STANS ENERGY CORP.

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FORM 51-102
ANNUAL MANAGEMENT'S DISCUSSION & ANALYSIS

This management's discussion and analysis ("MD&A") relates to the financial condition and results of operations of Stans Energy Corporation together with its owned subsidiaries, as of April 29, 2014 and is intended to supplement and complement Stans Energy Corporation's audited annual consolidated financial statements for the year ended December 31, 2013 and the notes thereto. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the Cautionary Statement on Forward Looking Information included with this MD&A and to consult Stans Energy Corporation's audited consolidated financial statements for 2013 and corresponding notes to the financial statements which are available on SEDAR website at www.sedar.com. The December 31, 2013 audited consolidated financial statements and MD&A are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as at and for the year ended December 31, 2013, as well as our outlook.

This section contains forward-looking statements and should be read in conjunction with the risk factors described in "Risk Analysis". In certain instances, references are made to relevant notes in the consolidated financial statements for additional information.

Where we say "we", "us", "our", the "Company" or "Stans", we mean Stans Energy Corporation or Stans Energy Corporation and/or one or more or all of its subsidiaries, as it may apply.

Cautionary Statement on Forward-Looking Information

This document may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect management the Company's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws. Accordingly, readers should not place undue reliance on forward looking statements.

Description of the Business

Stans was incorporated on September 26, 2005 under the laws of the Province of Ontario. The Company is engaged in the business of the acquisition and development of mineral deposits such as uranium, molybdenum, vanadium, beryllium, and rare earth metals in the Kyrgyz Republic. Stans owns three operating subsidiaries, Stans Energy KG LLC, ("Stans KG"), Kutisay Mining LLC, ("Kutisay"), Kashka REE Plant Ltd., each of which is registered with the Ministry of Justice of the Kyrgyz Republic. Kutisay is 99.9% owned by Stans KG and Kashka REE Plant is 99.9% owned by Stans KG; SevAmRus CJSC ("SevAmRus), a 99 % owned subsidiary incorporated under the laws of the Russian Federation; and Stans Energy Cyprus Corporation Limited, a 100% owned subsidiary registered by the Registrar of Companies in the Republic of Cyprus.

Stans' common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol HRE. Stans' common shares are also listed on the OTCQX market under the symbol HREEF.

The head office, principal address and records office of the Company are located at 8 King St. East, Suite 205, Toronto, Ontario, M5C 1B5.

Currently Stans is focused on the exploration and development of its mineral projects and as such it has no sources of operating revenue and continues to operate at a loss. Operating losses are expected to continue until such time as revenue generation from operating activities commences at commercial levels.

Operating losses and operating cash flow of Stans are affected by various factors, including regulatory compliance, the level of exploration activity and capital expenditures, general and administrative costs, and other discretionary costs and activities. Stans is also exposed to fluctuations in currency exchange rates, political risks, and varying levels of taxation that affect losses and cash flow. Stans seeks to manage the risks associated with its business operations; however, many of the factors affecting these risks are beyond the Company's control.

Corporate Developments

Management

On September 3, 2013, Stans announced the resignation for health reasons of its President and Chief Executive Officer. Rodney Irwin, Chairman of Stans, was appointed acting President and CEO. In December 2013, the Company's Chief Financial Officer Anna Kuranova took a medical leave, and on January 6, 2014, advised the Company that she would not be returning. She was replaced by Boris Aryev, the Company's Chief Operating Officer as interim CFO.

Mineral Properties

Licenses to the prospecting/exploration rights in the Kyrgyz Republic as of December 31, 2013:

- Kyzyluraan
- Aktyuz

Mining licenses in the Kyrgyz Republic as of December 31, 2013:

- Kutessay II
- Kalesay

Kutessay II and Kalesay mining licence

On December 29, 2009, the Company acquired a mining license for the formerly producing REE mine, Kutessay II, in Kyrgyzstan. The Company acquired 100% of the Kutessay II and Kalesay beryllium deposits by acquiring 100% of OSC “Kutisay Mining” by Government auction on the Central Asian Stock Exchange for USD $863,550 (CAD $898,524). The only assets owned by OSC “Kutisay Mining” were licenses. There were no known other assets or liabilities. Thus, the purchase price of USD $863,550 (CAD $898,524) was allocated to mineral properties as USD$828,447 (CAD$861,999) to Kutessay II and mineral property and USD$35,103 (CAD$36,525) to Kalesay. The Company also paid $26,359 in legal fees, the amount of which was proportionally allocated between the two licenses. Stans Energy KG then re-registered OSC “Kutisay Mining” as it's fully owned subsidiary “Kutisay Mining LLC”.

During 2010, the Kyrgyz Republic Ministry of Natural Resources (MNR), reviewed and reissued mining licences for the Kutessay II and Kalesay deposits, previously purchased by Stans Energy Corp. via auction from the public company, OSC “Kutisay Mining”. The details of these licences are as follows:

Stans Energy owns a 20-year mining licence for both Kutessay II and Kalesay with the expiry date December 21, 2029. Within these licences, the Kyrgyz Republic MNR, now known as the State Agency on Geology and Mineral Resources (SGA), is to review each project's progress at defined interim stages regulated by the each respective licensing agreement. In September 2010, the MNR issued the licensing agreement No. 2, the title of the review period for Kutessay II and Kalesay, to December 2011 - a period chosen by the council to allow Stans the necessary time to complete a feasibility study for Kutessay II, and develop a better understanding of the region's mining potential. As of June 2012, Stans Energy signed a new Licence Agreement #3 within the Company’s existing mining licence, which is valid through 2029.

