successful in accessing the equity markets in the past and, while there is no guarantee that this will continue to be available, management has no reason to expect that this capability will diminish in the near term.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value on its mineral properties as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

Mineral properties

The Company's recorded value of its mineral properties is in all cases based on historical costs that expect to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership and political risk, funding and currency risk, as well as environmental risk.

Stock-based compensation

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend, among other things, upon a variety of factors including the market value of Company shares and financial objectives of the holders of the options. The Company has used historical data to determine volatility in accordance with Black-Scholes modeling, however the future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on stock-based compensation and hence results of operations, there is no impact on the Company's financial condition.

CHANGE IN ACCOUNTING POLICY

There have been no changes in accounting policies since the Company's most recent year end.

USE OF FINANCIAL INSTRUMENTS

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance sheet arrangements. The principal financial instrument affecting the Company's financial condition and results of operations is currently its cash, most of which was acquired in a private placement that closed in mid December 2003. The cash balances at January 31, 2006 are on deposit with a major Canadian bank in an interest bearing account. Foreign currency exposure is minimized by retaining all but a

small portion of the cash in Canadian dollar denominated instruments. Contracts for goods and services are denominated in both United States and Mexican currency.

FORWARD LOOKING STATEMENTS

The above contains forward looking statements that are subject to a number of known and unknown risks, uncertainties and other factors that may cause results to differ materially from those anticipated in our forward looking statements. Factors that could cause differences include: changes in gold world markets, equity markets, costs and supply of materials relevant to the mining industry, change in government and changes to regulations affecting the mining industry. Although we believe the expectations reflected in our forward looking statements are reasonable, results may vary, and we cannot guarantee future results, levels of activity, performance or achievements. Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible” and similar expressions, or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved.

OUTSTANDING SHARE DATA

Share capital

(a) Authorized:

100,000,000 common shares

(b) Issued:

	Number of Shares	Share Amount
Balance January 31, 2006 and April 30, 2006	<u>12,781,330</u>	<u>\$14,906,978</u>

(c) Stock options

	Number of options	Value	Average Exercise Price
Balance January 31, 2006 and April 30, 2006	<u>610,000</u>	<u>\$ 254,368</u>	\$0.84

At April 30, 2006 the following options are outstanding to purchase common shares:

Grant date	Expiry date	Number of options	Value	Exercise price
May 27, 2004	May 27, 2009	160,000	\$ 86,939	\$1.00
May 27, 2004	May 27, 2009	145,000	82,848	\$0.75
June 29, 2005	June 29, 2010	<u>305,000</u>	<u>84,581</u>	\$0.80
Balance April 30, 2006		<u>610,000</u>	<u>\$ 254,368</u>	

RELATED PARTY TRANSACTIONS

During the period there were no transactions with related parties.

ADDITIONAL INFORMATION

Additional information relating to the Company may be accessed on the Internet at www.sedar.com.

“Peter Mordaunt “

Peter Mordaunt
Chairman & President

Stingray Resources Inc.

(an exploration stage company)

Consolidated Balance Sheets

April 30, 2006 and January 31, 2006

	April 30, 2006	January 31, 2006
	\$	\$
	(unaudited)	(audited)
Assets		
Current assets		
Cash	4,875,125	5,005,344
Accounts receivable	71,655	64,482
	<u>4,946,780</u>	<u>5,069,826</u>
Environmental bond	2,000	2,000
Equipment (note 2)	48,362	52,946
Mineral properties and deferred exploration costs (note 3)	<u>583,608</u>	<u>583,608</u>
	<u>5,580,750</u>	<u>5,708,380</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<u>41,100</u>	<u>28,039</u>
Shareholders' Equity		
Share capital (note 4 (b))	14,906,978	14,906,978
Contributed surplus	178,475	178,475
Stock options (note 4c)	254,368	254,368
Deficit	<u>(9,800,171)</u>	<u>(9,659,480)</u>
	<u>5,580,750</u>	<u>5,708,380</u>

See accompanying notes to interim consolidated financial statements.

Stingray Resources Inc.

(an exploration stage company)

Consolidated Statements of Operations and Deficit

Unaudited

Three Months Ended April 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
	\$	\$
Operating expenses		
Depreciation	4,584	3,544
Office rent, telephone and reception	17,128	11,894
Professional fees	5,000	-
Project evaluation	83,960	47,270
Promotion and travel	14,411	9,749
Regulatory fees	3,800	-
Salaries and benefits	47,891	33,597
Shareholder communications	-	3,716
Transfer agent fees	942	1,587
	<u>(177,716)</u>	<u>(111,357)</u>
Loss from operations		
Other income and expense		
Interest and other income	43,226	31,500
Foreign exchange loss	(6,201)	-
	<u>37,025</u>	<u>31,500</u>
Loss for the period	<u>(140,691)</u>	<u>(79,857)</u>
Deficit - Beginning of period	<u>(9,659,480)</u>	<u>(9,136,100)</u>
Deficit- End of period	<u>(9,800,171)</u>	<u>(9,215,957)</u>
Basic and diluted loss per share	<u>(0.01)</u>	<u>(0.01)</u>
Weighted average number of shares outstanding	<u>12,781,330</u>	<u>12,756,330</u>

See accompanying notes to interim consolidated financial statements.

Stingray Resources Inc.

