



FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

This management's discussion and analysis ("MD&A") relates to the financial condition and results of operations of Stans Energy Corporation together with its owned subsidiaries, as of August 30, 2021 and is intended to supplement and complement Stans Energy Corporation's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2021 and the notes thereto (the "Financial Statements"). Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the Cautionary Statement on Forward Looking Information included with this MD&A and to consult Stans Energy Corporation's audited consolidated financial statements for the 2020 year-end and corresponding notes to the financial statements which are available on SEDAR website at www.sedar.com. The June 30, 2021 unaudited interim condensed consolidated financial statements and MD&A are presented in Canadian dollars and have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board. This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as at and for the period ended June 30, 2021, as well as our outlook.

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

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

Cautionary Statement on Forward-Looking Information

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

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

Description of the Business

Stans was incorporated on September 26, 2005 under the laws of the Province of Ontario. Stans is a resource development company focused on advancing rare and specialty metals properties and processing technologies. Stans is now transitioning into a supplier of materials and technologies that will assist in satisfying the future energy supply, storage and transmission needs of the world. Stans owns three subsidiaries: SevAmRus CJSC, a 100 % owned subsidiary incorporated under the laws of the Russian Federation (currently inactive), and Kutisay Mining LLC and Kashka REE Plant Ltd., which are registered with the Ministry of Justice of the Kyrgyz Republic.

Stans' common shares are listed on the TSX Venture Exchange under the symbol HRE. Stans' common shares are also listed on the OTCQB market under the symbol HREEF.

The head office, principal address and records office of the Company are located at 1 Yonge St., Suite 1011, Toronto, Ontario, M5E 1E5.

Operations update

The Company's legal dispute with the government of the Kyrgyz Republic ended on August 20, 2019 with the Arbitration Tribunal ruling in favour of the Company. 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.

On April 2, 2020 the Company signed a Cooperation agreement with its Finance Providers to handle the Award recognition and enforcement proceedings. This Agreement is an extension of the existing Litigation funding agreement of March 2018, and its main terms provide for the following:

- Stans assigns all its rights to title to and interest in the Award and the Costs Order (by the High Court of Justice of England) to the Finance Providers.
- Parties to the Cooperation agreement will cooperate in all matters pertaining to recognition and enforcement proceedings relating to the Award and the Costs Order.
- The Finance Providers bear full responsibility for all collection activities with respect to the Award and the Costs Order.
- If the proceeds of the Award and the Costs Order are collected, then the Finance Providers shall pay the Stans an amount equal to US\$500,000.

As disclosed in Note 9 and 10 of the Financial Statements, the Company recognized a benefit of \$ 15,165,469 from this settlement, by extinguishing the loan liability in the income statement for the year ended December 31, 2020.

Finance Providers agreed to pay the Company US\$20,000 per month starting from March 31, 2020 until February 2021. Upon collection proceeds of the Award and the Cost Order, Finance Providers shall pay the Company a success fee in an amount equal to US\$500,000 less the payments made to the Company. As at June 30, 2021, the amount of \$318,898 (US\$240,000) was financed under the new Agreement.

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

Mineral Property

Licenses to the prospecting/exploration/mining rights in the Kyrgyz Republic and Russia as of the date of this discussion:

Pervomayskiy Lithium Mineralization Stockpile (“Project”)

Through years 2016 to 2019 this project underwent through significant changes and in the fall of 2019 was put on hold by ARMZ who by this time became our partner in restarting of Zavitsinskaya Lithium mine. As per today we consider this project dormant until further notice by ARMZ.

Kashka Rare Earth Plant (the “KRP”)

The Kashka Rare Earth Processing Facility was acquired in 2011 and was being modernized and re-commissioned to process rare earth elements. Given the Company’s current inability to further develop its Kutessay II, Kalesay and other mineral properties and the inability to date to identify a feasible alternate source of rare earth elements that could be processed at this facility, it is expected that this Kashka will remain idle for an indefinite period. Even if the Company finds a source of raw materials, Stans will not be able to process it without settlement ponds or tailing facility access to which has been denied by the Kyrgyz Republic.

The KRP is currently on a care and maintenance program.

Summary of activities for the six months ended June 30, 2021

During the period ended June 30, 2021, there were no significant exploration and development activities.

Legal Proceedings and Impairment

Due to the legal proceeding with the government of the Kyrgyz Republic, which resulted in Stans being unable to develop its mineral properties in Kyrgyz Republic, the Company during the year ended December 31, 2013 recorded impairment and wrote off its mineral interests and its Plant in the Kyrgyz Republic.

General Financial Condition

As at June 30, 2021, the Company had a cash balance of \$3,708 (2020 - \$33,496) and short term investments of \$1,000 (2020 - \$1,000) to settle current liabilities of \$2,024,333 (2020 - \$1,641,097). 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.

