STANS ENERGY CORP.

(Incorporated under the Laws of Ontario)

Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(Expressed in Canadian Dollars)

Management's Report

The consolidated financial statements, the notes thereto and other financial information contained in the Management Discussion and Analysis have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are the responsibility of the management of Stans Energy Corp. The financial information presented in the Management Discussion and Analysis as filed on SEDAR is consistent with the data that is contained in the consolidated financial statements. The consolidated financial statements, where necessary, include amounts which are based on the best estimates and judgment of management.

The Board of Directors is responsible for overseeing management's performance of its responsibilities for financial reporting and internal control. The Audit Committee, which is composed of non-executive directors, meets with management as well as the external auditors to ensure that management is properly fulfilling its financial reporting responsibilities to the Directors who approve the consolidated financial statements. The external auditors have full and unrestricted access to the Audit Committee to discuss the scope of their audits, the adequacy of the system of internal controls and review financial reporting issues.

The consolidated financial statements have been audited by KPMG LLP, in accordance with Canadian generally accepting auditing standards.

(Signed) "*Rodney Irwin*"	(Signed) "*Olga Stevens*"
Rodney Irwin	Olga Stevens
Interim Chief Executive Officer	Chief Financial Officer

Toronto, Ontario, Canada

April 28, 2016

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Stans Energy Corp.

We have audited the accompanying consolidated financial statements of Stans Energy Corp., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Stans Energy Corp. as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes that Stans Energy Corp. has no sources of revenue and has experienced losses and negative cash flows for the years ended December 31, 2015 and 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainties that cast significant doubt about Stans Energy Corp's ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
April 28, 2016
Toronto, Canada

Stans Energy Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		December 31, 2015	December 31, 2014
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 103,873**	$ 176,699
VAT receivable		**132,751**	138,840
Prepaid expenses and other assets		**53,973**	138,831
Total Current Assets		**290,597**	454,370
Property, plant and equipment	Note 8	**1,204**	101,254
Total Assets		**$ 291,801**	$ 555,624
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 1,889,871**	$ 203,442
Loan	Note 9	**2,978,126**	-
Total Liabilities		**4,867,997**	203,442
Commitments (note 18)			
Equity			
Common Shareholders' Equity			
Share Capital	Note 10a	**43,399,476**	43,110,033
Warrants	Note 10b	**240,622**	-
Contributed surplus		**16,879,904**	16,672,242
Accumulated other comprehensive income		**166,650**	112,617
Deficit		**(65,085,695)**	(59,367,964)
Total Common Shareholders' Equity		**(4,399,043)**	526,928
Non-controlling interest	Note 11	**(177,153)**	(174,746)
Total Equity		**(4,576,196)**	352,182
Total Liabilities and Shareholders' Equity		**$ 291,801**	$ 555,624

Going Concern (Note 1)
Subsequent events (Note 7)
Segmented information (Note 6)

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

Approved by the Board of Directors on April 28, 2016

"Gordon Baker", DIRECTOR

"Albert Grenke", DIRECTOR

"Douglas Underhill", DIRECTOR

Stans Energy Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

	Note	**2015**	2014
Expenses			
General and Administrative		**$**	$
Office and administration	***15***	**1,419,316**	2,422,841
Depreciation		**19,721**	33,457
Consulting fees		**395,944**	302,090
Professional fees		**3,216,186**	1,151,886
Stock-based compensation	***10c***	**207,662**	294,104
Unrealized Foreign exchange loss/(gain)		**175,904**	(54,793)
Interest income		**(3,155)**	(32,019)
Loss on disposal of property, plant and equipment		**79,721**	-
Maintenance and other costs		**5,120**	132,507
Other Operating costs			
Expenditures on impaired assets and other receivables	***7***	**203,719**	1,115,806
Net loss for the period		**5,720,138**	5,365,879
Attributable to:			
Non-controlling interest		**2,407**	9,680
Common shareholders		**5,717,731**	5,356,199
Other comprehensive (income)/loss			
Foreign currency translation of foreign operations		**(54,033)**	152,987
Comprehensive loss for the period		**5,666,105**	5,518,866
Attributable to:			
Non-controlling interest		**2,407**	9,680
Common shareholders		**5,663,698**	5,509,186
Basic and diluted loss per share	***16***	**$ 0.03**	$ 0.03
Weighted average number of common shares			
Basic and diluted		**164,850,660**	157,263,986