(an exploration stage company)

Consolidated Statements of Cash Flows

Unaudited

Three Months Ended April 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
	\$	\$
Cash provided by (used in):		
Operating activities		
Loss for the period	(140,691)	(79,857)
Items not involving cash		
Depreciation	4,584	3,544
Changes in non-cash working capital		
Increase in receivables	(7,173)	(614)
Increase (decrease) in accounts payable and accrued liabilities	13,061	(14,907)
	<u>(130,219)</u>	<u>(91,834)</u>
Investing activities		
Increase in mineral properties and deferred exploration costs	-	(39,419)
Purchase of equipment	-	(154)
	<u>-</u>	<u>(39,573)</u>
Decrease in cash and cash equivalents	(130,219)	(131,407)
Cash		
- Beginning of period	<u>5,005,344</u>	<u>5,629,558</u>
- End of period	<u>4,875,125</u>	<u>5,498,151</u>

See accompanying notes to interim consolidated financial statements.

Stingray Resources Inc.

(an exploration stage company)

Notes to Consolidated Financial Statements

Unaudited

Three Months Ended April 30, 2006 and 2005

1. Basis of presentation

These interim consolidated financial statements include the accounts of the Company and its subsidiary. All significant inter-company balances and transactions have been eliminated. The interim statements should be read in conjunction with the annual audited financial statements for the Company's most recently completed fiscal year ended January 31, 2006, as these interim financial statements do not include all disclosures required for annual financial statements.

The preparation of interim financial statements to conform with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates relate to the determination of impairment of mineral properties, and assumptions used determining stock-based compensation. Actual results could differ from those estimates.

The same accounting policies are used in these interim financial statements as for the most recent audited annual financial statements.

2. Equipment

	Accumulated		Net
April 30, 2006	Cost	Depreciation	Book Value
	\$	\$	\$
Automotive equipment	90,651	46,196	44,455
Office equipment	6,634	2,727	3,907
	<u>97,285</u>	<u>48,923</u>	<u>48,362</u>

	Accumulated		Net
January 31, 2006	Cost	Depreciation	Book Value
	\$	\$	\$
Automotive equipment	90,651	41,975	48,676
Office equipment	6,634	2,364	4,270
	<u>97,285</u>	<u>44,339</u>	<u>52,946</u>

Stingray Resources Inc.

(an exploration stage company)

Notes to Interim Consolidated Financial Statements

Unaudited

Three Months Ended April 30, 2006 and 2005

3. Mineral exploration properties

	Balance January 31, 2006	Additions	Balance April 30, 2006
April 30, 2006	\$	\$	\$
El Indio	237,174	-	237,174
Elephant 8	346,434	-	346,434
	<u>583,608</u>	<u>-</u>	<u>583,608</u>

	Balance January 31, 2005	Additions	Balance January 31, 2006
January 31, 2006	\$	\$	\$
El Indio	169,555	67,619	237,174
Elephant 8	188,261	158,173	346,434
	<u>357,816</u>	<u>225,792</u>	<u>583,608</u>

El Indio

On September 19, 2003, the Company completed an agreement with Minera Uruachic S.A. de C.V. to earn a 75% interest and become the operator of three gold exploration properties located in the Uruachic gold district, Chihuahua, Mexico. The Company can earn its interest over a seven year option period by making a series of cash payments totaling \$500,000, issuing 250,000 common shares and incurring \$1,000,000 in exploration on the properties.

As of January 31, 2006, the Company was required to pay \$100,000 (paid), issue 50,000 common shares (issued at a total value of \$10,000) and incur no less than \$200,000 in exploration on the properties (\$127,174 incurred to January 31, 2006).

The Company has not met the exploration spending requirement as of January 31, 2006 but has obtained a letter of exemption from Minera Uruachic S.A. de C.V. waiving the requirement.

Stingray Resources Inc.

(an exploration stage company)

Notes to Interim Consolidated Financial Statements

Unaudited

Three Months Ended April 30, 2006 and 2005

3. Mineral exploration properties (continued)

Elephant 8

During the year ended January 31, 2005, the Company staked a large exploration concession named the Elephant 8 in the State of Chihuahua straddling the Sonora border in Mexico. The total surface area is approximately 37,000 hectares and is located 60 kilometers from the town of Alamos in Sonora.

4. Share capital

(a) Authorized:

100,000,000 common shares without par value

(b) Issued:

Balance January 31, 2006 and April 30, 2006

	Number of Shares	Share Amount
	12,781,330	\$14,906,978

(c) Stock options

Balance January 31, 2006 and April 30, 2006

	Number of Options	Value	Average Exercise Price
	610,000	\$ 254,368	\$0.84

Stingray Resources Inc.

(an exploration stage company)

Notes to Interim Consolidated Financial Statements

Unaudited

Three Months Ended April 30, 2006 and 2005

4. Share capital (continued)

(c) Stock options (continued)

At January 31, 2006, and April 30, 2006, the following options are outstanding to purchase common shares:

	<u>Grant date</u>	<u>Expiry date</u>	<u>Number of options</u>	<u>Value</u>	<u>Exercise price</u>
	May 28, 2004	May 28, 2009	160,000	\$ 86,939	\$1.00
	May 28, 2004	May 28, 2009	145,000	82,848	\$0.75
	June 29, 2005	June 29, 2010	305,000	84,581	\$0.80
			<u>610,000</u>	<u>\$ 254,368</u>	

5. Related party transactions

During the period there were no transactions with related parties.