All outstanding project development and construction are on hold due to the injunction filed by the State Prosecutors Office of Kyrgyzstan in May 2013. The injunction blocks any communication between Stans Energy’s local subsidiary; Kutisay Mining LLC., and the State Agency for Geology and Mineral Resources of Kyrgyzstan (SGA) in furtherance of development at the site of Kutessay II. As part of the Company’s ongoing obligations to satisfy conditions of Licence Agreement #3, dated June 15, 2012, Stans Energy is required to submit the completed Design and Engineering Reports for state approval. The current injunction prevents the Company from delivering the reports. Once approved by the SGA these documents would form the basic elements of the feasibility study.

See “**Legal Update**” below.

<u>Aktyuz ore field exploration licence</u>

In January 2010, the Company acquired an exploration license for USD$1,000 for the REEs Aktyuz Ore Field (“AOF”), which surrounds the acquisitions of the mining licenses for the past-producing REEs mine, Kutessay II, and the Kalesay Beryllium deposit. The approximate 40 Sq. km exploration license completely covers the known REEs mineralized zones surrounding Kutessay II. Each identified mineralized horizon exhibits REE mineralization at the surface. On June 24, 2013, Stans Energy Corp received the extension of the licence for the Aktyuz Ore field.

The following important facts relate to the Aktyuz Ore Field:

1. The Aktyuz Ore Field is comprised of 5 rare earth mineralized zones, consisting of Kutessay I, Kutessay II, Kutessay III, Aktyuz, and Kuperlisai.
2. The Aktyuz deposit was first mined for lead in the 9th to the 12th century.
3. The Aktyuz deposit was mined from underground for lead, zinc, silver, tin and copper from 1942 to 1946.
4. The Aktyuz deposit saw limited REE underground mining for REE's from 1946 to 1951 before Kutessay II was put into production.
5. Surface exploration for REE only on Kutessay I, Kutessay III, and Kuperlisai.

<u>Kashka Rare Earth Plant</u>

In July, 2012 Stans Energy commenced operational testing at the Kashka Rare Earth Plant (KRP). As of July 12, 2012, the company has separated dysprosium from the resins remaining from past production runs, yielding 50 kg of dysprosium oxides ahead of schedule. The technical teams, lead by V. Kashtanov, Director General of KRP, have been able to separate:

15kg of Dysprosium Oxide grading 99.95% purity
15kg of Dysprosium Oxide grading 99.9% purity
20kg of Dysprosium Oxide grading 99.5% purity

The number of employees engaged in restoration works from January through June 2013 amounted to 67 people. As of July 1, 2013 a reduction in staffing resulted in 39 lay-offs leaving 28 persons employed at KRP.

For 2013, the following works were performed:

1. Replacement of 2 T-1000kV transformers
2. Repair of electrical equipment at power substation, including starter switches and relay protection
3. Installation of indoor electrical wiring within the Ion Exchange area
4. Repair of 11 hoisting devices
5. Installation of 2 compressors and compressed air pipelines
6. Overhaul of filters and stainless steel tanks with installation of associated process piping
7. Installation of 2 enameled reactors for dissolution of concentrates
8. Restoration of storage warehouses
9. Installation of 2 – 6kV power transmission lines from Kashka substation to Plant #2 – 1.5 km

Exploration and Development Activities in 2013

<u>Kutessay II</u>

Feasibility study. The Company has engaged Ecoservice LLC to design a 14.5 thousand m^3 tailings impoundment and to design a 1 million tonne per year mill. Asiarudproject CJSC has been engaged for the engineering of a new mine design that will assess the combined open-pit and underground mine options to determine feasibility. Both of these initiatives are complete.

Information Research Centre LLC (IRC) in association with the Russian Scientific Research Institute of Chemical Technology (VNIIHT) successfully developed and tested a process flow sheet for milling of Kutessay II ore, including two-stage gravity preparation with concentrate finishing employing flotation. The recommended flow sheet achieved 65% TREE recovery and a minimum 5% TREE content of concentrate. VNIIHT has successfully tested a contained, environmentally friendly process for extracting thorium, radium and fluorine from Kutessay II RE concentrates. VNIIHT's new cracking method yielded a greater recovery of REs from historical concentrates – 95% at the impurity removal stage, and 93% at the nitrate creation stage. The final product of these tests was a 98% pure combined RE Oxide (REO) nitrate solution.

On February 26, 2014, Stans Energy Corp. announced that the Federal Service for Technical and Export Control of the Russian Federation ("FSTEC") had granted a special export licence to the Company. This special export licence allows for the export and use of key cracking technology by Stans, which was developed by VNIIHT.

Technical experts at both KRP and VNIIHT will now begin optimizing the engineering for the required flow sheet for the cracking facility, which is planned to be the new Plant #1 at KRP.

The 2012 exploratory drilling program at Kutessay II consisted of 11 drill holes with 60m spacing within the existing open pit outline, which should allow the new zone to be included in future mineral resource estimates.

For further information please refer to the *Legal Update* Section.

Kyzyluraan

In 2013 our focus for Kyzyluraan was on conducting representative sampling on the Kyrgysh mineralization and metallurgical milling tests of the sampled ore. Additional prospecting was conducting on the property consisting of : 10.2 ln. Km prospecting, 1032.7 m3 of trenching, 917 samples, 380 m3 of new roads.

Aktyuz Mine.

Based on the historical records Stans Energy conducted exploratory drilling on possible rare earth mineralized zones under the historic Aktyuz mine. The 2011 exploration program was inconclusive. More detailed research of the historical documentation is required. No field exploration took place in 2012 and 2013.

