STANS ENERGY CORP.

Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian Dollars)

The accompanying unaudited interim condensed consolidated financial statements of Stans Energy Corp. for the three and nine months period ended September 30, 2019 and 2018 have been prepared by management and approved by the Board of Directors of the Company. These statements have been not reviewed by the Company's external auditors.

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

		September 30, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents		**$ 18,739**	$ 83,196
HST receivable		**37,335**	45,158
Prepaid expenses and other assets		**42,454**	41,145
Total current assets		**$ 98,528**	169,499
Right of use assets	Note 6	**100,310**	-
Total assets		**198,838**	$ 169,499
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 1,017,207**	$ 1,070,926
Current portion of lease obligations	Note 4	**30,109**	-
Loan	Note 9	**15,194,533**	14,307,934
Total current liabilities		**16,241,849**	15,378,860
Lease obligations	Note 4	**73,907**	-
Total liabilities		**16,315,756**	15,378,860
Equity			
Common shareholders' equity:			
Share capital	Note 10a	**43,987,163**	43,763,930
Warrants	Note 10b	**355,443**	285,621
Contributed surplus		**17,672,306**	17,576,946
Accumulated other comprehensive income		**390,310**	239,213
Deficit		**(78,522,140)**	(77,075,071)
Total common shareholders' equity		**(16,116,918)**	(15,209,361)
Total liabilities and shareholders' equity		**$ 198,838**	$ 169,499

Going concern (Note 1)
Segmented information (Note 7)

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

Approved by the Board of Directors on November 27, 2019.

"Gordon Baker", DIRECTOR

"Albert Grenke", DIRECTOR

"Douglas Underhill", DIRECTOR

Stans Energy Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the period ended September 30, 2019 and 2018
(Expressed in Canadian dollars)
Unaudited

		Three months ended		Nine months ended	
	Note	**Sep. 30, 2019**	Sep. 30, 2018	**Sep. 30, 2019**	Sep. 30, 2018
Expenses					
General and Administrative		**$**	$	**$**	$
Office and administration	***15***	**177,178**	185,786	**541,524**	575,242
Consulting fees		**39,151**	47,419	**117,620**	106,466
Professional fees		**57,810**	610,635	**519,407**	2,568,627
Stock-based compensation		**47,139**	8,390	**95,360**	66,851
Unrealized foreign exchange loss/(gain)		**(581)**	(39,224)	**5,197**	45,625
Interest income		**(514)**	(503)	**(1,586)**	(1,614)
Interest on lease obligations	***4***	**2,719**	-	**8,673**	-
Amortization of right of use assets	***4,6***	**8,133**	-	**24,400**	-
Loss/(gain) on disposal of assets		**(242)**	(2,832)	**136,474**	(8,799)
Net loss for the period		**330,793**	809,671	**1,447,069**	3,352,398
Attributable to:					
Non-controlling interest	***11***	**-**	(197)	**-**	-
Common shareholders		**330,793**	809,868	**1,447,069**	3,352,398
Other comprehensive (income)/loss					
Foreign currency translation of foreign operations		**(29,897)**	17,379	**(151,097)**	51,247
Comprehensive loss for the period		**300,896**	827,050	**1,295,972**	3,403,645
Attributable to:					
Non-controlling interest	***11***	**-**	(197)	**-**	-
Common shareholders		**300,896**	827,247	**1,295,972**	3,403,645
Basic and diluted loss per share	***16***	**$ 0.002**	$ 0.001	**$ 0.01**	$ 0.02
Weighted average number of common shares					
Basic and diluted		**184,308,239**	178,635,253	**183,348,586**	180,221,645

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

Stans Energy Corp.
Interim Condensed Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2019 and 2018
(Expressed in Canadian dollars)
Unaudited