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

Stans Energy Corp.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

		2015	2014
Share Capital			
Balance beginning of period		**$ 43,110,033**	$ 43,110,033
Private placement	*Note 10a*	**546,100**	-
Issued for debt settlement	*Note 10a*	**10,000**	-
Fair value of attached warrants on private placements		**(229,833)**	-
Fair value of finders warrants on private placements		**(10,789)**	-
Cost of issue		**(26,035)**	-
Balance at the end of the period		**43,399,476**	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	*Note 10c*	**207,662**	294,104
Balance at the end of the period		**16,879,904**	16,672,242
Cumulative translation adjustment			
Balance beginning of period		**112,617**	265,604
Foreign currency translation adjustment		**54,033**	(152,987)
Balance at the end of the period		**166,650**	112,617
Deficit			
Balance beginning of period		**(59,367,964)**	(54,011,765)
Net loss attributed to common shareholders		**(5,717,731)**	(5,356,199)
Balance at the end of the period		**(65,085,695)**	(59,367,964)
Total common shareholders' equity		**(4,399,043)**	526,928
Non-controlling interest			
Balance beginning of period	*Note 11*	**(174,746)**	(165,066)
Net loss attributed to non-controlling interest	*Note 11*	**(2,407)**	(9,680)
Balance at the end of the period		**(177,153)**	(174,746)
Total Equity		**$ (4,576,196)**	$ 352,182

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

Stans Energy Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

	2015	2014
Operating activities		
Net loss for the period	**$ (5,720,138)**	$ (5,365,879)
Items not affecting cash:		
Stock-based compensation	**207,662**	294,104
Depreciation	**19,721**	33,457
Unrealized foreign exchange loss (gain)	**175,904**	(54,793)
Interest income	**(3,155)**	(32,019)
Provision for irrecoverable input tax credit	**102,831**	190,174
Loss on disposal of property, plant and equipment	**79,721**	-
	(5,137,454)	4,934,956
Net change in non-cash working capital:		
(Increase)/Decrease in VAT receivable	**(96,742)**	(63,920)
(Increase)/Decrease in Prepaid expenses and other assets	**84,858**	(24,419)
Increase/(Decrease) in Accounts payable and accrued liabilities	**1,686,429**	(34,349)
Net cash used in operating activities	**(3,462,909)**	(5,057,644)
Investing activities		
Interest received	**3,155**	32,019
Proceeds from sale of Property, plant and equipment	**195,988**	-
Net cash used in investing activities	**199,143**	32,019
Financing activities		
Loan	**2,978,126**	-
Private placement of common shares	**546,100**	-
Share issue expense	**(26,035)**	-
Net cash from financing activities	**3,498,191**	-
Effect of exchange rate changes on cash	**(307,251)**	(59,517)
Change in cash and cash equivalents	**(72,826)**	(5,085,142)
Cash and cash equivalents, beginning of period	**176,699**	5,261,841
Cash and cash equivalents, end of period	**$ 103,873**	$ 176,699

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

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 such as uranium, molybdenum, vanadium, beryllium, lithium and rare earth metals in the Kyrgyz Republic. 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 consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue its exploration and development activities for the foreseeable future and will be able to discharge its liabilities in the normal course of business as they become due. As at December 31, 2015, the Company had an accumulated deficit of $65,085,695 (2014: $59,367,964), a working capital deficiency of $4,577,400 (2014; net positive working capital of $250,928) and cash of $103,873 (2014: $176,699). The Company incurred a loss for the year ended December 31, 2015 of $5,720,138 (2014: $5,365,879) and used cash in operations amounting to $3,462,909 (2014: $5,057,644).

