



STANS ENERGY CORP.
(Incorporated under the Laws of Ontario)

Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2015 and 2014
(Unaudited)

(Expressed in Canadian Dollars)

The accompanying unaudited interim condensed consolidated financial statements of Stans Energy Corp. for the nine months period ended September 30, 2015 and 2014 have been prepared by management and approved by the Board of Directors of the Company. These statements have been not reviewed by the Company's external auditors.

Stans Energy Corp.

Interim Condensed Consolidated Statements of Financial Position (Expressed in Canadian dollars)

	Notes	September 30, 2015 (unaudited)	December 31, 2014
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 19,108	\$ 176,699
VAT receivable		227,738	138,840
Prepaid expenses and other assets	Note 5	75,548	138,831
Total Current Assets		322,394	454,370
Property, plant and equipment	Note 7	77,940	101,254
Total Assets		\$ 400,334	\$ 555,624
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 1,457,315	\$ 203,442
Non-current Liabilities			
Loan	Note 9	947,548	-
Total Liabilities		2,404,863	203,442
<i>Commitments (note 17)</i>			
Equity			
Common Shareholders' Equity			
Share Capital	Note 10a	43,390,026	43,110,033
Warrants	Note 10b	240,622	-
Contributed surplus		16,843,035	16,672,242
Accumulated other comprehensive income (loss)		(29,680)	112,617
Deficit		(62,269,529)	(59,367,964)
Total Common Shareholders' Equity		(1,825,526)	526,928
Non-controlling interest	Note 11	(179,003)	(174,746)
Total Equity		(2,004,529)	352,182
Total Liabilities and Shareholders' Equity		\$ 400,334	\$ 555,624

Segmented information (Note 4)

Impairment (Note 6)

Mineral properties (Note 8)

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

Approved by the Board of Directors on November 30, 2015

"Gordon Baker", DIRECTOR

"Rodney Irwin", DIRECTOR

"Douglas Underhill", DIRECTOR

Stans Energy Corp.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian dollars) Unaudited

		Three months ended		Nine months ended	
	Note	Sep. 30, 2015	Sep. 30, 2014	Sep. 30, 2015	Sep. 30, 2014
Expenses					
General and Administrative		\$	\$	\$	\$
Office and administration	15	558,235	586,899	1,267,036	1,792,700
Depreciation		4,227	8,443	16,516	25,513
Consulting fees		119,068	66,471	324,154	220,730
Professional fees		379,523	122,635	1,182,011	664,363
Stock-based compensation		54,266	85,465	170,793	236,065
Foreign exchange loss		65,665	15,602	61,158	130,707
Interest income		(1,169)	(3,960)	(3,195)	(29,448)
Gain on disposal of Property, Plant and Equipment		(8,116)	-	(8,937)	-
Gain on disposal of impaired assets		(50,075)	-	(114,495)	-
Other revenue		(5,331)	-	(7,377)	-
Maintenance and other costs		2,413	83,951	3,902	153,897
Other Operating costs					
Expenditures on impaired assets	6,8	755	228,538	14,256	387,652
Net loss for the period		1,119,461	1,194,044	2,905,822	3,582,179
Attributable to:					
Non-controlling interest		3,220	1,710	4,257	5,022
Common shareholders		1,116,241	1,280,010	2,901,565	3,664,833
Other comprehensive loss					
Foreign currency translation of foreign operations		(98,518)	(101,136)	(142,297)	(156,972)
Comprehensive loss for the period		1,020,943	1,092,908	2,763,525	3,425,207
Attributable to:					
Non-controlling interest		3,220	1,710	4,257	5,022
Common shareholders		1,017,723	1,178,874	2,759,268	3,507,861
Basic and diluted loss per share	16	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02
Weighted average number of common shares					
Basic and diluted		163,770,626	157,263,986	163,770,626	157,263,986

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

Stans Energy Corp.**Interim Condensed Consolidated Statements of Changes in Equity****(Expressed in Canadian dollars)****Unaudited**