		September 30, 2019	September 30, 2018
Share capital			
Balance beginning of period		**$ 43,763,930**	$ 43,639,809
Private placement, gross proceeds	*Note 10a*	**140,000**	165,000
Issued for debt settlement	*Note 10a*	**157,000**	40,000
Fair value of attached warrants on private placement	*Note 10b*	**(69,822)**	(78,654)
Cost of issue		**(3,945)**	(2,225)
Balance at the end of the period		**43,987,163**	43,763,930
Warrants			
Balance beginning of period		**285,621**	206,967
Fair value of attached warrants on private placement	*Note 10b*	**69,822**	78,654
Balance at the end of the period		**355,443**	285,621
Contributed surplus			
Balance beginning of period		**17,576,946**	17,510,095
Stock-based compensation	*Note 10c*	**95,360**	66,851
Balance at the end of the period		**17,672,306**	17,576,946
Accumulated other comprehensive income			
Balance beginning of period		**239,213**	328,862
Foreign currency translation adjustment		**151,097**	(51,247)
Balance at the end of the period		**390,310**	277,615
Deficit			
Balance beginning of period		**(77,075,071)**	(73,166,468)
Net loss attributed to common shareholders		**(1,447,069)**	(3,352,398)
Balance at the end of the period		**(78,522,140)**	(76,518,866)
Total common shareholders' equity		**(16,116,918)**	(14,614,754)
Non-controlling interest			
Balance beginning of period		**-**	(20,913)
Changes in ownership interests in subsidiaries		**-**	20,913
Net loss attributed to non-controlling interest		**-**	-
Balance at the end of the period		**-**	-
Total equity		**$ (16,116,918)**	$ (14,614,754)

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

Stans Energy Corp.
Interim Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2019 and 2018
(Expressed in Canadian dollars)
Unaudited

	Sep. 30, 2019	Sep. 30, 2018
Operating activities		
Net loss for the period	**$ (1,447,069)**	$ (3,352,398)
Items not affecting cash:		
Stock-based compensation	**95,360**	66,851
Amortization of ROU assets (Note 6)	**24,400**	-
Interest on lease obligations (Note 4)	**8,673**	-
Unrealized foreign exchange loss	**5,197**	45,625
Interest income	**(1,586)**	(1,614)
Loss/(gain) on disposal of assets	**136,474**	(8,799)
	(1,178,551)	(3,250,335)
Net change in non-cash working capital:		
(Increase)/Decrease in HST receivable	**7,823**	6,218
(Increase)/Decrease in prepaid expenses and other assets	**(1,309)**	(1,063)
Increase/(Decrease) in accounts payable and accrued liabilities	**141,235**	(998,546)
Net cash used in operating activities	**(1,030,802)**	(4,243,726)
Investing activities		
Interest received	**1,586**	1,614
Proceeds on disposal of impaired assets	**-**	9,077
Net cash from investing activities	**1,586**	10,691
Financing activities		
Loan	**886,599**	4,235,571
Private placement of units	**140,000**	165,000
Share issue expense	**(3,945)**	(2,225)
Repayment of lease obligations	**(29,367)**	-
Share subscriptions received in advance	**-**	(63,000)
Net cash from financing activities	**993,287**	4,335,346
Effect of exchange rate changes on cash	**(28,528)**	60,237
Change in cash and cash equivalents	**(64,457)**	162,548
Cash and cash equivalents, beginning of period	**83,196**	18,806
Cash and cash equivalents, end of period	**$ 18,739**	$ 181,354

The accompanying notes are an integral part of these interim condensed 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. Stans Energy Corp. is a resource development company focused on advancing rare and specialty metals properties and processing technologies. Stan's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol HRE and on the OTCQB market under the symbol HREEF. The head office, principal address and records office of the Company are located at 1 Yonge St., Suite 1011, Toronto, ON, M5E 1E5.

These interim condensed consolidated financial statements ("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 September 30, 2019, the Company had an accumulated deficit of $78,522,140 (September 30, 2018 - $76,518,866), a working capital deficiency of $16,143,321 (2018 - $14,614,754) and cash of $18,739 (2018 - $181,354). The Company incurred a loss for the nine months ended September 30, 2019 of $1,447,069 (2018 - $3,352,398) and for the nine months ended September 30, 2019 used cash in operations of $1,030,802 (2018 - $4,243,726).

The Company was awarded a sum of approximately US $24 Million inclusive of damages, interest, and costs by the International Tribunal in their legal dispute with the government of the Kyrgyz Republic in relation to its mineral properties licenses (see Note 8). .

