STANS ENERGY CORP.

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FORM 51-102F1
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 May 30, 2016 and is intended to supplement and complement Stans Energy Corporation's unaudited interim condensed consolidated financial statements for the three months period ended March 31, 2016 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 the 2015 year-end and corresponding notes to the financial statements which are available on SEDAR website at www.sedar.com. The March 31, 2016 unaudited interim condensed consolidated financial statements and MD&A are presented in Canadian dollars and have been prepared in accordance with IAS 34 "Interim Financial Reporting" 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 period ended March 31, 2016, 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 in the Kyrgyz Republic and Russia. Stans owns five subsidiaries, SevAmRus CJSC (“SevAmRus), a 99 % owned subsidiary incorporated under the laws of the Russian Federation; Didim Inc. (Didim), a 99% owned subsidiary of SevAmRus and incorporated under the laws of the Russian Federation, Stans Energy KG LLC, (“Stans KG”), Kutisay Mining LLC, (“Kutisay”), and Kashka REE Plant Ltd., each of which is registered with the Ministry of Justice of the Kyrgyz Republic. Kutisay a 99.9% owned subsidiary of Stans Energy KG LLC and Kashka is a wholly owned subsidiary of Stans Energy Corp.

Stans’ common shares are listed on the TSX Venture Exchange (“TSXV”) under the symbol HRE. Stans’ common shares are also listed on the OTCQB 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.

Mineral Property

License to the prospecting/exploration rights in the Kyrgyz Republic as of the date of this discussion:

- Kargysh

Kargysh

The Kyrgyz State Geological and Mineral Resources Agency (“SAGMR”) issued to Stans Energy KG a licence for subsoil use within the Kargysh Ore Occurrence of the Kyzyluraan area for geological exploration of vanadium, molybdenum and uranium for three years until June 16, 2017. As of February 29, 2016, the SAGMR annulled the licence after the Board of Directors of Stans decided to completely cease operations in Kyrgyzstan in 2016.

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

Kyzyluraan

On June 27, 2014 the Company announced that the State Agency for Geology and Mineral Resources of the Kyrgyz Republic (“SAGMR”) approved the first Company submission to separate the Kargysh mineralization zone from its Kyzyluraan Field Prospecting Licence.

The Company had also filed a submission to the SAGMR requesting to reduce the size of its Kyzyluraan Field Prospecting licence from 252.82 sq. km to 124.19 sq. km. This reduction of the prospecting area would substantially reduce the annual licencing fees paid by the Company to the SAGMR. This is in line with the

Company's ongoing cost reduction efforts in its' Kyrgyz operations. No approval has been provided by the SAGMR, and Company filed for return of license back to the State. SAGMR approved this request effective March 13, 2015.

Aktyuz ore field exploration licence

As result of the designation of the significant area of the license as a National Park a very limited prospecting work was undertaken in 2014. Numerous requests of the Company to remove the restrictions went unanswered and in April 2015 Company filed for return of the Licence No. 2512 (valid through December 31, 2015) back to the State. The licence was annulled by SAGMR effective May 13, 2015.

See "**Legal Proceedings and Impairment**" below.

Kashka Rare Earth Plant (the "KRP")

The Kashka Rare Earth Processing Facility was acquired in 2011 and was being modernized and re-commissioned to process rare earth elements. 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. Even if we find a source of raw material we will not be able to process it without settlement ponds or tailing facility access to which has been denied by the State.

The plant is currently on a care and maintenance program.

In 2015, staffing levels have been further reduced at KRP to 8 people, plus 12 security personnel on contract basis.

Summary of activities for the period ended March 31, 2015

During the period ended March 31, 2016, there were no exploration and development activities.

During the period ended December 31, 2015, the Company paid $14,257 annual mining licence fees for Kargysh, Kyzyrulaan and Aktyuz fields. Kyzyrulaan and Aktyuz licenses were annulled during the period ended December 31, 2015.