	Nine months ended	
	September 30, 2015	September 30, 2014
Share Capital		
Balance beginning of period	\$ 43,110,033	\$ 43,110,033
Private placement	546,100	-
Fair value of attached warrants on private placements	(229,833)	-
Fair value of finders warrants on private placements	(10,789)	-
Cost of issue	(25,485)	-
Balance at the end of the period	43,390,026	43,110,033
Share purchase warrants		
Balance beginning of period	-	-
Fair value of attached warrants on private placements	229,833	-
Fair value of finders warrants on private placements	10,789	-
Balance at the end of the period	240,622	-
Contributed Surplus		
Balance beginning of period	16,672,242	16,378,138
Stock-based compensation	170,793	236,065
Balance at the end of the period	16,843,035	16,614,203
Cumulative translation adjustment		
Balance beginning of period	112,617	265,604
Foreign currency translation adjustment	(142,297)	(156,972)
Balance at the end of the period	(29,680)	108,632
Deficit		
Balance beginning of period	(59,367,964)	(54,011,765)
Net loss attributed to common shareholders	(2,901,565)	(3,664,833)
Balance at the end of the period	(62,269,529)	(57,676,598)
Total common shareholders' equity	(1,825,526)	2,156,270
Non-controlling interest		
Balance beginning of period	(174,746)	(165,066)
Net loss attributed to non-controlling interest	(4,257)	(5,022)
Balance at the end of the period	(179,003)	(170,088)
Total Equity	\$ (2,004,529)	\$ 1,986,182

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

Stans Energy Corp.**Interim Condensed Consolidated Statements of Cash Flows****(Expressed in Canadian dollars)****Unaudited**

	Nine months ended	
	September 30, 2015	September 30, 2014
Operating activities		
Net loss for the period	\$ (2,905,822)	\$ (3,582,179)
Items not affecting cash:		
Stock-based compensation	170,793	236,065
Depreciation	16,516	25,513
Unrealized foreign exchange loss (gain)	61,158	130,707
Gain on disposal of PP&E	(8,937)	-
Gain on disposal of impaired assets	(114,495)	-
Additional expenditures on impaired assets	14,256	387,652
	(2,766,531)	(2,802,242)
Net change in non-cash working capital:		
VAT and Accounts receivable	88,898	59,325
Prepaid expenses and other assets	(63,283)	26,832
Accounts payable and accrued liabilities	1,253,873	10,884
Net cash used in operating activities	(1,487,043)	(2,705,201)
Investing activities		
Interest received	3,195	29,448
Property, plant and equipment, net	129,719	(153,298)
Expenditures on mineral properties	(14,256)	(234,354)
Net cash used in investing activities	118,658	(358,204)
Financing activities		
Loan	947,548	-
Private placement of common shares	546,100	-
Share issue expense	(25,485)	-
Net cash from financing activities	1,468,163	-
Effect of exchange rate changes on cash	(257,369)	(542,388)
Change in cash and cash equivalents	(157,591)	(3,605,793)
Cash and cash equivalents, beginning of period	176,699	5,261,841
Cash and cash equivalents, end of period	\$ 19,108	\$ 1,656,048

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

Stans Energy Corp.

Notes to the Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian dollars unless otherwise stated)

1. NATURE OF OPERATIONS AND GOING CONCERN

Stans Energy Corp. (the "Company" or "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 in the Kyrgyz Republic and Russia. Stans' common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol HRE. The head office, principal address and records office of the Company are located at 8 King St. East, Suite 205, Toronto, Ontario, M5C 1B5.

These interim condensed consolidated financial statements ("Financial Statements") have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As at September 30, 2015 the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. The Company had a working capital deficiency of \$1,134,921 as at September 30, 2015, and has incurred losses since inception, resulting in an accumulated deficit of \$62,269,529 as at September 30, 2015. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is doubt regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" assumption is not appropriate. If the "going concern" assumption is not appropriate, adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

The recoverability of expenditures on its resource properties and related deferred exploration expenditures is dependent upon the existence of resources that are economically recoverable, confirmation of the Company's ownership interests in the claims, the ability of the Company to obtain necessary financing to complete the exploration and the development of the properties, and upon future profitable production or proceeds from disposition thereof.

The Company is currently in legal disputes with the Kyrgyzstan Government in relation to its Kutessay and Kalesay mineral properties licenses. This has resulted in the Company has significantly reduced its exploration activities and future planned exploration activities. Further, due to depressed prices of rare earth elements and the uncertainty with its revoked Kutessay and Kalesay mineral properties licenses by the State Agency of Geology and Mineral Resources of the Kyrgyz Republic ("SAGMR"), the Company deferred its plans to refurbish and update the Kashka Rare Earth Processing Facility. In relation to these events, the Company recorded additional expenditures on properties and plant expense of \$Nil for the period ended September 30, 2015; \$1,115,806 for the year ended December 31, 2014 and impairment of \$18,857,551 during the year ended December 31, 2013. An addition, during the period ended September 30, 2015, SAGMR annulled licenses for Kyzylrulaan and Aktuz properties.