The Company has no sources of revenue and has experienced losses and negative cash flows from operations since the 2011 fiscal year. The continuation of the Company as a going concern is dependent upon a successful outcome of the legal disputes with the government of the Kyrgyz Republic and/or upon successfully finding additional sources of financing. These circumstances indicate the existence of a material uncertainty which may 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 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 November 27, 2019, the Board of Directors approved the Financial Statements for the nine months ended September 30, 2019.

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

These Financial Statements form part of the period covered by the Company's International Financial Reporting Standards ("IFRS") annual consolidated financial statements. These Financial Statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting* and on the basis of IFRS standards and interpretations expected to be effective as at the Company's IFRS annual reporting date, December 31, 2019.

These Financial Statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2018 prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of September 30, 2019.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these Financial Statements. Operating results for the nine months ended September 30, 2019 may not be indicative of the results that may be expected for the year ending December 31, 2019. Certain comparative figures included in the statement of cash flows have been reclassified to comply with the basis of presentation.

(Expressed in Canadian dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These 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 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 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
Kutisay Mining LLC	Kyrgyz Republic	100%	Exploration	USD
Kashka REE Plant Ltd.	Kyrgyz Republic	100%	Extraction	USD
SevAmRus CJSC	Russian Federation	100%	Research	RUB

On May 29, 2017 Kutisay Mining LLC and Stans Energy KG LLC, the two wholly-owned subsidiaries of Stans Energy Corp., were merged after approval by Stans Energy Corp. board of directors. The merger was an absorption-type merger between Kutisay Mining LLC which as the surviving company absorbed Stans Energy KG LLC.

On June 4, 2018, a non-controlling shareholder transferred its 1% share in SevAmRus CJSC to Stans Energy Corp. for no consideration. On September 30, 2018, SevAmRus CJSC transferred its 1% share in Didym Inc. to Stans Energy Corp. for no consideration.

On January 28, 2019, Stans sold Didym Inc. for no consideration.

4. ACCOUNTING CHANGES AND RECENT ACCOUNTING PRONOUNCEMENTS

New Standards and Interpretations issued and adopted

At the date of authorization of these Financial Statements for the period ended September 30, 2019, the following standards which are applicable to the Corporation were issued.

IFRS 16, Leases

The Company adopted IFRS 16, Leases ("IFRS 16") on January 1, 2019. The objective of IFRS 16 is to record most leases on the lessee's balance sheet. Accordingly, under IFRS 16, the Company is required to recognize a right-of use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company has adopted IFRS 16 using a modified retrospective approach, which does not require restatement of prior periods. Comparative information has not been restated and continues to be reported under IAS 17, Leases.

The Company's lease for its office location that had previously been classified as operating leases under IAS 17. On adoption of IFRS 16, liabilities for these leases were measured as the present value of the remaining lease payments, discounted using an assumed incremental borrowing rate as of January 1, 2019 of 10%.

(Expressed in Canadian dollars unless otherwise stated)

The Company's lease liabilities at January 1, 2019 are reconciled to the operating lease commitments at December 31, 2018 as follows:

Operating lease commitments at December 31, 2018	$150,740
Discounting using the January 1, 2019 incremental borrowing rate	(26,030)
Discounted lease liabilities at January 1, 2019	124,710

The Company's lease obligation consists of the following as at September 30, 2019:

Movement in lease obligations:	$
Beginning balance at January 1, 2019	-
IFRS adjustments	$124,710
Additions during the three months ended March 31, 2019	-
Payments during the three months ended March 31, 2019	(6,727)
Lease obligations at March 31, 2019	117,983
Additions during the three months ended June 30, 2019	-
Payments during the three months ended June 30, 2019	(6,896)
Lease obligations at June 30, 2019	111,087
Additions during the three months ended September 30, 2019	-
Payments during the three months ended September 30, 2019	(7,071)
Lease obligations at September 30, 2019	104,016
Less: current portion	(30,109)
Total long-term lease obligations	$73,907

During the nine months ended September 30, 2019, the Company recognized the following amounts:

- amortization expense of right-of-use assets of $24,400
- interest expense on lease liabilities of $8,673

IFRIC 23 – Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company adopted the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company does not expect the Interpretation to have a material impact on the financial statements.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim 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. The areas involving significant judgment and estimates have been set out in Note 5 of the Company's annual audited consolidated financial statements for the year ended December 31, 2018. Certain comparative figures included in the statement of cash flows have been reclassified to comply with the basis of presentation.