The Company is currently in legal disputes with the government of the Kyrgyz Republic in relation to its mineral properties licenses (see Note 7). This has resulted in the Company significantly reducing its exploration activities and has deferred its plans to refurbish and update the Kashka Rare Earth Processing Facility. There is no assurance that the Company will be successful in its legal disputes with the government of the Kyrgyz Republic.

The Company has no sources of revenue and has experienced losses and negative cash flows for each of the last 2 years. The continuation of the Company as a going concern is dependent upon a successful outcome of the legal disputes with the government of the Kyrgyzstan Republic and/or upon successfully finding additional sources of financing. There is no assurance that the Company will be able to obtain alternative sources of financing. These material uncertainties 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.

On April 28, 2016, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2015.

2. BASIS OF PREPARATION

These Financial Statements for the years ended December 31, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of December 31, 2015.

These Financial Statements have been prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are measured at fair value. The significant accounting policies are presented in Note 3 and have been consistently applied in each of the periods presented. Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these Financial Statements are presented in Note 5.

3. SIGNIFICANT ACCOUNTING POLICIES

(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;
- Income 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;
- Income 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 Other Comprehensive Income (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) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

VAT receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”). Financial assets classified as loans and receivables and held to maturity are measured at amortized cost using the effective interest method less any allowance for impairment.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Transaction costs associated with loans and receivables are included in the initial carrying amount of the asset.

Fair value hierarchy:

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

(d) Impairment of financial assets

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets are impaired.

Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial assets, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(e) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with a maturity of three months or less at the date of acquisition, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions (“share-based payments”). Equity instruments issued to employees are measured by reference to the fair value at the date on which they are granted. The costs of share-based payments are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”).

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(g) Mineral properties and exploration and evaluation (“E&E”) costs

Exploration and evaluation costs are those costs required to evaluate a mineral property and determine commercial viability. E&E costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves.

The costs of acquiring licenses and other expenditures associated with the acquisition of exploration and evaluation assets are capitalized under mineral properties on a property-by-property basis.

Property acquisition costs and related direct exploration costs less recoveries are deferred until such time as the properties are either placed into commercial production, sold, determined not to be economically viable, or abandoned.

Exploration and evaluation activity includes:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- compiling pre-feasibility and feasibility studies.

Capitalization of exploration and evaluation expenditures commence on acquisition of a beneficial interest or an option in mineral rights. Capitalized costs are recorded as a component of mining interests at cost less impairment charges, if applicable. No amortization is charged during the exploration and evaluation phase as the asset is not available for use. Exploration and evaluation assets are tested for impairment when indicators of impairment are present.
Exploration and evaluation expenditures are transferred to the mineral properties balance within property, plant and equipment when the technical feasibility and commercial viability of a mineral resource has been demonstrated and a development decision has been made.

(h) Property, plant and equipment

Property, plant and equipment are recorded at cost and carried net of accumulated depreciation, depletion and amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the estimate of reclamation and remediation and, for qualifying assets, capitalized borrowing costs.

Repairs and maintenance costs are expensed as incurred. However, expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditures will extend the productive capacity or useful life of an asset.

Asset categories

The Company categorizes property, plant and equipment based on the type of asset and/or the stage of operation or development of the property.

Land, plant, equipment and vehicles includes land, mobile and stationary equipment, and refining and processing facilities for all properties regardless of their stage of development or operation, and vehicles.

Depreciation, depletion and amortization

The Company has applied the following depreciation methods:

Office and Computer Equipment	Amortized over 5 years on a straight-line basis
Vehicles	Amortized over 5 years on a straight-line basis
Buildings	Amortized over 20 years on a straight-line basis
Equipment	Amortized over 3-15 years on a straight-line basis depending on equipment type

Land is not depreciated.