Summary of material components of quarterly exploration expenditures and development

	2013		2014				2015		
	Q3 $	**Q4 $**	**Q1 $**	**Q2 $**	**Q3 $**	**Q4 $**	**Q1 $**	**Q2 $**	**Q3 $**
Explorations rights/licenses Mining licensees/annual fees	-	-	-	15,010	12,740	10,617	-	13,502	755
Exploration and evaluation expenditures and overhead capitalized to exploration licensees	98,585	170,768	9,738	-	68,656	57,727	-	-	-
Development and evaluation expenditures and overhead capitalized into mining licenses	708,696	236,159	-	-	126,796	-	-	-	-
Write off/Impairment	(807,281)	(406,927)	(9,738)	(15,010)	(208,192)	(68,344)	-	(13,502)	(755)

A summary of material components of exploration and evaluation expenditures for the years ended December 31, 2014 and 2013 are as follows:

	Kyzyluraan		Kargysh		Aktyuz		Kutessay II		Kalesay		Total	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Opening Balance	-	2,682,065	-	-	-	1,862,142	-	2,220,508	-	377,732	-	7,142,447
Additions:												
Mine work	-	-	-	-	-	-	-	-	-	22,864	-	22,864
Licence fee	**36,856**	-	-	-	**1,511**	-	-	-	-	-	**38,367**	-
Lab work	-	-	-	-	-	-	-	-	-	-	-	-
Analytical work	**5,972**	21,904	**57,727**	-	**9,396**	21,904	-	17,246	-	-	**73,095**	61,054
Drilling	-	-	-	-	-	-	-	70,491	-	-	-	70,491
Geological work	-	-	-	-	**63,026**	-	-	12,881	-	-	**63,026**	12,881
Design and survey work	-	91,293	-	-		91,293	-	774,942	-	-	-	957,528
Other	-	-	-	-	-	-	**126,796**	94,399	-	-	**126,796**	94,399
Total additions:	**42,828**	113,197	**57,727**	-	**73,933**	113,197	**126,796**	969,959	-	22,864	**301,284**	1,219,217
Foreign exchange translation	-	428,273	-	-	-	223,143	-	266,086	-	45,265	-	962,767
Write off of 2014 expenditures	**(42,828)**		**(57,727)**		**(73,933)**		**(126,796)**				**(301,284)**	
Impairment in 2013		(3,223,535)		-		(2,198,482)		(3,456,553)	-	(445,861)		(9,324,431)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-

Legal Proceedings and Impairment

In June 2012, a committee of the Kyrgyz Parliament demanded that Stans' Licence Agreement for Kutessay II be cancelled. During the year ended December 31, 2013, the Kyrgyz State Prosecutor's Office initiated legal proceedings against the Company to revoke the mineral property licenses awarded to Stans by a government agency through an auction process held in 2009.

In March 2014, the Inter District court of Bishkek ruled in favour of the Kyrgyz State Prosecutor's Office. Stans appealed this decision in various courts in the Kyrgyz Republic ('the Republic') and in 2015 the Kyrgyz Supreme Court dismissed Stans' appeal. Consequently, Stans has no right for further appeal in the Republic.

In October 2013, Stans commenced arbitration against the Republic in connection with the legal proceeding initiated by the Republic in the Arbitration Court at the Moscow Chamber of Commerce and Industry ('the MCCI Tribunal'). In June 2014, the MCCI Tribunal awarded Stans US $118 million as a recovery of damages from the Republic. This award was subsequently challenged by the Republic in the courts of the Russian Federation, and in January 2016, the Supreme Court of the Russian Federation in its final decision upheld the ruling of the lower court to set aside the MCCI Tribunal award. Despite the setting aside of the MCCI Tribunal award, Stans continues to seek enforcement and recognition of the award before the Ontario Court of Justice. No date has been set in that matter.