There is no assurance that the Company will be successful in collecting the USD \$118,206,057 awarded to the Company by the Arbitration Court at the Moscow Chamber of Commerce and Industry (the "MCCI Tribunal") on June 30, 2014 related to the legal disputes in connection with the Kutessay and Kalesay exploration licenses with the Kyrgyzstan Government. There is also no assurance that the Company will be able to find alternative sources of ore for its Kashka Rare Earth Processing Facility. Accordingly this results in material uncertainties which cast significant doubt as to the Company's ability to continue to operate as a going concern. If the going concern assumption was not appropriate for the consolidated financial statements, then adjustments may be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position, classifications used, and such adjustments could be material.

The unaudited interim condensed consolidated financial statements were approved on November 30, 2015 by the Board of Directors.

Stans Energy Corp.

Notes to the Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian dollars unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH IAS 34

These Financial Statements form part of the period covered by the Company's International Financial Reporting Standards ("IFRS") annual consolidated financial statements. These Financial Statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting* and on the basis of IFRS standards and interpretations expected to be effective as at the Company's IFRS annual reporting date, December 31, 2015.

These Financial Statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2014 prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of September 30, 2015.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these Financial Statements. Operating results for the nine months ended September 30, 2015 may not be indicative of the results that may be expected for the year ending December 31, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated interim financial statements, including comparatives, have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2014.

(a) Principles of consolidation

These consolidated financial statements include the accounts of Stans and its subsidiaries. Subsidiaries are entities controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation. Stans and all of its subsidiaries have a reporting date of December 31.

The following companies have been consolidated within these consolidated financial statements:

Company Subsidiaries	Property location	% of ownership and voting rights	Principal activity	Functional currency
Stans Energy Corp.	Canada	n/a	Corporate and holding	CAD
Stans Energy KG LLC.	Kyrgyz Republic	100%	Exploration	USD
Kutisay Mining LLC.	Kyrgyz Republic	99.9%	Exploration	USD
Kashka REE Plant Ltd.	Kyrgyz Republic	100%	Extraction	USD
SevAmRus CJSC	Russian Federation	99%	Research	RUB
Didim Inc.(*)	Russian Federation	99%	Research	RUB

*The Company, through its subsidiary SevAmRus CJSC, acquired Didim Inc. on September 1, 2014 for \$280 (RUB 9,900)

(b) Functional and presentation currency

These consolidated financial statements have been presented in Canadian dollars. Functional currency is determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency.

Transactions denominated in foreign currencies are translated into the entity's functional currency as follows:

- Monetary assets and liabilities are translated at the rates of exchange at the consolidated statement of financial position date;
- Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date;
- Revenue and expenses are translated at the exchange rate at the date of the transaction, except depreciation, depletion and amortization, which are translated at the rates of exchange applicable to the related assets, and
- Exchange gains and losses on translation are included in earnings.

For any subsidiaries whose functional currency differs from the Canadian dollar, foreign currency balances and transactions are translated into the Company's presentation currency as follows:

- Assets and liabilities are translated at the rates of exchange at the consolidated statement of financial position date;
- Revenue and expenses are translated at average exchange rates throughout the reporting period or at rates that approximate the actual exchange rates; items such as depreciation are translated at the rate implicit in the historical rate applied to the related asset; and
- Exchange gains and losses on translation are included in OCI.

The exchange gains and losses are recognized in earnings upon the substantial disposition, liquidation or closure of the entity that gave rise to such amounts.

(c) Impairment

The carrying amounts of the Company's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. In addition, capitalized exploration and evaluation costs are assessed for impairment immediately prior to the transfer of an exploration and evaluation asset to property, plant and equipment.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or groups of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes.

An impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the consolidated statement of loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased.

Stans Energy Corp.**Notes to the Interim Condensed Consolidated Financial Statements****For the nine months ended September 30, 2015 and 2014****(Expressed in Canadian dollars unless otherwise stated)**

(d) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. 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. However, actual results could differ from these estimates. The areas involving significant judgment and estimates have been set out in Note 5 of the Company's annual audited consolidated financial statements for the year ended December 31, 2014.

(e) New Standards and Interpretations issued but not yet effective

At the date of authorization of these unaudited condensed consolidated interim financial statements for the period ended September 30, 2015, the following standards which are applicable to the Corporation, were issued but not yet effective.

IFRS 9, Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments – to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation has not yet adopted this standard and is in the process of determining the impact of this standard.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued, IFRS 15 Revenue from Contracts with Customers which will replace IAS 11 Construction Contracts, IAS 18 Revenue and various interpretations. IFRS 15 has an effective date for annual periods beginning on or after January 1, 2018 and early adoption is permitted. IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Corporation has not yet adopted this standard and is in the process of determining the impact of this new standard.