6. RIGHT OF USE ASSETS

Cost	Office lease $
Balance January 1, 2019	$ -
Additions in the period	124,710
Balance September 30, 2019	124,710

(Expressed in Canadian dollars unless otherwise stated)

Accumulated amortization	
Balance January 1, 2019	$ -
Additions in the period	24,400
Balance September 30, 2019	24,400
Net book value as at September 30, 2019	$100,310

7. SEGMENTED INFORMATION

As at September 30, 2019 and December 31, 2018 the Company's assets were located in the following countries:

	September 30, 2019	December 31, 2018
Assets		
Canada	**$ 167,172**	$ 104,549
Kyrgyz Republic	**25,738**	53,113
Russian Federation	**5,928**	11,837
Total	**$ 198,838**	$ 169,499
Net Loss		
Canada	**$1,131,607**	$3,593,605
Kyrgyz Republic	**235,581**	239,564
Russian Federation	**79,881**	75,434
Total	**$1,447,069**	$3,908,603

8. 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 December 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 and in 2015 the Kyrgyz Supreme Court dismissed Stans' appeal. Consequently, Stans has no right for further appeal in the Kyrgyz Republic.

In October 2013, Stans commenced arbitration against the Kyrgyz Republic in the Arbitration Court at the Moscow Chamber of Commerce and Industry ('the MCCI Tribunal') in connection with the legal proceedings by the Kyrgyz Republic against the Company. In June 2014, the MCCI Tribunal awarded Stans US$118 million as a recovery of damages from the Kyrgyz Republic. This award was subsequently challenged by the Kyrgyz 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 May 2015 ruling of a lower court to set aside the MCCI Tribunal award.

In May 2015 Stans commenced an arbitration against the Kyrgyz Republic under the 1976 rules of the United Nations Commission on International Trade Law ('the UNCITRAL Rules') claiming damages arising from the Kyrgyz 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 Kyrgyz Republic subsequently agreed that this arbitration ('the UNCITRAL Arbitration') would be administered by the secretariat of the Permanent Court of Arbitration in Hague with a judicial 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 Kyrgyz Republic. On the request of the Kyrgyz Republic the Tribunal in the UNCITRAL Arbitration subsequently decided that the proceedings would be bifurcated into a jurisdictional phase and a merits phase. After the exchange of written pleadings on jurisdictional issues, a hearing on the jurisdictional issues took place on September 23, 2016.

On January 25, 2017, the UNCITRAL Tribunal unanimously rejected the Kyrgyz Republic's preliminary jurisdictional objections and then allowed for adjudication of the merits of the UNCITRAL Arbitration.

Subsequent to the jurisdictional ruling by the UNCITRAL Tribunal, the Kyrgyz Republic has initiated a claim with the High Court of Justice, Queen's Bench Division of the Commercial Court, London, England ("the English Court") to set aside the jurisdictional award of the Tribunal in favor of Stans. This hearing was held on July 24 to 25, 2017.

On October 13, 2017 a judgement was issued by the English Court in the proceedings initiated by the Kyrgyz Republic to set aside the award on jurisdictional objections rendered by the Arbitral Tribunal on January 25, 2017 ("the Award") in the UNCITRAL Arbitration. In that ruling the English Court ruled in favour of Stans Energy and the Kyrgyz Republic was also ordered to pay a minimum of US$222,242 to recover Stans costs. Pursuant to the order the Kyrgyz Republic is to pay Stans costs associated with the claim, with such costs being subject to a detailed assessment if not agreed upon. The Kyrgyz Republic has not complied with the order and the Company has started detailed assessment proceedings in UK Courts to enforce the award and in November 2018 the Company has initiated Detailed Assessment proceedings in the UK Courts to enforce the payment of the award. On April 15, 2019 the Default Costs Certificate (DCC) was issued to force the Kyrgyz Republic to pay all of Stans' court costs (in the amount of £397,483 plus interest) related to the Republic's failed set-aside proceedings against the Arbitration Tribunal jurisdiction award. As of today, The Kyrgyz Republic has not complied with the DCC request.