Aktyuz Ore Field.

Stans completed 2011 surface exploration work, and built a computerized model using 2010 and 2011 results and historic data. An application for the extension of the Aktyuz Orefield licence was submitted to the State Agency for Geology and Mineral Resources in December 2011. The prospecting licence was extended as of June 24, 2013.

***Kalesay*.**

The resampling on the un-weathered sections collected in 2011 has been completed and has been sent for further independent analysis. Further work is pending new licence agreement/attachment approval.

Summary for of activities for the year December 31, 2013

During the year ended December 31, 2013, exploration expenditures totalled $1,158,045 and were spent on exploration of Kutessay II ($969,959), Kyzyluraan ($220,075), Aktyuz ($113,197) and Kalesay ($22,864) mineral properties.

A summary of material components of exploration and evaluation expenditures for the years ended December 2013 and 2012 is as follows:

	Kyzyluraan		Aktyuz		Kutessay II		Kalesay		Total	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Opening Balance	**2,682,065**	2,538,505	**1,862,142**	1,846,695	**2,220,508**	1,362,520	**377,732**	364,122	**7,142,447**	6,111,842
Additions:										
Mine work	-	-	-	-	-	-	**22,864**	20,100	**22,864**	20,100
Fieldwork	-	-	-	9,949	-	176,263	-	-	-	186,212
Lab work	-	-	-	14,096	-	295,863	-	-	-	309,958
Analytical work	**25,669**	27,446	**21,904**	8,927	**17,246**	39,247	-	-	**64,819**	75,620
Drilling	-	-	-	7,477	**70,491**	560,474	-	-	**70,491**	567,951
Geological work	-	159,782	-	7,914	**12,881**	55,115	-	-	**12,881**	222,812
Design and survey work	**194,406**		**91,293**	-	**774,942**	2,136	-	-	**1,060,641**	2,136
Other	-	1,579	-	-	**94,399**	-	-	-	**94,399**	1,579
Total additions:	**220,075**	188,807	**113,197**	48,363	**969,959**	1,129,098	**22,864**	20,100	**1,326,095**	1,386,368
Write Off	-	-	-	-	-	(246,824)	-	-	-	(246,824)
Foreign exchange translation	**321,395**	(45,247)	**223,143**	(32,916)	**266,086**	(24,286)	**45,265**	(6,490)	**855,889**	(108,939)
Impairment loss	**(3,223,535)**	-	**(2,198,483)**	-	**(3,456,552)**	-	**(445,861)**	-	**(9,324,431)**	
Closing balance	-	2,682,065	-	1,862,142	-	2,220,508	-	377,732	-	7,142,447

Summary of material components of quarterly exploration expenditures and development

				2012				2013
	Q1 $	Q2 $	Q3 $	Q4 $	Q1 $	Q2 $	Q3 $	Q4 $
Explorations rights/licenses	-	-	-	-	-	-	-	-
Mining licenses	-	-	-	-	-	-	-	-
Exploration and evaluation expenditures and overhead capitalized into exploration licenses	42,836	17,767	113,170	63,397	15,263	43,569	98,585	170,768
Development and evaluation expenditures and overhead capitalized into mining licenses	162,313	190,808	494,972	301,105	26,309	924	708,696	236,159
Write off /Impairment	-	-	-	(246,824)	-	-	(7,836,201)	(406,927)

Legal Update

The Company's subsidiaries are involved in a number of material and immaterial claims in Kyrgyzstan which have created risks or uncertainties to the Company's business.

All outstanding project development and construction is on hold due to the injunction filed by the State Prosecutors Office. The injunction blocks any communication between Stans Energy's subsidiary, Kutisay Mining LLC, and the State Agency for Geology and Mineral Resources of Kyrgyzstan. As part of the Company's ongoing obligations to satisfy conditions of Licence Agreement #3, dated June 15, 2012, Stans Energy is required to submit completed design and engineering reports for Kutessay II for state approval, which the current injunction prevents the Company from doing. Once approved by the State Agency for Geology and Mineral Resources these documents would form the basic elements of the feasibility study. As a consequence, Stans Energy has undertaken a review of its existing operations in Kyrgyzstan and has laid-off 50% of its staff at the Kashka Rare Earth Processing Facility. The current services of the Company's design and engineering contractors were engaged prior to the injunction of May 2013. Further engagement of the contractors beyond their original scope of work is on hold pending the successful outcome of the ongoing court cases.

Notably:

- The prior holders of the licence for the development of Kutessay II have sued the State Agency for Geology and Mineral Resources to invalidate the actions of the State Agency for Geology and Mineral Resources Committee Protocol that annulled the licence of Central Asia Metal Group LLC ("CAMG"). This group is also contesting the mechanism in which the licence for Kutessay II and Kalesay was placed into Kutisay Mining OSC, which was a Kyrgyz public company at that time. Stans Energy then acquired this public company through open auction. The Kyrgyz State is vigorously defending the annulment of the CAMG licence and Stans Energy is a third party to this suit. In September 2013, The Bishkek City Court ruled against Baotou Hongbo Technology Company. The court found that the Baotou Hongbo Technology Company had no legal basis to petition this claim, the statute of limitations had expired for the claim and that the licence was in fact taken away from CAMG legally.