In May 2015 Stans commenced an arbitration against the Republic under the 1976 rules of the United Nations Commission on International Trade Law ('the UNCITRAL Rules') claiming damages arising from the Republic's wrongful conduct toward the Company's investments in Kyrgyzstan that culminated in the termination of the mining licenses for Kutessay II and Kalesay. Stans and the Republic subsequently agreed that this arbitration ('the UNCITRAL Arbitration') would be administered by the secretariat of the Permanent Court of Arbitration in the Hague with a juridical seat in London, England. After a Tribunal was appointed in the UNCITRAL Arbitration, Stans filed a statement of claim on 29 January 2016 claiming US $219 million in damages and interest from the Republic. The Tribunal in the UNCITRAL Arbitration subsequently decided that the proceedings would be bifurcated so that certain jurisdictional defenses raised by the Republic will be heard first. Consequently, after the exchange of written pleadings on these jurisdictional issues, a hearing will take place in September 2016. The Tribunal is then scheduled to issue a decision on jurisdictional issues during the period November-December 2016. The Company has not recorded any potential benefit in this consolidated financial statements related to the UNCITRAL Arbitration and any ultimate future benefit will only be recognized when they are received.

On June 28-29, 2016 Stans will be jointly arguing before the Ontario Court of Justice about the beneficial ownership of Centerra Gold (TSX: CG) shares owned by Kyrgyzaltyn JSC (Kyrgyzaltyn). At issue will be whether the Kyrgyz Republic is in fact the beneficial owner of the shares through Kyrgyzaltyn. The shares are currently begun contested as security in multiple cases of damages awarded by various International Arbitration Tribunals against the Republic.

Due to the above legal proceeding which resulted in Stans being unable to explore and develop its mineral properties and identify a feasible alternate source of rate earth elements that could be processed at the Kashka Rare Earth Processing Facility (‘the Plant’), the Company during the year ended December 31, 2013 recorded an impairment and wrote off its mineral interests and its Plant in the Kyrgyz Republic.

During the year ended December 31, 2015 the Company recorded expenditure of $100,888 (2014: $719,762) relating to the maintenance of the impaired Plant and write off of other receivables of $102,831 (2014: $396,046).

During the period ended March 31, 2016, the Company recorded $Nil in additional expenditures on impaired mineral properties.

General Financial Condition

As at March 31, 2016, the Company had a cash balance of $184,354 (March 31, 2015 - $18,242) and short term investments of $10,000 (March 31, 2015 - $Nil) to settle current liabilities of $5,898,333 (March 31, 2015 - $599,571). 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 period ended March 31 is as follows:

	March 31, 2016	March 31, 2015	March 31, 2014
Interest and Sundry Income	**$ 7,152**	$ 11,212	$ 9,757
Total Expenses	**(1,153,060)**	(720,974)	(1,216,770)
Net loss after tax attributed to common shareholders	**(1,145,403)**	(708,945)	(1,204,316)
Total Assets	**309,815**	326,469	4,951,651
Cash flow used in operations	**(1,207,254)**	(328,461)	(810,052)
Loss per share (basic and diluted)	**$ 0.006**	$ 0.004	$ 0.008

Results of Operations

As at March 31, 2016, the Company had not recorded any revenues from its projects.

Results of Operations for the three months ended March 31, 2016

For the three months ended March 31, 2016, the Company had a net loss of $1,145,908 compared to $709,762 in the prior year. The major changes to the year over year increase in loss of $436,146 are:

- The increase of $758,410 in consulting and professional fees due to ongoing litigations in 2016, offset by:
- The decrease of $61,910 in salaries and benefits, due to a further decrease in personnel in Kyrgyzstan and Canada.

- The decrease of $13,983 in stock-based compensation due to decrease in vested and expensed options as comparing to prior year.
- The decrease of $31,644 the office and administrative costs as the Company continues efforts to preserve the treasury.