4. SEGMENTED INFORMATION

As at September 30, 2015 and December 31, 2014 the Company's assets were located in the following countries:

	September 30, 2015	December 31, 2014
Canada	\$ 183,651	\$ 263,722
Kyrgyz Republic	102,169	161,993
Russian Federation	114,514	129,909
Total	\$ 400,334	\$ 555,624

Stans Energy Corp.
Notes to the Interim Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Expressed in Canadian dollars unless otherwise stated)

5. PREPAID EXPENSES AND OTHER ASSETS

	September 30, 2015	December 31, 2014
Prepaid expenses	\$ 64,882	\$ 127,962
Consumables	1,140	1,188
Inventories	9,526	9,681
Total	\$ 75,548	\$ 138,831

6. 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. A chronological summary of events is described below:

- (i) On April 2, 2013 the Kyrgyz State Prosecutor's Office initiated legal proceedings against the Kyrgyz State Geological and Mineral Resources Agency ("SAGMR") in the Inter-District Court of the City of Bishkek. The State Prosecutor's Office put forward an application to lift the three-year statute of limitations to allow them to present to the court their claim of request to nullify the minutes of the December 21, 2009 meeting between the SAGMR and Open Stock Company ("OSC") 'Kutisay Mining' which granted OSC 'Kutisay Mining' mining licenses for the Kutessay II and Kalesay deposits. OSC 'Kutisay Mining' was a 100% state-owned special purpose entity, created to hold mining licenses for the Kutessay II and Kalesay deposits. It was put up for an open and previously advertised government auction on December 29, 2009. Stans Energy's local subsidiary, Stans Energy KG LLC, acquired OSC 'Kutisay Mining' on December 29, 2009 through this auction, where the sum of USD \$855,000 was paid to the Government of Kyrgyzstan. Stans Energy KG LLC was subsequently re-registered OSC 'Kutisay Mining' as it's fully owned subsidiary 'Kutisay Mining LLC'.
- (ii) On May 3, 2013 the Inter-District Court of Bishkek, at the request of the Kyrgyz State Prosecutor's Office, issued an injunction to suspend communications between Company's subsidiary 'Kutisay Mining LLC' and the SAGMR, until such time that an ongoing above mentioned court case is resolved.
- (iii) 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 and took place under the Convention for the Protection of Investor's Rights to which Kyrgyzstan is a signatory. On June 30, 2014 the MCCI Tribunal awarded USD \$118,206,057 for recovery by the Company. Arguments for award recognition enforcement of the USD \$118 million MCCI Tribunal that were to be heard by the Ontario Court of Justice by June 29, 2015 are now expected to be heard in Q1 or Q2 of 2016 depending on court availability and other factors.
- (iv) On March 19, 2014, the Inter-District Court of Bishkek 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. In October 2014, Stans received a ruling of the Bishkek City Court dated July 30, 2014 to leave the March 19, 2014 decision in effect. Stans filed the supervisory appeal to the Supreme Court of the Kyrgyz Republic and on March 24, 2015 the Supreme Court ruled the final judgment to dismiss the supervisory appeal with no right for further appeal.

Stans Energy Corp.

Notes to the Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian dollars unless otherwise stated)

- (v) On November 3, 2014, the SAGMR through its licensing committee notified Kutisay Mining LLC that it was revoking the licenses for Kutessay II and Kalesay properties. Stans filed a claim to the Inter-District Court of Bishkek contesting the SAGMR decision to revoke the license based on the July 30, 2014 ruling by the Bishkek City Court. On December 8, 2014 the Inter-District Court ruled to dismiss the appeal. On December 24, 2014, Stans Energy appealed the December 8, 2014 decision to the Bishkek City Court. On January 27, 2015 the Bishkek City Court ruled to leave the decision in effect. Stans appealed this Bishkek City Court decision to the Supreme Court of Kyrgyzstan which ruled on October 15, 2015 to uphold the December 24, 2014 decision of the Inter District Court.

During 2013, due to the above legal matters not enabling the Company to explore and develop its mineral properties and the inability to identify a feasible alternate source of rare earth elements that could be processed at the Kashka Rare Earth Processing Facility ("plant"), the Company determined that there were indicators of impairment for its mineral properties; property plant and equipment; and other assets in Kyrgyzstan. As a result at September 30, 2013, the Company in accordance with IAS 36, Impairment of Assets, recorded an impairment of \$18,857,551 which included \$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 Processing Facility; and write off of \$1,837,221 in prepaid expenses and other assets.