- As a separate matter, the State Prosecutor's Office of Kyrgyzstan also took action against the State Agency for Geology and Mineral Resources seeking to invalidate the process of awarding the mining licence to Kutisay Mining OSC. The injunction preventing interaction between the State Agency for Geology and Mineral Resources and Kutisay Mining LLC stems from this court case. In March 2014, the Inter-District Court of Bishkek had ruled in favour of the Kyrgyz General Prosecutor's Office with respect to its claim regarding Stans' wholly owned Kutessay II project. In April 2014, the Company filed an appeal to the Bishkek City Court in response to the ruling from the Inter-District Court of Bishkek in favor of the Kyrgyz General Prosecutor's Office claim.
- Kutisay Mining LLC has also sued the State Agency for Geology and Mineral Resources for an order mandating the State Agency for Geology and Mineral Resources to stop its inactivity and process the licence extension for Kalesay.
- In June 2013, the Company commenced arbitration against the Kyrgyz Chemical and Metallurgical Plant ("KCMP") seeking up to USD $4,300,000 in damages for losses with respect to breach of contractual deliveries concerning the Kashka Rare Earth Processing plants that were purchased from KCMP in 2011. This arbitration follows unsuccessful efforts to negotiate secure delivery of all of the contracted deliverables. Stans Energy asserts that KCMP misdisclosed and has failed to deliver assets of significant monetary value that were part of the contract deliveries.
- The company's subsidiaries are involved in a number of material and immaterial claims in Kyrgyzstan which have created risks or uncertainties to the Company's business. This arbitration process is still ongoing.
- On October 31, 2013 Stans Energy commenced international arbitration against the Government of Kyrgyzstan for its expropriatory and unlawful treatment of the Company in relation to the Kutessay II rare earth project. The claim seeks USD $117,853,000 in compensation for losses and damage. The arbitration which was brought by Stans and its subsidiaries will take place under the Convention for the Protection of Investor's Rights to which Kyrgyzstan is a signatory and will be heard in the Arbitration Court at the Moscow Chamber of Commerce and Industry in Q2-2014. We use the word "expropriatory' to mean legislative action or administrative action or omission attributable to the host government which has the effect of depriving the holder (Stans) of a guarantee of its ownership of or control of, or a substantial benefit from; its investment. Stans claims that it has suffered actual deprivation of its right to carry out subsoil activity by way of actual deprivation of its license which entitles it to carry out such activity. It has been deprived of its control over investments and future income from investments. See also "Mineral Properties" above.
- On March 31, 2014 Stans Energy was informed that the Arbitration Court at the Moscow Chamber of Commerce and Industry had upheld its jurisdiction on the matter between Stans and the Government of Kyrgyzstan. The Government of Kyrgyzstan had put forth a claim that the Court had no Jurisdiction in deciding the case brought against it by the Company. The court ruled that it did in fact have jurisdiction over the matter and set the final hearings in the case over two days: April 29-30, 2014.

Impairment

The Company considers both quantitative and qualitative factors to assess impairment. Since early 2013, the Kyrgyzstan Government and the Company have been involved in a legal dispute with respect to its Kutessay and Kalesay exploration licenses.

As of December 31, 2013 the Company determined that there were indicators of impairment for its Exploration and Evaluation Assets and Property, Plant and Equipment and other assets in Kyrgyzstan. The indicators of impairment result from the political uncertainty in Kyrgyzstan, the current economic uncertainty and the downturn in the mining industry in particular, the depressed prices for rare earth and other elements, the legal challenges the Company is facing with respect to its Kutessay and Kalesay exploration licenses and the Company's decision to significantly reduce future exploration expenditures until there is greater certainty with respect to the Company's legal situation in Kyrgyzstan and the economy improves.

As a result, the Company recorded a provision for the impairment loss of for the year ended December 31,2013 of $18,857,551, which includes $9,324,431 relating to its interests in the Kyzyluraan, Aktyuz, Kutessay II and Kalesay properties, $7,695,899 relating to the Kashka rare earth element processing facility, and write off of $1,837,221 in prepaid expenses and other assets.

Since 2012, the Kyrgyzstan Government has taken a series of measures making it impossible to carry out activities at Kutessay II. In March 2013, the General Prosecutor's Office of the Kyrgyz Republic (SPO) filed a statement of claim against the State Agency for Geology and Mineral Resources of the Kyrgyz Republic (SGA) to invalidate the process by which Stans acquired the mining license for Kutessay II. Subsequently, the Inter-district Court of Bishkek issued an injunction dated April 15, 2013, which bars the SGA and its officials from taking actions related to the execution and/or extension of the Company's licenses for Kutessay II and Kalesay projects. These actions are aimed to impede the Company from executing its responsibilities under its license and have actually created conditions for termination of the operations of Kutisay Mining LLC, the Company's wholly owned subsidiary. As a result the Company has curtailed the further exploration and development of all of its Mineral Properties in Kyrgyzstan until there is greater legal certainty.

The Kashka Rare Earth Processing Facility was acquired in 2011 and is being modernized and recommissioned to process rare earth elements from the Kutessay II, Kalesay and other mineral properties in Kyrgyzstan. Given the Company's current inability to further develop its Kutessay II, Kalesay and other mineral properties and the inability to date to identify a feasible alternate source of rare earth elements that could be processed at this facility, it is expected that this Kashka will remain idle for an indefinite period.