The Company reviews useful lives and estimated residual values of its property, plant and equipment annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Acquired or capitalized exploration and evaluation costs and assets under construction are not depreciated. These assets are depreciated when they are put into production in their intended use.

(i) Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal of the asset or when no future economic benefits are expected to accrue to the Company from its continued use. Any gain or loss arising on derecognition is included in the consolidated statement of loss in the period in which the asset is derecognized. The gain or loss is determined as the difference between the carrying value and the net proceeds on the sale of the assets, if any, at the time of disposal.

(j) 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.

(k) Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.
The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill not deductible for tax purposes; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied.

(l) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Since the Company is in a loss position, the effects of exercising share purchase options and warrants are anti-dilutive.

4. ACCOUNTING CHANGES AND RECENT ACCOUNTING PRONOUNCEMENTS

New Standards and Interpretations issued but not yet effective

At the date of authorization of these consolidated financial statements for the period ended December 31, 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.

5. 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 which require management to make estimates and assumptions in applying the Company's accounting policies in determining carrying values include, but are not limited to:

Impairment of mineral properties and exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when indicators of impairment are present. In assessing impairment for exploration and evaluation assets, the Company applies judgement in considering factors that determine technical feasibility and commercial viability. Judgments may change if new information becomes available. See Note 7 for impairment recorded by the Company with respect to its mineral properties and exploration and evaluation assets. Impairment charges recognised may be reversed if there are changes in assumptions or estimates which indicate that a previously recognized impairment loss may no longer exist or may be decreased.

Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of loss.

The assessment would require the use of estimates and assumptions for long-term commodity prices, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of assets could impact the impairment analysis. Impairment charges recognised may be reversed if there are changes in assumptions or estimates which indicate that a previously recognised impairment loss may no longer exist or may be decreased.

(Expressed in Canadian dollars unless otherwise stated)

Management's opinion that there is no material restoration, rehabilitation and environmental obligation, is based on the existing facts and circumstances.

Taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is adjusted to reflect the uncertainty of realization through profitable operations.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and others by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield and forfeiture rate. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10c.

6. SEGMENTED INFORMATION

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

	December 31, 2015	December 31, 2014
Canada	**$ 229,329**	$ 263,722
Kyrgyz Republic	**46,528**	161,993
Russian Federation	**15,944**	129,909
Total	**$ 291,801**	$ 555,624

7. 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

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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 January 29, 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.

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).

8. PROPERTY, PLANT AND EQUIPMENT

	Plant, Equipment and Vehicles	Office & Computer Equipment	Total
Cost			
Balance at Jan 1, 2015	$ 8,775,020	$ 139,414	$ 8,914,434
Disposal	(397,538)	(17,547)	(415,085)
Foreign exchange impact	1,530,363	24,314	1,554,677
Balance before impairment and depreciation	9,907,845	146,181	10,054,026
Depreciation and Impairment			
Balance at Jan 1, 2015	$ (8,681,256)	$ (131,924)	$ (8,813,180)
Depreciation	(15,784)	(3,937)	(19,721)
Disposal	135,808	13,217	149,025
Foreign exchange impact	(1,346,613)	(22,333)	(1,368,946)
Balance at December 31, 2015	(9,907,845)	(144,977)	(10,052,822)
Net Book Value as of December 31, 2015	**$ -**	**$ 1,204**	**$ 1,204**

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

	Plant, 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

(Expressed in Canadian dollars unless otherwise stated)

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**

9. LOAN

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 December 31, 2015 the amount of $2,978,126 (US $2,147,326) 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.

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.

	Number #		***Amount*** $
Balance, December 31, 2013 and 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 (iii)	1,000,000		25,768
Shares issued for debt settlement (iv)	200,000		10,000
Share issue costs*	-		(36,824)
Balance, December 31, 2015	168,218,586		$ 43,399,476

*Includes fair value of finders' warrants of $10,789.