During the period ended September 30, 2014, the Company recorded an additional impairment of \$387,652 which included \$234,354 relating to its interests in the Kyzyluraan, Aktyuz, Kutessay II and Kalesay properties (Note 8) and \$153,298 relating to the Kashka Rare Earth Processing Facility.

During the period ended September 30, 2015, the Company recorded an additional impairment of \$14,256 relating to its interest in mineral properties in Kyrgyzstan (Note 8).

7. PROPERTY, PLANT AND EQUIPMENT

	Equipment and Vehicles	Office & Computer Equipment	Total
Cost			
Balance at Jan 1, 2015	\$ 8,775,020	\$ 139,414	\$ 8,914,434
Disposal	(262,567)	(11,132)	(273,699)
Foreign exchange impact	1,530,363	24,314	1,554,677
Balance before impairment and depreciation	10,042,816	152,596	10,195,412
Depreciation and Impairment			
Balance at Jan 1, 2015	\$ (8,681,256)	\$ (131,924)	\$ (8,813,180)
Depreciation	(13,205)	(3,310)	(16,515)
Disposal	68,760	8,291	77,051
Foreign exchange impact	(1,342,438)	(22,390)	(1,364,828)
Balance at September 30, 2015	(9,968,139)	(149,333)	(10,117,472)
Net Book Value as of September 30, 2015	\$ 74,677	\$ 3,263	\$ 77,940

Stans Energy Corp.

Notes to the Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian dollars unless otherwise stated)

The summary of the property, plant and equipment for the year ended December 31, 2014 is as follows:

	Equipment and Vehicles	Office & Computer Equipment	Total
Cost			
Balance at Jan 1, 2014	\$ 8,045,092	\$ 132,163	\$ 8,177,255
Disposal	-	(4,740)	(4,740)
Foreign exchange impact	729,928	11,991	741,919
Balance before impairment and depreciation	8,775,020	139,414	8,914,434
Depreciation and Impairment			
Balance at Jan 1, 2014	\$ (7,896,209)	\$ (107,658)	\$ (8,003,867)
Depreciation	(19,042)	(14,415)	(33,457)
Disposal	-	4,740	4,740
Foreign exchange impact	(766,005)	(14,591)	(780,596)
Balance at December 31, 2014	(8,681,256)	(131,924)	(8,813,180)
Net Book Value as of December 31, 2014	\$ 93,764	\$ 7,490	\$ 101,254

During the year ended December 31, 2014, the Company recorded additional expenditures of \$719,762 relating to the impaired Kashka Rare Earth Processing Facility, expenditures to maintain the plant and for completion of technical reports and researches.

8. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

As of September 30, 2015, the Company, through its subsidiaries in Kyrgyz Republic, holds the following licenses:

	Licensees rights	Balance at January 1, 2015	Additions in the period	Impairment (Note 7)	Balance at September 30, 2015
Kyzyluraan (i)	exploration	\$ -	\$ 12,953	\$ (12,953)	\$ -
Kargysh	exploration	-	383	(383)	-
Aktyuz (ii)	exploration	-	920	(920)	-
		\$ -	\$ 14,256	\$ (14,256)	\$ -

(i) On March 13, 2015, the State Agency for Geology and Mineral Resources of Kyrgyz Republic ("SAGMR") through its licensing committee notified that it was revoking the license for Kyzyluraan properties.

(ii) On May 13, 2015, the SAGMR through its licensing committee notified that it was revoking the license for Aktyuz properties.

Licenses to exploration and mining rights in the Kyrgyz Republic as of September 30, 2014:

	Licensees rights	Balance at January 1, 2014	Additions in the period	Impairment (Note 7)	Balance at September 30, 2014
Kyzyluraan	exploration	\$ -	\$ 37,111	\$ (37,111)	\$ -
Kargysh (iii)	exploration	-	-	-	-
Aktyuz	exploration	-	70,446	(70,446)	-
Kutessay II (iv)	mining	-	126,797	(126,797)	-
Kalesay (iv)	mining	-	-	-	-
		\$ -	\$ 234,354	\$ (234,354)	\$ -

Stans Energy Corp.

Notes to the Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian dollars unless otherwise stated)

- (iii) On June 16, 2014, the Company received a license for subsoil use within the Kargysh Ore Occurrence of the Kyzyluraan area for geological exploration of vanadium, molybdenum and uranium valid for three years until June 16, 2017 as a separation from its Kyzyluraan Field Prospecting License. The size of the new exploration license area is 701 hectares.
- (iv) On November 3, 2014, the SAGMR through its licensing committee notified Kutisay Mining LLC that it was revoking the licenses for Kutessay II and Kalesay properties.