The following table provides additional information on the Company's material components of the office and administration expenses:

	March 31, 2016	March 31, 2015
Salaries, benefits and director's fees	**$ 138,182**	$ 200,092
Investor's relations	**15,310**	2,430
Rent	**26,722**	32,348
Travel expenses	**11,549**	24,927
Other office and administration expenses	**42,975**	68,495
	$ 234,738	$ 328,292

Selected Quarterly Information

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

2015 - 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
	$	$	$	$
Interest Income	2,320	(40)	1,169	1,155
Expenses:				
Operating expenses	1,126,055	2,588,024	1,065,609	983,882
Stock-based compensation	22,173	36,869	54,266	80,371
Write off/Impairment loss	-	189,463	755	13,501
Net Loss for the period	1,145,908	2,814,316	1,119,461	1,076,599
Net loss per share - basic and diluted	$ 0.006	$ 0.015	$ 0.007	$ 0.007

2014 - 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
	$	$	$	$
Interest Income	871	2,571	3,960	15,731
Expenses:				
Operating expenses	674,477	1,000,078	884,001	1,101,845
Stock-based compensation	36,156	58,039	85,465	79,932
Write off/Impairment loss	-	640,478	316,214	15,076
Net Loss for the period	709,762	1,696,024	1,281,720	1,181,122
Net loss per share - basic and diluted	$ 0.004	$ 0.011	$ 0.008	$ 0.008

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

Related Party Transactions

During the three months ended March 31, 2016, the Company expensed $28,000 (March 31, 2015 - $49,000) in consulting fees to a director and officers of the Company (included in the table below). As of March 31, 2016, accounts payable of $47,000 (March 31, 2015 - $Nil) were due to directors and officers, and $134,000 (March 31, 2015 - $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).

As disclosed in Note 10(a) On December 14, 2015, the Company issued 200,000 shares for debt settlement agreement with Mr. Aryev for gross proceeds of $10,000. As per terms of the debt settlement agreement, Mr. Aryev received 200,000 common shares at the price of $0.05 per share as partial compensation for 2015 base salary.

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

	March 31, 2016	March 31, 2015
Salaries, officers and director's fees	**$ 106,000**	$ 83,324
Stock-based compensation	**19,136**	36,156
	$ 125,136	$ 119,480

Disclosure of Outstanding Share Data

As at March 31, 2016, 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) 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.

	Number		***Amount***
	#		$
Balance, December 31, 2013	157,263,986		43,110,033
Balance, December 31, 2014	157,263,986		43,110,033
Shares issued in respect of debt settlement	10,754,600	$	316,267
Shares issued for debt settlement	200,000		10,000
Share issue costs	-		(36,824)
Balance, December 31, 2015, March 31 and May 30, 2016	168,218,586		$ 43,399,476

(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. 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 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.

(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.

(iv) On December 14, 2015, the Company issued 200,000 shares for debt settlement agreement with Mr. Aryev for gross proceeds of $10,000. As per terms of the debt settlement agreement, Mr. Aryev received 200,000 common shares at the price of $0.05 per share as partial compensation for 2015 base salary.

There were no share issues or other share transactions in 2014.

(b) Warrants

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

	Number	***Price Range***
	#	$
Balance, December 31, 2013	8,475,676	$ 1.85 - $ 2.25
Expired	(8,475,676)	$ 1.85 - $ 2.25
Balance, December 31, 2014	Nil	-
Issued (i)	10,980,100	$ 0.10
Balance, December 31, 2015, March 31 and May 30, 2016	10,980,100	$ 0.10

(i) All outstanding warrants exercisable into one common share per a warrant with an exercise price ranging between $0.065 and $0.10 with the expiry from March 23, 2017 through June 11, 2017.