A hearing on the merits was held by the Tribunal on April 9 to 13, 2018. Following the hearing, the Tribunal issued the Request for two Post-hearing Briefings which were concluded by the parties by August 17, 2018. The costs submissions have been completed by the parties by November 2, 2018.

The Company has not recorded any potential benefit in these Financial Statements related to the UNCITRAL Arbitration and any ultimate future benefit will only be recognized when it is 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 rare earth elements that could be processed at the Kashka Rare Earth Processing Facility, 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.

On August 21, 2019 the Company has received a copy of the decision from the arbitration Tribunal in ongoing dispute with the Kyrgyz Republic. The Tribunal determined that Stans prevailed on jurisdiction and on the merits of our claim, awarding Stans a sum of approximately US $24 Million inclusive of damages, interest, and costs.

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").

The advances received under the Agreement have been accounted for as a non-monetary liability within the financial statements. In connection with the terms of the advances the Company does not have a present obligation to repay the amounts until such time as the litigation has been settled or an event of default has occurred. Any non-reciprocal benefits received by the Company will be recognized by the Company when the terms of the Agreement are satisfied. As the amounts represent income received in advance, the Company is accounting for the advances in a manner similar to deferred revenue whereby the amounts recognized on the statement of financial position are converted to the functional currency of the Company on the date of receipt of the advance and are not re-measured at the period end exchange rates.
Under the terms of the 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

(Expressed in Canadian dollars unless otherwise stated)

arbitration proceedings against the Kyrgyz Republic. As at September 30, 2019 the amount of $9,890,093 (as at December 31, 2018 - $9,890,093) was financed under the Agreement.

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, which includes amounts advanced, 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.

On March 23, 2018, the Company entered into a new litigation finance agreement (“new Agreement”) with new funders: Gillham LLC and Lucille Investments LLC, to obtain additional incremental funding of Stans' legal costs, including related corporate overhead costs and to continue with the international arbitration proceedings against the Kyrgyz Republic on a non-recourse basis.

Under the terms of the new Agreement, the Company has given certain warranties and non-financial covenants to the funder. The funding is secured by all real and personal property of the Company as collateral. In consideration for the provision of arbitration financing, Stans has agreed to pay to the funder a portion of any final settlement of the arbitration claim against the Defendant (the “Funder’s Fee”). The Funder’s Fee shall only become payable upon a final settlement of the arbitration claim and the value of the Funder’s Fee is dependent upon a number of variables including the value of any settlement and the length of time taken to reach a settlement. The agreement also provides that the amount of the Funder’s Fee, which includes amounts advanced, shall not exceed the amount of the aggregate proceeds of the arbitration claim under any circumstances. Entitlement to returns on amounts advanced is on a priority basis that is *pari passu* with the rights of the pre-existing source of litigation financing to receive payment and/or distribution.

On March 19, 2019 the Company signed an addendum to the New Agreement with the funders for incremental financing for operating and legal proceedings.

As at September 30, 2019 the amount of $5,304,440 (December 31, 2018 - $4,417,841) was financed under the new Agreement.

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, 2017	177,268,586	43,639,809
Shares issued in private placement, net (i)	3,300,000	86,346
Shares issued for debt settlement (ii)	400,000	20,000
Shares issued for debt settlement (iii)	400,000	20,000
Share issue costs	-	(2,225)
Balance December 31, 2018	181,368,586	43,763,930
Shares issued for debt settlement (iv)	600,000	30,000
Shares issued for debt settlement (v)	1,900,000	95,000
Shares issued for debt settlement (vi)	390,000	19,500
Shares issued in private placement, net (vii)	2,800,000	70,178
Shares issued for debt settlement (viii)	250,000	12,500
Share issue costs	-	(3,945)
Balance September 30, 2019	187,308,586	43,987,163

(Expressed in Canadian dollars unless otherwise stated)

(i) On February 22, 2018, the Company closed a non-brokered private placement with the sale of 3,300,000 units at $0.05 per Unit for gross proceeds of $165,000 with a fair value allocation of $86,346 to common stock, calculated as gross proceeds less fair value of warrants of $78,654 estimated using Black-Scholes option pricing model. Each Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.06 per Warrant Share for the period of 60 months. All securities issued pursuant to the private placement were subject to a statutory four month hold period. Combined Insider participation by the Director and the Chief Operating Officer in the placement totaled $165,000.