9. LOAN

In June 2015, the Company entered into a litigation financing agreement with a subsidiary of the Calunius Litigation Risk Fund 2 LP., authorized and regulated by the Financial Services Authority as an investment adviser.

Under the terms of the litigation financing agreement, the financier has agreed to assist in the financing of Stans's legal costs and to provide financing toward continuing corporate overhead costs, in relation to the international arbitration proceedings against the Republic of Kyrgyzstan on a non-recourse basis.

In consideration for the provision of arbitration financing, Stans has agreed to pay to the financier a portion of any final settlement of the arbitration claim against the defendant. The financier's fee shall only become payable upon a final settlement of the arbitration claim and the value of the financier's fee is dependent upon a number of variables, including the value of any settlement and the length of time taken to reach a settlement. The agreement also provides that the amount of the financier's fee shall not exceed the amount of the aggregate proceeds of the arbitration claim under any circumstances.

10. SHARE CAPITAL

(a) Common shares

The Company is authorized to issue an unlimited number of no par value common shares. The following table provides the details of changes in the number of issued common shares.

	<i>Number</i> #	<i>Amount</i> \$
Balance, December 31, 2014	157,263,986	43,110,033
Shares issued in private placement (i)	334,800	\$ 14,785
Shares issued in private placement (ii)	9,419,800	275,714
Shares issued in private placement (ii)	1,000,000	25,768
Share issue costs	-	(36,274)
Balance, September 30, 2015	168,018,586	\$ 43,390,026

- (i) On March 23, 2015, the Company issued 334,800 units at a price of \$0.075 per unit for gross proceeds of \$25,110 and net proceeds of \$14,785 calculated as gross proceeds less fair value of warrants of \$10,325 estimated using Black-Sholes option pricing model. No finders' fees were paid. Pursuant to Canadian securities laws, the securities issuable under this private placement are subject to a hold period which expires on July 24, 2015. Each unit consisted of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company for a period of 24 months from date of issue at a price of \$0.10 per common share.
- (ii) On April 13, 2015, the Company issued 9,419,800 units for gross proceeds of \$470,990, and net proceeds of \$275,714, calculated as gross proceeds less fair value of warrants of \$195,276 estimated using Black-Sholes model. Each unit consisted of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable to acquire one

Stans Energy Corp.**Notes to the Interim Condensed Consolidated Financial Statements****For the nine months ended September 30, 2015 and 2014****(Expressed in Canadian dollars unless otherwise stated)**

additional common share of the Company for a period of 24 months from date of issue at a price of \$0.065 per common share. Finders' fees were paid totaling \$11,000 in cash and 215,500 finders' warrants with fair value of \$10,309 estimated using Black-Sholes option pricing model, with each finder's warrant being exercisable to acquire one common share of the Company for a period of 24 months from date of issue at a price of \$0.065 per common share. Pursuant to Canadian securities laws, the securities issuable under this private placement are subject to a hold period which expires on August 11, 2015.

- (iii) On June 6, 2015, the Company issued 1,000,000 units for gross proceeds of \$50,000, and net proceeds of \$25,768, calculated as gross proceeds less fair value of warrants of \$24,232 estimated using Black-Sholes option pricing model. Each unit consisted of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company for a period of 24 months from date of issue at a price of \$0.065 per common share. Finders' fees were paid totaling \$500 in cash and 10,000 finders' warrants with fair value of \$480 estimated using Black-Sholes model, with each finder's warrant being exercisable to acquire one common share of the Company for a period of 24 months from date of issue at a price of \$0.065 per common share. Pursuant to Canadian securities laws, the securities issuable under this private placement are subject to a hold period which expires on October 6, 2015.

(b) Warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company, and the Company grants warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number #	Price Range \$
Balance, December 31, 2014	Nil	-
Issued (i)	334,800	10,325
Issued (ii)	9,635,300	205,585
Issued (iii)	1,010,000	24,712
Balance, September 30, 2015	10,980,100	\$ 240,622

- (i) On March 23, 2015, as a part of private placement, the Company issued 334,800 warrants to purchase one Company share at \$0.10 per warrant before March 24, 2017. The fair value of warrants has been estimated to be \$10,325 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 157.6%; risk-free interest rate of 1.00% and an expected life of 2 years.
- (ii) On April 13, 2015, as a part of private placement, the Company issued 9,419,800 warrants and 215,500 finder's warrants to purchase one Company share at \$0.10 per warrant before April 13, 2017. The fair value of warrants has been estimated to be \$195,276 and \$10,309 respectively, using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 157.6%; risk-free interest rate of 1.00% and an expected life of 2 years.
- (iii) On June 11, 2015, as a part of private placement, the Company issued 1,000,000 warrants and 10,000 finder's warrants to purchase one Company share at \$0.10 per warrant before June 11, 2017. The fair value of warrants has been estimated to be \$24,232 and \$480 respectively using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 157.6%; risk-free interest rate of 1.00% and an expected life of 2 years.