(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 March 31, 2016, 8,250,000 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**
	#	$
Balance at January 1, 2014	11,990,000	0.81
Granted	3,800,000	0.13
Forfeited	(300,000)	0.94
Outstanding at December 31, 2014	15,490,000	0.63
Granted	3,650,000	0.07
Expired	(3,985,000)	0.31
Forfeited	(615,000)	0.60
Cancelled	(6,290,000)	1.26
Outstanding at December 31, 2015, March 31 and May 30, 2016	8,250,000	0.09
Options exercisable at March 31, 2016	6,400,000	0.09

(i) On May 11, 2015 the Company granted 3,650,000 stock options to directors and officers with the vesting period of 18 months (vesting quarterly in equal proportions). 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. In December 2015, 550,000 stock options (50,000 of which were granted in 2015) issued to a Company officer were forfeited due to resignation.

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

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 has a lease commitment to July 31, 2017 for its principle office location which totals $110,400.

	2016	2017	Total
Operating leases	$ 62,100	$ 48,300	$ 110,400

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, and litigation financing.

As at March 31, 2016, the Company had a working capital deficiency of $5,589,145, compared with a working capital of $368,076 as at March 31, 2015 comprised of cash, VAT receivable, prepaid expenses and other assets, accounts payable, accrued liabilities and the loan financing received.

Stans does not generate revenue from operations and any significant improvements in working capital would result from the issuance of share capital. In 2015, Stans Energy Corp. arranged non-brokered private placements for the total gross proceeds of $546,100.

In June 2015, the Company entered into a Litigation Financing Agreement (‘the Agreement’) with a subsidiary of the Calunius Litigation Risk Fund 2 LP (“the Financer”).

Under the terms of the litigation financing agreement, the Financer has agreed to assist in the financing of the Company’s legal costs and to provide financing toward continuing corporate overhead costs, in relation to the international arbitration proceedings against the Republic of Kyrgyzstan. As at March 31, 2016 the amount of $3,946,671 (US $3,038,940) was financed under the Agreement.

The Agreement with the Financer requires repayment of amounts advanced upon final settlement of the arbitration claim. The Financer's fee under the Agreement becomes payable upon a final settlement of the arbitration claim and the value of the Financer's fee is dependent upon a number of variables, including the amounts advanced under the Agreement and the length of time taken to reach a settlement. The Agreement also provides that the amount of the Financer's fee shall not exceed the amount of the aggregate proceeds of the arbitration claim. To the extent that the Company is not successful in the arbitration claim, the Company will not have to repay any amounts which were provided by the Financer.

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.

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 March 31, 2016, the Company’s maximum exposure to credit risk was the carrying value of cash and cash equivalents, and VAT 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.

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 March 31, 2016, the Company had a cash balance of $184,354 (March 31, 2015 - $18,242) and short term investments of $10,000 (March 31, 2015 - $Nil) to settle current liabilities of $5,898,333 (March 31, 2015 - $599,571). 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 December 31, 2015, the Company raised additional capital for total gross cash proceeds of $546,100. Refer to Note 1 of the consolidated annual financial statements for the liquidity risk related to going concern.

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. As at March 31, 2016, the Canadian dollar equivalent of the Company's foreign financial instruments, primarily denominated in USD, is as follows:

	Canadian Dollar
Cash	$ 149,601
Accounts receivable	11,133
	160,734
Accounts payable and accrued liabilities	(1,155,835)
Loan	(3,946,671)
	(5,102,506)
Net assets (liabilities) exposure	$ (4,941,772)

Based on the above net exposures at March 31, 2016, a 10% depreciation or appreciation of the above currencies against the CDN dollar would result in an increase or decrease, respectively, in net loss by $449,640 (December 31, 2015 - $433,063).

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 2015 annual 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.

Future Changes in Accounting Policies

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

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.

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 March 31, 2016.

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's 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.

Key Personnel
The Company relies on a limited number of key consultants and senior management and there is no assurance that Stans Energy will be able to retain such key consultants or other senior management. The loss of one or more such key consultants or members of senior management, if not replaced, could have a material adverse effect on Company's business, financial condition and prospects. Directors and management had previously accepted deferrals of remuneration in order to assist the Company through the economic turmoil; however, this potentially adds to the risk of losing experienced personnel.

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.

Country of Operation Risks

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 Proceedings and Impairment" 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.