(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.

(Expressed in Canadian dollars unless otherwise stated)

(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

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company, and the Company also 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, December 31, 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 $0.065 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 $0.065 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.

(Expressed in Canadian dollars unless otherwise stated)

There were no warrants issued or expired in 2014.

(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 December 31, 2015, 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 periods:

	Options	**Weighted-average exercise price**
	#	$
Outstanding at December 31, 2013	11,990,000	0.81
Granted (i)	3,800,000	0.09
Forfeited (iii)	(300,000)	0.94
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)	(615,000)	0.60
Cancelled (iv)	(6,290,000)	1.26
Outstanding at December 31, 2015	8,250,000	0.09
Options exercisable at December 31, 2015	5,800,000	0.09

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
250,000	250,000	2.34 years	$0.23	May 2, 2018
1,100,000	1,100,000	2.82 years	$0.15	October 23, 2018
2,700,000	2,700,000	3.18 years	$0.07	March 3, 2019
300,000	300,000	3.43 years	$0.13	June 3, 2019
300,000	250,000	3.53 years	$0.18	July 8, 2019
3,600,000	1,200,000	4.37 years	$0.07	May 11, 2020
8,250,000	5,800,000			

(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%

(Expressed in Canadian dollars unless otherwise stated)

On March 3, 2014, the Company granted 2,700,000 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 March 3, 2019. The fair value of these stock options of $171,131 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	1.77%
Expected life	5 years
Expected volatility	147.6%

On June 3, 2014, the Company granted 800,000 stock options to a director and an officer with the vesting period of 18 months (vesting quarterly in equal proportions). Each option entitles the holder to purchase one common share at $0.13 per share at any time on or before June 3, 2019. The fair value of these stock options of $92,338 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	$0.13
Expected dividend yield	Nil
Risk-free interest rate	1.67%
Expected life	5 years
Expected volatility	140.2%

On July 8, 2014, the Company granted 300,000 stock options to a director with the vesting period of 18 months (vesting quarterly in equal proportions). Each option entitles the holder to purchase one common share at $0.18 per share at any time on or before July 8, 2019. The fair value of these stock options of $46,360 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	$0.18
Expected dividend yield	Nil
Risk-free interest rate	1.67%
Expected life	5 years
Expected volatility	129.5%

(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.

On April 6, 2014, 300,000 stock options issued to a Company officer were forfeited due to their resignation on January 6, 2014.

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

(Expressed in Canadian dollars unless otherwise stated)

11. NON-CONTROLLING INTEREST

	SevAmRus(*)	Stans Energy KG (**)	Total, $
Total as of December 31, 2013	$ (12,064)	$ (153,002)	$ (165,066)
	(4,611)	(5,069)	(9,680)
Total as of December 31, 2014	$ (16,675)	$ (158,071)	$ (174,746)
Share of loss	(2,149)	(258)	(2,407)
Total as of December 31, 2015	**$ (18,824)**	**$ (158,329)**	**$ (177,153)**

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

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of issued common shares, contributed surplus, share purchase warrants, accumulated other comprehensive loss and deficit and loan financing in the definition of capital. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company includes equity, comprised of issued common shares, contributed surplus and deficit in the definition of capital.

As at December 31, 2015, managed capital was $(4,576,196) (2014 - $352,182). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company raised litigation financing during the current year. There were no other changes to the Company's approach to capital management during the year ended December 31, 2015.

13. FINANCIAL RISK MANAGEMENT

<u>Credit risk</u>

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 December 31, 2015, 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.