Mineral properties and deferred expenditures by property

Licenses to exploration and mining rights in the Kyrgyz Republic as of December 31, 2013:

	Balance at January 1, 2013	Changes in the period		Impairment	Balance at December 31, 2013
		Additions	Foreign exchange translation		
Kyzyluraan	$ 2,682,065	220,075	321,395	(3,223,535)	$ -
Aktyuz	1,862,142	113,197	223,143	(2,198,482)	$ -
Kutessay II	2,220,508	969,959	266,086	(3,456,553)	$ -
Kalesay	377,732	22,864	45,265	(445,861)	$ -
	$ 7,142,447	1,326,095	855,889	(9,324,431)	$ -

Licenses to exploration and mining rights in the Kyrgyz Republic as of December 31, 2012:

		Balance at January 1, 2012	Changes in the period				Balance at December 31, 2012
			Additions	Write-off	Foreign exchange translation		
Kyzyluraan	$	2,538,505	188,807	-	(45,247)	$	2,682,065
Aktyuz		1,846,695	48,363	-	(32,916)		1,862,142
Kutessay II (i)		1,362,520	1,129,098	(246,824)	(24,286)		2,220,508
Kalesay		364,122	20,100	-	(6,490)		377,732
	$	6,111,842	1,386,368	(246,824)	(108,939)	$	7,142,447

General Financial Condition

As at December 31, 2013, the Company had a cash balance of $559,163 (December 31, 2012 - $4,598,354) and cash equivalents of $4,702,678 (December 31, 2012- $7,400,000) to settle current liabilities of $237,791 (December 31, 2012 - $414,132). All of the Company's financial liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

A summary of selected financial information for the last three years is as follows:

	For the year ended					
		December 31, 2013		December 31, 2012		December 31, 2011
Interest and Sundry Income	**$**	**84,985**	$	152,720	$	116,183
Total Expenses		**(23,559,154)**		(8,699,321)		(7,538,296)
Net loss after tax attributed to common shareholders		**(22,667,700)**		(9,074,050)		(7,472,857)
Total Assets		**5,814,735**		28,666,811		32,826,145
Cash flows used in operations		**(5,397,755)**		(4,544,351)		(4,129,009)
Loss per share (basic and diluted)	$	**0.14**	$	0.06	$	0.05

Results of Operations for the year ended December 31, 2013

The results of operations reflect the impairment loss provision the Company determined during 2013 (see "Impairment"). General and administrative costs can be expected to increase or decrease in relation to the changes in the Company's activities. As at December 31, 2013, the Company had not recorded any revenues from its projects.

The Company incurred a net loss (after tax) attributable to common shareholders for the year ended December 31, 2013 of $22,667,700 compared with a net loss of $9,074,050 in the prior year. Explanations for the significant increase of $13,593,650 from 2012 are explained below:

- The company recorded a provision for impairment loss for the year ended December 31, 2013 of $18,857,551, which includes $9,324,431 relating to its interests in the Kyzyluraan, Aktyuz, Kutessay II and Kalesay properties, $7,695,899 relating to the Kashka rare earth element processing facility, and write off of $1,837,221 in prepaid expenses and other assets.

- a decrease of $3,397,036 in share based compensation expense. The Company granted 1,500,000 options in the 2013 year vs. 4,690,000 granted in 2012; options grants that vested in 2013 were expensed in 2013. A decrease is due to a change in the weighted average assumptions used in the Black-Scholes option pricing model: a decrease of $0.61 in the average exercise price and number of options granted;
- a foreign exchange gain of $942,355 (due to a translation of net monetary assets denominated in foreign currencies to the CAD dollar) for the year ended December 31, 2013 compared to a $213,610 loss for the prior period due to the CAD dollar being weaker as at December 31, 2013 relative to December 31, 2012 against the US dollar and Russian rouble and with the CAD dollar being stronger against the US dollar and Russian rouble at December 31, 2013 relative to December 31, 2013;
- a decrease of $203,284 in travel expenses for the year ended December 31, 2013;
- a decrease of $34,116 in consulting fees due to the projects being on hold;
- a decrease of $121,754 in promotion and advertising, and shareholder communication expenses;
- an increase of $541,918 in salaries and benefits for the year ended December 31, 2013 made of an increase in salary due to an increased personnel in Kyrgyzstan (in the first six months of the year), increase in officer compensation and termination benefits paid (for the laid off employees in Kyrgyzstan and retired President and CEO severance pay of $446,000). Effective June 30, 2013 manpower decreased to 78 employees in Kyrgyzstan.
- an increase of $514,787 in professional fees due to the increased legal and arbitration related costs;
- an increase of $38,586 in rental costs due to increased lease costs at Toronto and Bishkek offices.

The following table sets forth a breakdown of material components of the office and administration costs of the Corporation for the two periods ended:

		December 31, 2013		December 31, 2012
Salaries and other employee benefits	$	**2,457,357**	$	**1,915,439**
Travel		**293,534**		**496,818**
Rent		**194,410**		**155,824**
Promotion and advertising		**50,721**		**104,481**
Investors' relations		**34,674**		**102,668**
Other Office Expenses		**632,602**		**368,385**
	$	**3,663,298**	$	**3,143,615**

Results of Operations for the quarter ended December 31, 2013

The Company incurred a net loss (after tax) attributable to common shareholders for the three months ended December 31, 2013 of $2,237,051 compared with a net loss of $2,133,737 in the prior year. Explanations for the increase of $103,314 from 2012 are explained below:

- provision for additional impairment loss of for the three months ended December 31, 2013 of $1,049,069 relating to its interests in the Kyzyluraan, Aktyuz, Kutessay II and Kalesay properties, to the Kashka rare earth element processing facility.
- a decrease of $528,268 in share based compensation expense.
- during the quarter ended December 31, 2013, foreign exchange gain was $107,013 compared with $369,626 during the same period of 2012.