(ii) On April 2, 2018, the Company issued 400,000 shares at a price of $0.05 per common share for debt settlement agreement with the Company's Chief Operating Officer, in the amount of $20,000.

(iii) On September 5, 2018, the Company issued 400,000 shares at a price of $0.05 per common share for debt settlement agreement with the Company's Chief Operating Officer, in the amount of $20,000.

(iv) On March 22, 2019, the Company issued 400,000 shares at a price of $0.05 per common share for debt settlement agreement with the Company's Chief Operating Officer, in the amount of $20,000 and 200,000 shares at $0.05 per share for debt settlement agreement with Company's Chief Financial Officer, in the amount of $10,000.

(v) On March 22, 2019, the Company issued 1,900,000 shares at a price $0.05 per common share to settle Director's fees accrued for the period 2014-2018 in the amount of $95,000 with Directors.

(vi) On May 6, 2019, the Company issued 200,000 shares at a price of $0.05 per common share for debt settlement agreement with the Company's Chief Operating Officer and 190,000 shares at $0.05 per share to settle partial debt owed from compensation arrears with the Company's Chief Financial Officer, in the total amount of $19,500.

(vii) On July 4, 2019 the Company announced the closing of a non-brokered private placement of 2,800,000 working capital units at a price of $0.05 for gross proceeds of $140,000 with a fair value allocation of $70,178 to common stock, calculated as gross proceeds less fair value of warrants of $69,822 estimated using Black-Scholes option pricing model. Each unit consisted of one common share in the capital of the Company and one share purchase warrant. Each warrant will be exercisable to acquire one additional common share of the Company for a period of 60 months at a price of $0.06 per common share. Combined Insider participation in the placement totaled $65,000.

(viii) On July 8, 2019, the Company issued 150,000 shares at a price of $0.05 per common share for debt settlement agreement with the Company's Chief Operating Officer in the amount of $7,500, and 100,000 shares at $0.05 per share to settle partial debt owed from compensation arrears with the Company's Chief Financial Officer in the amount of $5,000.

(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	***Value***
	#	$
Balance, December 31, 2017	8,490,000	$ 206,967
Issued (i)	3,300,000	78,654
Balance, December 31, 2018	11,790,000	285,621
Issued (ii)	2,800,000	69,822
Balance, September 30, 2019	14,590,000	$355,443

(Expressed in Canadian dollars unless otherwise stated)

Number of warrants	Remaining contractual life	Exercise price per warrant	Expiry date
6,050,000	2.11 years	$0.06	November 10, 2021
40,000	2.11 years	$0.06	November 10, 2021
2,400,000	3.20 years	$0.06	December 11, 2022
3,300,000	3.39 years	$0.06	February 22, 2023
2,800,000	4.76 years	$0.06	July 3, 2024
14,590,000			

(i) On February 22, 2018, as a part of private placement, the Company issued 3,300,000 warrants to purchase one Company share at $0.06 per warrant before February 22, 2023. The fair value of warrants has been estimated to be $78,654 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 153.87%; risk-free interest rate of 1.94% and an expected life of 5 years.

(ii) On July 4, 2019, as a part of private placement, the Company issued 2,800,000 warrants to purchase one Company share at $0.06 per warrant before July 3, 2024. The fair value of warrants has been estimated to be $69,822 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 252.36%; risk-free interest rate of 1.46% and an expected life of 5 years.

Expected volatility is estimated by considering historic average share price volatility based on the average expected life of the instrument.