<u>Liquidity risk</u>

The Company's exposure to liquidity risk is dependent on its ability to raise funds to meet purchase commitments and to sustain operations. The Company controls its liquidity risk by managing working capital and cash flows. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company had a cash balance of $93,873 (December 31, 2014 - $176,699) and short term investments of $10,000 (December 31, 2014 - $Nil) to settle current liabilities of $4,867,997 (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

December 31, 2015, the Company raised additional capital for total gross cash proceeds of $546,100. Refer to Note 1 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 December 31, 2015, the Canadian dollar equivalent of the Company's foreign financial instruments, primarily denominated in USD, is as follows:

	Canadian Dollar December 31, 2015	**Canadian Dollar December 31, 2014**
Cash	$ 71,216	$ 44,426
VAT receivable	15,423	44,745
	86,639	89,171
Accounts payable and accrued liabilities	(1,327,750)	(88,928)
Loan	(2,978,126)	-
	(4,305,876)	(88,928)
Net assets (liabilities) exposure	$ (4,219,237)	$ 243

Based on the above net exposures at December 31, 2015, 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 $433,063 (December 31, 2014 - $89).

14. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015, the Company expensed $143,500 (2014 - $114,288) in consulting fees to a director and officers of the Company (included in the table below). As of December 31, 2015, accounts payable of $40,000 (2014 - $Nil) were due to directors and officers, and $108,500 (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).

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.

(Expressed in Canadian dollars unless otherwise stated)

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

	December 31, 2015	December 31, 2014
Salaries, officers and director's fees	**$ 485,815**	$ 406,141
Stock-based compensation	**171,498**	282,684
	$ 657,313	$ 688,825

15. OFFICE AND ADMINISTRATION EXPENSES

	December 31, 2015	December 31, 2014
Salaries, benefits and director's fees	**$ 859,237**	$ 1,397,253
Investor's relations	**84,505**	68,865
Rent	**110,591**	154,786
Promotion and advertising	**-**	39,865
Travel expenses	**119,377**	277,967
Other office and administration expenses	**245,606**	484,105
	$ 1,419,316	$ 2,422,841

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 years:

	December 31, 2015	December 31, 2014
Net loss attributable to common shareholders	**$ 5,717,731**	$ 5,356,199
Basic weighted average shares outstanding	**164,850,660**	157,263,986
Diluted weighted average shares outstanding	**164,850,660**	157,263,986
Basic and diluted loss per share	**$ 0.03**	$ 0.03

17. INCOME TAXES

	For the years ended	
	December 31, 2015	December 31, 2014
Change in deferred tax expense (recovery)	-	-

The provision for income tax differs from the amount that would have resulted by applying statutory income tax rates to income or loss before taxes. The difference results in the following:

(Expressed in Canadian dollars unless otherwise stated)

	December 31, 2015	December 31, 2014
Loss before tax	(5,720,138)	(5,365,879)
Statutory income tax rate	26.50%	26.50%
Expected income tax expense (recovery) at statutory rates	(1,515,837)	(1,421,958)
Non-deductible stock based compensation	55,030	77,938
Foreign tax rate differential	128,078	350,391
Change in unrecognized deferred tax asset	2,037,083	1,142,929
Other	(704,354)	(149,300)
Deferred tax expense (recovery)	-	-

Unrecognized deferred tax assets:

Gross deductible temporary differences have not been recognized in respect of the following items:

	31-Dec-15	31-Dec-14
Deductible temporary differences	6,713,285	7,465,758
Loss carry forwards	49,303,000	31,955,000
	56,016,285	39,420,758

The tax losses not recognized expire as per the amount and year noted below. Deferred tax assets have not been recognized in respect of these items as it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

Non- Capital losses

As at December 31, 2015, the Company had the following tax losses to carry forward:

	Amount	Expiry
Canada	21,241,000	2028-2035
Kyrgyzstan	27,718,000	2016-2020
Russia	344,000	2021-2025
	49,303,000	

18. COMMITMENTS

The Company has a lease commitment to July 31, 2017 for its principle office location which totals $131,100.

	2016	2017	Total
Operating leases	$ 82,800	$ 48,300	$ 131,100