Stans Energy Corp.**Notes to the Interim Condensed Consolidated Financial Statements****For the nine months ended September 30, 2015 and 2014****(Expressed in Canadian dollars unless otherwise stated)****(c) Common share purchase options**

The Company has a stock option plan for the benefit of directors, officers, key employees, and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at September 30, 2015, 8,800,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

The following table provides the details of changes in the number of issued common share purchase options during the period:

	Options #	Weighted-average exercise price \$
Outstanding at December 31, 2014	15,490,000	0.63
Granted (i)	3,650,000	0.07
Expired (ii)	(3,985,000)	0.31
Forfeited (iii)	(65,000)	0.60
Cancelled (iv)	(6,290,000)	1.26
Outstanding at September 30, 2015	8,800,000	0.09
Options exercisable at September 30, 2015	5,524,998	0.09

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
250,000	250,000	31.1 months	\$0.23	May 2, 2018
1,100,000	1,100,000	36.8 months	\$0.15	October 23, 2018
2,700,000	2,700,000	41.1 months	\$0.07	March 3, 2019
800,000	666,665	44.1 months	\$0.13	June 3, 2019
300,000	200,000	45.3 months	\$0.18	July 8, 2019
3,650,000	608,333	55.4 months	\$0.07	May 11, 2020
8,800,000	5,524,998			

- (i) On May 11, 2015 the Company granted 3,650,000 stock options to directors and officers with the vesting period of 18 months (1/6 on each: 3,6,9,12,15 and 18 months anniversary). Each option entitles the holder to purchase one common share at \$0.07 per share at any time on or before May 11, 2020. The fair value of these stock options of \$182,802 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	\$0.07
Expected dividend yield	Nil
Risk-free interest rate	0.98%
Expected life	5 years
Expected volatility	102.2%

- (ii) On January 12, 2015, 1,550,000 stock options to purchase one common share at an exercise price of \$0.37 expired unexercised. On April 29, 2015, 835,000 stock options to purchase one common share at \$0.32 expired unexercised. On June 18, 2015, 1,600,000 stock options held by Directors at an exercise price of \$0.25 expired unexercised.
- (iii) In January 2015, 65,000 stock options issued to Company employees were forfeited due to their resignation.

Stans Energy Corp.

Notes to the Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian dollars unless otherwise stated)

- (iv) On May 11, 2015, the Company cancelled 6,290,000 outstanding and fully vested options of the Company.

11. NON-CONTROLLING INTEREST

	SevAmRus(*)	Stans Energy KG (**)	Total, \$
Total as of December 31, 2014	\$ (16,675)	\$ (158,071)	\$ (174,746)
Share of income (loss)	(764)	(3,493)	(4,257)
Total as of September 30, 2015	\$ (17,439)	\$ (161,564)	\$ (179,003)

* Non-controlling interest includes Didim Inc.

** Non-controlling interest includes Kutisay Mining Corp. and Kashka REE Plant Ltd

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The capital of the Company consists of capital stock, warrants and contributed surplus.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and will raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

13. FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk relates to cash and cash equivalents and VAT 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 September 30, 2015, the Company's maximum exposure to credit risk was the carrying value of cash and cash equivalents, and accounts receivable.

The Company has no significant concentration of credit risk arising from operations. The Company's cash and short-term investments 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. VAT 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, short-term investments and VAT receivable is remote.

Stans Energy Corp.
Notes to the Interim Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Expressed in Canadian dollars unless otherwise stated)

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 September 30, 2015, the Company had a cash balance of \$9,108 (December 31, 2014 - \$176,699) and short term investments of \$10,000 (December 31, 2014 - \$Nil) to settle current liabilities of \$1,457,315 (December 31, 2014 - \$203,442). All of the Company's financial liabilities have contractual maturities of less than 12 months and are subject to normal trade terms. During the period ended September 30, 2015, the Company raised additional capital for total gross cash proceeds of \$546,100.

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. The Company is currently assessing all options to address its liquidity issues. It is not possible to determine with any certainty the success and adequacy of these initiatives.

Market risk

a) Interest Rate Risk

The Company does not have interest-bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the balance of the bank accounts.