(c) Common share purchase options

The Company has a stock option plan for the benefit of directors, officers, key employees, and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at September 30, 2019, 18,500,000 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, 2017	17,350,000	0.08
Expired	(1,350,000)	0.17
Forfeited	(1,500,000)	0.06
Options exercisable at December 31, 2018	14,500,000	0.07
Granted (i)	5,900,000	0.05
Expired	(2,700,000)	0.08
Forfeited	(1,500,000)	0.09
Granted (ii)	2,300,000	0.05
Outstanding at September 30, 2019	18,500,000	0.06
Options exercisable at September 30, 2019	12,266,667	0.06

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
3,200,000	3,200,000	0.62 years	$0.07	May 11, 2020
7,100,000	7,100,000	2.43 years	$0.06	March 6, 2022
5,900,000	1,966,667	4.48 years	$0.05	March 22, 2024
2,300,000	-	4.79 years	$0.05	July 15, 2024
18,500,000	12,266,667			

(Expressed in Canadian dollars unless otherwise stated)

(i) On March 22, 2019 the Company granted 5,900,000 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 $0.05 per share at any time on or before March 22, 2024. The fair value of these stock options of $195,054 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	$0.05
Expected dividend yield	Nil
Risk-free interest rate	1.75%
Expected life	5 years
Expected volatility	251%

(ii) On July 15, 2019, the Company issued of 2,300,000 stock options to directors, management and consultants at $0.05 per share for a period of five years from issuance. The fair value of these stock options of $141,448 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	$0.05
Expected dividend yield	Nil
Risk-free interest rate	1.51%
Expected life	5 years
Expected volatility	252.17%

Expected volatility is estimated by considering historic average share price volatility based on the average expected life of the instrument

On March 3, 2019, 2,400,000 options, exercisable at prices of $0.07, expired unexercised. On June 3, 2019, 300,000 options, exercisable at prices of $0.13, expired unexercised.

11. NON-CONTROLLING INTEREST

	SevAmRus(*)
Total as of December 31, 2017	$(20,913)
Changes in ownership interests in subsidiaries	20,913
Total as of December 31, 2018 and September 30, 2019	$-

* Non-controlling interest includes Didym Inc.

On June 4, 2018, a non-controlling shareholder transferred its 1% share in SevAmRus CJSC to Stans Energy Corp. The transfer of the non-controlling shareholders interest of 0.1% to Stans Energy Corp. did not result in any change in control and was accounted for as a transfer within equity, between the non-controlling interest and the deficit. The transaction with the non-controlling shareholder occurred for no consideration.

On September 30, 2018, SevAmRus CJSC transferred its 1% share in Didym Inc. to Stans Energy Corp. On January 28, 2019, Stans sold Didym Inc. for no consideration.

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 income 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.

As at September 30, 2019, total assets less accounts payable and accrued liabilities was negative $848,478 (September 30, 2018 – negative $1,139,357). The Company raised litigation financing in June 2015, which was increased during the period ended September 30, 2019. There were no other changes to the Company's approach to capital management during the period ended September 30, 2019.

13. FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk relates to cash and cash equivalents and HST receivable and arises from the possibility that any counterparty to an instrument fails to perform. The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors. As at September 30, 2019, the Company's maximum exposure to credit risk was the carrying value of cash and cash equivalents, and HST 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. HST receivables consist of sales tax receivable from government authorities in Canada.

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 by litigation or alternative sources of financing. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had a cash balance of $17,739 (2018 - $180,354) and short term investments of $1,000 (2018 - $1,000) to settle current liabilities of $16,241,849 (2018 - $14,877,737). All of the Company's financial liabilities with the exception of the litigation funding received, have contractual maturities of less than 12 months and are subject to normal trade terms. During the period ended September 30, 2019, the Company raised additional capital for total gross cash proceeds of $140,000 (2018 - $165,000). 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 Kyrgystani SOM and Russian 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 ("CAD") at the period-end exchange rates. As at September 30, 2019, the CAD equivalent of the Company's foreign financial instruments, primarily denominated in USD, is as follows:

(Expressed in Canadian dollars unless otherwise stated)

	Canadian Dollar September 30, 2019	Canadian Dollar December 31, 2018
Cash	**$ 8,080**	$ 71,433
Other receivables	**23,876**	32,845
	31,956	104,278
Accounts payable and accrued liabilities	**(523,038)**	(511,092)
Net liabilities exposure	**$ (491,082)**	$ (406,814)

Based on the above net exposures at September 30, 2019, a 10% depreciation or appreciation of the above currencies against the CAD dollar would result in an increase or decrease, respectively, in net loss by $44,390 (December 31, 2018 - $38,572).

14. RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2019, the Company expensed $31,500 and $93,900 (2018 - $25,000 and $44,500) in consulting fees to a director and officers of the Company (included in the table below). As of September 30, 2019, accounts payable of $26,720 (2018 - $101,816) were due to directors and officers, and $360,158 (2018 - $314,009) in payroll liability due to executive officers. 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 April 2, 2018, the Company issued 400,000 shares at a price of $0.05 per common share for $20,000 partial debt settlement with the Company's Chief Operating Officer. On September 5, 2018, the Company issued 400,000 shares at a price of $0.05 per common share for $20,000 partial debt settlement with the Company's Chief Operating Officer.

On March 22, 2019, the Company issued 400,000 shares at a price of $0.05 per common share for debt settlement agreement with the Company's Chief Operating Officer, in the amount of $20,000 and 200,000 shares at $0.05 per share for debt settlement agreement with Company's Chief Financial Officer, in the amount of $10,000.

On March 22, 2019, the Company issued 1,900,000 shares at a price $0.05 per common share to settle $95,000 in Director's fees accrued during the period 2014-2018.

On May 6, 2019, the Company issued 200,000 shares at a price of $0.05 per common share for $10,000 partial debt settlement with the Company's Chief Operating Officer and 190,000 shares at $0.05 per share for a partial debt settlement owed from compensation arrears with the Company's Chief Financial Officer, in the total amount of $19,500.

On July 8, 2019, the Company issued 150,000 shares at a price of $0.05 per common share for debt settlement agreement with the Company's Chief Operating Officer in the amount of $7,500, and 100,000 shares at $0.05 per share to settle partial debt owed from compensation arrears with the Company's Chief Financial Officer in the amount of $5,000.

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

	Three months ended		**Nine months ended**	
	Sep. 30, 2019	Sep. 30, 2018	**Sep. 30, 2019**	Sep. 30, 2018
Salaries, officers and director's fees	**$ 81,000**	$ 52,500	**$251,400**	$227,500
Stock-based compensation	**46,340**	6,915	**93,744**	47,751
	$ 127,340	$ 59,415	**$345,144**	$275,251

(Expressed in Canadian dollars unless otherwise stated)

15. OFFICE AND ADMINISTRATION EXPENSES

	Three months ended		**Nine months ended**	
	Sep. 30, 2019	Sep. 30, 2018	**Sep. 30, 2019**	Sep. 30, 2018
Salaries, benefits and director's fees	**$ 106,184**	$ 129,457	**$ 338,946**	$ 378,920
Investor's relations	**1,639**	-	**3,795**	1,343
Rent	**-**	10,925	**-**	30,492
Travel expenses	**26,515**	9,274	**66,241**	57,945
Other office and administration expenses	**42,840**	36,130	**132,542**	106,542
	$ 177,178	$ 185,786	**$ 541,524**	$ 575,242

16. EARNINGS PER SHARE

Earnings per share have 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 at September 30, 2019 and 2018, all potentially dilutive securities are anti-dilutive. The following table details the weighted average number of outstanding common shares for the purpose of computing basic and diluted earnings per common share for the following periods:

	Three months ended		**Nine months ended**	
	Sep. 30, 2019	Sep. 30, 2018	**Sep. 30, 2019**	Sep. 30, 2018
Net loss attributable to common shareholders	**$ 330,793**	$ 809,868	**$ 1,447,069**	$ 3,352,398
Basic weighted average shares outstanding	**184,308,239**	178,635,253	**183,348,586**	180,221,645
Diluted weighted average shares outstanding	**184,308,239**	178,635,253	**183,348,586**	180,221,645
Basic and diluted loss per share	**$ 0.002**	$ 0.001	**$ 0.01**	$ 0.02