- a decrease of $54,460 in travel expenses for the three months ended December 31, 2013;
- a decrease of $42,116 in promotion and advertising, and shareholder communication expenses;
- an decrease of $246,333 in salaries and benefits for the three months period ended December 31, 2013;
- an increase of $359,959 in consulting and professional fees due to the increased legal and public relations costs incurred in Kyrgyzstan;
- an increase of $4,620 in rental costs due to an increased lease costs at Toronto and Bishkek offices.

The following table sets forth a breakdown of material components of the office and administration costs of the Corporation for the two periods ended:

For three months period ended:		**December 31, 2013**		**December 31, 2012**
Salaries and other employee benefits	$	**397,818**	$	**644,151**
Travel		**43,293**		**97,753**
Rent		**49,918**		**45,298**
Promotion and advertising		**4,221**		**30,437**
Investors' relations		**5,005**		**20,905**
Other Office Expenses		**395,405**		**87,578**
	$	**895,660**	$	**926,122**

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last eight quarters:

				2012, $				**2013, $**
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Interest Income	32,197	29,775	22,528	68,220	11,683	30,251	14,950	28,101
Expenses:								
Stock-based compensation	1,559,650	1,032,367	675,553	582,686	206,733	141,497	50,572	54,418
Write off / Impairment loss	-	-	-	246,824	-	-	17,631,553	1,049,069
Operating Expenses	1,313,574	638,734	1,770,312	1,126,445	522,266	415,786	2,166,753	1,320,507
Net Loss for the period attributable to common shareholders	**2,851,711**	**1,638,569**	**2,450,033**	**2,133,737**	**613,692**	**615,596**	**19,201,361**	**2,237,051**
Loss per share (basic and diluted)	**$ 0.020**	**$ 0.010**	**$ 0.010**	**$ 0.010**	**$0.000**	**$0.000**	**$0.120**	**$ 0.014**

This summary of quarterly results should be read in conjunction with the consolidated financial statements and notes included in the Company's annual report.

Related Party Transactions

During the year ended December 31, 2013, the Company expensed $42,450 (2012 - $12,400) in consulting fees to a director of the Company. These transactions are in the normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related party).

The remuneration awarded to Directors and to senior key management is as follows:

	December 31, 2013	December 31, 2012
Salaries	**$ 1,473,599**	$ 1,169,809
Stock-based compensation	**295,898**	$ 3,455,847
	$ 1,769,497	$ 4,625,656

As a result of the termination of the employment of the Company's President and CEO, the executive received a severance pay. Accordingly, the Company has recognized an expense of CAD$ 446,000 during the year ended December 31, 2013 (2012 - $Nil).

Disclosure of Outstanding Share Data

As at December 31, 2013, and as of the date of this Discussion, the following is a description of the outstanding equity securities and exercisable securities previously issued by the Company:

(a) Issued - common shares

	Number of Shares	**Amount**
Balance, January 1, 2013	157,263,986	$ 43,110,033
Shares issued on exercise of options	-	-
Balance, December 31, 2013 and April 29, 2014	157,263,986	$ 43,110,033

(b) Warrants

7,567,568 warrants exercisable into one common share with an exercise price of $2.25 (recorded fair value $5,136,989) and 908,108 warrants exercisable into one common share with an exercise price of $1.85 (recorded fair value $945,340) have expired on April 28, 2013.
A summary of the status of the common share purchase warrants with the expiry date of April 28, 2013 and changes during the year ended December 31, 2013 and as of the date of this Disciussion is as follows:

	Year ended	
	December 31, 2013	**December 31, 2012**
Balance, beginning of year	8,475,676	8,475,676
Expired on April 28, 2013	(8,475,676)	-
Balance, December 31, 2013 and April 29, 2014	**-**	**8,475,676**

(c) Stock options

As of the date of this Discussion the continuity of stock options is as follows

:

	Number of options		Weighted average exercise price
Balance at January 1, 2011	12,660,000	$	0.32
Granted	4,200,000		1.78
Exercised	(4,786,667)		0.29
Cancelled	(110,000)		0.31
Balance at December 31, 2011	11,963,333	$	0.84
Granted	4,690,000		0.79
Exercised	(1,840,000)		0.23
Cancelled	(390,000)		0.87
Balance at December 31, 2012	**14,423,333**	$	0.90
Balance at January 1, 2013	14,423,333	$	0.90
Granted	1,500,000		0.18
Cancelled/Expired	(3,933,333)		1.13
Balance at December 31, 2013	**11,990,000**	**$**	**0.81**
Granted (i)	2,700,000		0.07
Balance at April 29, 2014	**14,690,000**	**$**	**0.68**

(i) On March 3, 2014, the Company granted 2,700,000 stock options to directors and officers with the vesting period of 18 months. Each option entitles the holder to purchase one common share at $0.07 per share at any time on or before March 3, 2019. The fair value of these stock options of $162,574 was estimated at the grant date based on the Black-Scholes pricing model.

Proposed Transactions

The board of directors of the Company is not aware of any proposed transactions involving proposed asset or business or business acquisition or disposition which may have an effect on financial conditions, results of operations and cash flows.

Off-Balance Sheet Arrangements

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

Commitments

The Company is committed to pay approximately $6,900 per month for the lease of its corporate office.

	2014	2015	2016	2017	Total
Operating leases	$82,800	$ 82,800	$ 82,800	$ 48,300	**$296,700**

Liquidity and Capital Resources

The activities of Stans are financed through the completion of equity offerings involving the sale of securities which generally include private placements and rights offering with the shareholders of Stans.

As at December 31, 2013, Stans had a net working capital of $5,403,556 (December 31, 2012-$13,501,755) comprised of cash and cash equivalents, consumables, accounts receivable, prepaid expenses and accounts payable and accrued liabilities.