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. As at September 30, 2015, the Canadian dollar equivalent of the Company's financial instruments is as follows:

	Canadian Dollar
Cash	\$ 8,456
Accounts receivable	126,088
	134,544
Accounts payable and accrued liabilities	(719,322)
Loan	(947,548)
	(1,666,870)
Net assets (liabilities) exposure	\$ (1,532,326)

Based on the above net exposures at September 30, 2015, a 10% depreciation or appreciation of the above currencies against the CDN dollar would result in an increase or decrease, respectively, in our net loss by \$176,602 (December 31, 2014 - \$89).

Stans Energy Corp.**Notes to the Interim Condensed Consolidated Financial Statements****For the nine months ended September 30, 2015 and 2014****(Expressed in Canadian dollars unless otherwise stated)****14. RELATED PARTY TRANSACTIONS**

During the nine months ended September 30, 2015, the Company expensed \$126,500 (2014 - \$82,688) in consulting fees to a director and officers of the Company (included in the table below). As of September 30, 2015, accounts payable of \$48,490 (2014 - \$Nil) were due to directors and officers, and \$93,000 (2014 - \$Nil) in payroll liability due an executive officer. 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:

	Three months ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Salaries and director's fees	\$ 185,996	\$ 115,002	\$ 392,815	\$ 317,478
Stock-based compensation	48,708	83,796	157,011	225,044
	\$ 234,704	\$ 198,798	\$ 549,826	\$ 542,522

15. OFFICE AND ADMINISTRATION EXPENSES

	Three months ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Salaries, benefits and director's fees	\$ 247,855	\$ 338,004	\$ 653,679	\$ 1,085,986
Shareholder's relations	2,159	41,344	68,196	69,523
Rent	24,225	39,198	83,642	116,225
Travel expenses	36,813	59,603	91,120	208,355
Other office and administration expenses	247,183	108,750	370,399	312,611
	\$ 558,235	\$ 586,899	\$ 1,267,036	\$ 1,792,700

16. EARNINGS PER SHARE

Earnings per share ("EPS") has been calculated using the weighted average number of common shares and common share equivalents issued and outstanding during the year. Stock options are reflected in diluted earnings per share by application of the treasury method.

As a result of the loss incurred in 2015 and 2014, all potentially dilutive securities are anti-dilutive. The following table details the weighted average number of outstanding common shares for the purpose of computing basic and diluted earnings per common share for the following periods:

	Three months ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Net loss attributable to common shareholders	\$ 1,116,241	\$ 1,280,010	\$ 2,901,565	\$ 3,664,833
Basic weighted average shares outstanding	163,770,626	157,263,986	163,770,626	157,263,986
Diluted weighted average shares outstanding	163,770,626	157,263,986	163,770,626	157,263,986
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02

Stans Energy Corp.**Notes to the Interim Condensed Consolidated Financial Statements****For the nine months ended September 30, 2015 and 2014****(Expressed in Canadian dollars unless otherwise stated)**

17. COMMITMENTS

The Company has a lease commitment to July 31, 2017 for its principle office location which totals \$151,800.

	2015	2016	2017	Total
Operating leases	\$ 20,700	\$ 82,800	\$ 48,300	\$ 151,800

18. SUBSEQUENT EVENTS

On September 30, 2015 a Cassation Appeal has been filed by the Company against the Kyrgyz Republic with the Chamber for Commercial Disputes of the Supreme Court of the Russian Federation. No hearing date has yet been set.

As of November 11, 2015, Stans' lawyers, Torys LLP, continue to work on finalizing witness and expert affidavits in support of the Company's case for enforcement and recognition of the existing MCCI award before the Ontario Court of Justice. It is currently expected that a hearing may be held in Q1/Q2 of 2016 depending on Court availability and other factors. No date has been set for award recognition and enforcement by the Ontario Court of Justice.

The new UNCITRAL arbitration which was commenced on May 13, 2015 now has a full arbitral tribunal appointed. Professor Dr. Karl-Heinz Bocksteigel has been appointed by the two party-appointed co-arbitors. The Honourable Mr. Collin R. Campbell QC. has been appointed by Stans Energy and Mr. Stephen Jagusch has been appointed by the Kyrgyz Republic.

The parties to the UNCITRAL Arbitration have further agreed that the seat of the UNCITRAL Arbitration shall be London, England and that the arbitration will be administered by the secretariat of the Permanent Court of Arbitration (the "PCA") in the Hague. The arbitral tribunal will now proceed to establish a procedural calendar for the filing of submissions by the parties and other procedural matters.