As at December, 2013, the Company had a cash balance of $559,163 (2012 - $4,598,354) and short-term investments of $4,702,678 (2012 - $7,400,000) to settle current liabilities of $237,791 (2012 - $414,132). All of the Company's financial liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

Stans does not generate revenue from operations and any significant improvements in working capital would result from the issuance of share capital. During the year ended December 31, 2013 there were no cash proceeds from the issue of share capital (nine months of 2012 - $ 418,599).

Financial Instruments and Financial Risk Factors

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors. There were no changes to the financial objectives, policies and processes for the year ended December 31, 2013.

Credit risk

Credit risk relates to cash and cash equivalents, accounts receivable and arises from the possibility that any counterparty to an instrument fails to perform. The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors. As at December 31, 2013, the Company's maximum exposure to credit risk was the carrying value of cash and cash equivalents, accounts receivable.

The Company has no significant concentration of credit risk arising from operations. The Company's cash and cash equivalents are either on deposit with one of highly rated banking groups in Canada or invested in guaranteed investment certificates issued by one of highly rated Canadian banking groups. Amounts receivables consist of sales tax receivable from government authorities in Canada, Kyrgyzstan and Russia. Management believes that the credit risk with respect to financial instruments included in cash, cash equivalents and amounts receivable is remote.

Liquidity risk

The Company's exposure to liquidity risk is dependent on its ability to raise funds to meet purchase commitments and to sustain operations. The Company controls its liquidity risk by managing working capital and cash flows. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2013, the Company had a cash balance of $559,163 (2012 - $4,598,354) and short-term investments of $4,702,678 (2012 - $7,400,000) to settle current liabilities of $237,791 (2012 - $414,132). All of the Company's financial liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

Market risk

a) Interest Rate Risk

The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of the banks. The Company does not have any interest bearing debt.

b) Foreign Currency Risk

In the normal course of operations, the Company is exposed to currency risk due to business transactions in foreign countries. Transactions related to the Company's exploration and acquisition activities are mainly denominated in United States dollars ("USD") and some in SOM and Rubles. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rate.

The Company has not entered into any derivative contracts to manage this risk. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period-end exchange rates.

At December 31, 2013, the Canadian dollar ("CDN") equivalent of the Company's financial instruments is as follows:

		Canadian Dollar
Cash	$	331,247
Prepaid expenses and other receivables		391,481
Accounts payable and accrued liabilities		(238,200)
Net assets (liabilities) exposure	$	484,528

Based on the above net exposures at December 31, 2013, a 10% depreciation or appreciation of the above currencies against the CDN dollar would result in an increase or decrease, respectively, in the net loss by $33,940 (2012 - $525,070).

Fair Value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The carrying amounts for cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities on the Statements of Financial Position approximate fair value because of the limited term of these instruments.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The book values of cash, other receivables, other financial assets, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

Outlook

Although economic conditions in the financial market appear to have made a modest recovery, it remains difficult under current economic conditions to secure debt or equity financing for same companies and in particular for junior resource companies. The Company's near-term goal continues to be to preserve its cash resources by minimizing operating costs. The Company will continue to review strategic acquisitions and/or partnership opportunities that may become available, and will carefully monitor market conditions in relation to the resumption of planned exploration programs on other key properties.

If the current market conditions persist for an extended period of time, and current legal issues are not resolved, there can be no assurance that additional funding will be available to the Company or if available, that this funding will be on acceptable terms.

Critical Accounting Policies, Estimates and Accounting Changes

Critical Accounting Policies and Estimates

Stans' accounting policies are described in Note 3 to the consolidated financial statements. The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates and assumptions are continually 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. Actual results could differ from these estimates. Significant judgments, estimates and assumptions used are described in Note 5 to the consolidated financial statements.

Accounting Changes

In May 2011, the IASB issued the following suite of consolidation and related standards, all of which are effective for annual periods beginning on or after January 1, 2013.

IFRS 10 "Consolidated Financial Statements" ("IFRS 10"), which replaces parts of IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27") and all of Standing Interpretations Committee ("SIC") 12 "Consolidation – Special Purpose Entities", changes the definition of control which is the determining factor in whether an entity should be consolidated. Under IFRS 10, an investor controls 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. The Company determined there was no significant impact on the Company's concolidated financial statements.

IFRS 11 "Joint Arrangements" ("IFRS 11"), which replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers", requires a venturer to classify its interest in a joint arrangement as either a joint operation or a joint venture. For a joint operation, the joint operator will recognize its assets, liabilities, revenue, and expenses, and/or its relative share thereof. For a joint venture, the joint venturer will account for its interest in the venture's net assets using the equity method of accounting. The application of this standard does not have any impact on the Company's financial statements.

IAS 28 "Investments in Associates and Joint Ventures (2011)" ("IAS 28 (2011)") was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investments in associates, it now also addresses joint ventures that are to be accounted for by the equity method. The application of the equity method has not changed as a result of this amendment. The Company determined no significant impact on the Company's consolidated financial statements.

IFRS 12 "Disclosure of Interests in Other Entities" ("IFRS 12") is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and structured entities. This standard carries forward the disclosures that existed under IAS 27, IAS 28 and IAS 31, and also introduces additional disclosure requirements that address the nature of, and risks associated with an entity's interests in other entities. The Company determined no significant impact on the Company's consolidated financial statements.

Future Changes in Accounting Policies

The following standard has been issued but is not yet effective:

In November 2009, the IASB issued IFRS 9, "Financial Instruments", and in October 2010, the IASB published amendments to IFRS 9. In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9 "Financial Instruments". The new standard removes the 1 January 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9. The Company does not intend to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2014.

In May 2013, the IASB issued IFRIC 21, "Levies". This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The Company intends to adopt IFRIC 21 in its financial statements for the annual period beginning January 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

Report on Internal Control over Financial Reporting and Disclosure Controls and Procedures

In contrast to the Certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificate filed by the Company with the Annual and Interim Filings on SEDAR at www.sedar.com.
Management believes that based upon the evaluations and actions taken to date, reasonable assurance can be provided that there is no material misstatement of the financial results reported as of December 31 , 2013.

Business Risks, Uncertainties and Going Concern

The Company currently conducts all of its operations in the Kyrgyzstan. Accordingly, operations are exposed to various regulations pertaining to its business and to various levels of political, economic, legal and other uncertainties associated with doing business in Kyrgyzstan.

The Company is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, dependence on key individuals and successful exploration and development. The application of going concern is dependent upon the Company's ability to attain commercial production and generate future profitable operations.

Substantial expenditures are required to establish reserves, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. The financing required to achieve this exceeds the Company current financial resources. In the absence of cash flow from operations, Stans relies on capital markets to fund its exploration and evaluation activities. There can be no assurance that adequate funding will be available for those purposes when required.

Development of Stans' resource properties will only continue upon obtaining satisfactory results of properties' assessments. Mineral exploration and development involves a high degree of risk and may not be developed into a producing mine. The long-term profitability of Stans' operations will be in part directly related to the cost and success of its exploration and subsequent evaluation programs, which may be affected by a number of factors. These factors include the particular attributes of the mineral deposits including the quantity and quality of the Uranium and Rare Earth Elements, proximity to, or cost to develop, infrastructure for extraction, financing costs, mineral prices and the competitive nature of the industry. Also of key importance are governmental regulations including those relating to prices, taxes, royalties, land tenure and use, the environment and the importing and exporting of minerals. The effects of these factors cannot be accurately predicted, but any combination of them may result in the Company not receiving an adequate return on invested capital.

Mining Industry
Mining operations generally involve a high degree of risk. Stans operations are subject to the hazards and risks normally encountered in the exploration, development and production of Uranium and Rare Earth Elements, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

The development project has no operating history upon which to base estimates of future cash operating costs. For development projects, resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the mineral body, expected recovery rates of minerals, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of Uranium and REEs.

No Revenues
To date, Stans has not recorded any revenues from operations nor has Stans commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that Stans will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of the properties. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the property will require the commitment of substantial resources to conduct time consuming development. There can be no assurance that Stans will generate any revenues or achieve profitability.

Dependence on Outside Parties
Stans has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the Uranium and Rare Earth Elements from the minerals and, in the case of

new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Licenses and Permits, Laws and Regulations
Stans could encounter regulatory and/or permitting delays. Stans utilizes its best efforts to ensure timely application for any government permits necessary for carrying out its business in Kyrgyzstan. However, its past ability to obtain all necessary permits in the timely fashion is not a guarantee of future results as events like bureaucracy, minor changes in legislation and even government holidays that are beyond Stans'control could substantially impede the timing of receiving essential permits and delay or stall Stans' exploration efforts.

Key Personnel
The Company is depending on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company. On September 3, 2013, Robert Mackay, President and CEO, was forced to resign due to health reasons. Rodney Irwin, Chairman of the Board, stepped in as Interim CEO and President, until a suitable replacement candidate can be selected.

Industry Risk
Stans' ability to continue funding its exploration program and possible future profitability is directly related to uranium and REE market prices. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of Stans. The level of interest rates, the rate of inflation, the world supply of and demand for mineral commodities, and exchange rate stability can all cause significant price fluctuation. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political development. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on Stans' business, financial condition and results of operations.

Share Price Volatility
In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

Shareholders' Interest in the Company may be Diluted in the Future
The Company will require additional funds for its planned activities. If Stans raises additional funding by issuing equity securities, such financing could substantially dilute the interests of its Shareholders. Sales of substantial amounts of common shares or the availability of securities for sale, could adversely affect the prevailing market prices for the Company's Common Shares. A decline in the market prices of Common Shares securities could impair the ability of the Company to raise additional capital through the sale of new common shares should Stans desire to do so.

The Corporation will do its best to minimize these business risks by employing management, technical staff and consultants with extensive industry experience; maintaining a low cost structure; maintaining prudent financial practices; controlling timing and magnitude of operating and capital costs; and maintaining insurance in accordance with industry standards.

<u>Country of Operation Risks</u>

Distorted economy of Kyrgyzstan

Kyrgyzstan is a predominantly agricultural economy, however state revenues are heavily dependent on gold export. Therefore gold price fluctuations and/or drop in output can trigger substantial declines in GDP, and cause rapid fluctuations in purchasing power parity, interest rates, tax regime, foreign exchange, etc. The purchasing power volatility can result in mismatch between estimated and actual operating expenditures of Stans and its subsidiary.

Political instability
There has been a high turnover in key government positions and the cabinet of Kyrgyzstan in the past years. On the one hand, this turnover is indicative of a transition to a more representative and competitive political system with a greater diversity of views and platforms. On the other hand, inconsistency of the political direction may have an adverse effect on the progress of regulatory, fiscal and other institutional reforms. Political issues and instabilities could also impact the Company's licenses, properties, and work programs. Furthermore, the timing of the Company's work progress may be adversely affected as additional efforts may be required to accommodate those regulatory changes and additional business costs may be triggered.
See also "Legal Update" above.

Approval

The Board of Directors of Stans Energy Corp. has approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.