A summary of selected financial information for the period ended June 30 is as follows:

	June 30, 2021	June 30, 2020	June 30, 2019
Net (loss)/(income) for the period	\$(264,712)	\$14,759,573	\$(1,116,276)
Total Assets	85,774	150,164	117,029
Cash flow used in operations	(14,201)	39,370	(759,547)
Income/(Loss) per share (basic and diluted)	\$(0.00)	\$0.08	\$(0.01)

Results of Operations

As at June 30, 2021, the Company had not recorded any revenues from its projects.

Results of Operations for the six months ended June 30, 2021

For the six months ended June 30, 2021, the Company had a net loss of \$264,712 compared to net income \$14,759,573 in the prior year. The major changes to the year over year increase in loss were caused by:

- decrease in other income of \$50,757 compared to \$15,276,054 in 2020. The other income recognised due to settlement with Finance Providers by distinguishing the loan liability (Note 9 and 10 of the Financial Statements);
- decrease in office and administration expenses to \$95,288 (2020 - \$153,002). The Company continues to cut administrative costs where possible; and
- decrease in stock-based compensation to \$3,929 (2020 - \$101,188).

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

	Six months ended	
	June 30, 2021	June 30, 2020
Salaries, benefits and director's fees	\$ 64,365	\$ 88,682
Travel expenses	4,675	7,654
Other office and administration expenses	26,248	56,666
	\$ 95,288	\$ 153,002

Results of Operations for the three months ended June 30, 2021

For the three months ended June 30, 2021, the Company had a net loss of \$120,658 compared to net income of \$15,106,447 in the prior year. The major changes to the year over year increase in loss were caused by:

- decrease in other income of \$nil compared to \$15,276,054 in 2020. The Company recognized a benefit of \$ 15,276,054 from settlement with Finance Providers, by extinguishing the loan liability in the income statement (Note 9 and 10 of the Financial Statements);
- decrease in office and administration expenses to \$29,337 (2020 - \$63,445). The Company continues to cut administrative costs where possible; and
- decrease in stock-based compensation to \$nil (2020 - \$39,734).

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

	Three months ended	
	June 30, 2021	June 30, 2020
Salaries, benefits and director's fees	\$ 9,000	\$ 38,864
Investor's relations	-	-
Travel expenses	405	3,233
Other office and administration expenses	19,932	21,348
	\$ 29,337	\$ 63,445

Selected Quarterly Information

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

2020 - 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
	\$	\$	\$	\$
Other income	-	50,757	77,897	79,659
Interest Income/(expense)	(2,055)	(1,500)	(1,500)	(1,500)
Expenses:				
General and administrative expenses	(118,603)	(189,382)	(179,411)	(170,356)
Stock-based compensation	-	(3,929)	(12,256)	(24,291)
Net income/(loss) for the period	(120,658)	(144,054)	(115,270)	(116,488)
Net income/(loss) per share - basic and diluted	\$ (0.00)	\$ (0.001)	\$ (0.01)	\$ (0.08)

2019 - 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	\$	\$	\$	\$
Interest Income	15,276,054	-	-	-
Expenses:	(1,500)	(1,500)	231	514
General and administrative expenses	(128,373)	(283,920)	(182,868)	(284,168)
Stock-based compensation	(39,734)	(61,454)	(99,478)	(47,139)
Net loss for the period	15,106,447	(346,874)	(282,115)	(330,793)
Net loss per share - basic and diluted	\$0.08	\$(0.002)	\$(0.02)	\$(0.002)

This summary of quarterly results should be read in conjunction with the Company's annual consolidated financial statements and notes as filed on SEDAR.

Related Party Transactions

Transactions with related parties were in the normal course of operations and were measured at the same value as if the transactions had occurred with non-related parties. The amount of consideration established and agreed to by the related party.

For the three and six months ended June 30, 2021 and 2020, the Company incurred related party expenses with key management personnel: President and Interim Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, and independent directors is as follows:

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Key management personnel compensation	\$ 64,833	\$ 74,000	\$138,833	\$148,000
Stock-based compensation	-	37,492	3,588	95,512
Director's fees	9,000	-	9,000	-
	\$ 73,833	\$ 111,492	\$151,421	\$243,512

As at June 30, 2021 the Company held cash loan from directors of the Company in the amount of \$89,800 with accrued interest \$10,322 based on borrowing rate 10% (2020 - \$60,000 and \$3,767).

The following table provides the details of amounts due to these related parties as of June 30:

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Key management personnel compensation	\$ 44,448	\$ 31,230	\$716,362	\$537,541
Directors' fees to independent directors	9,000	-	54,000	33,000
Loan from related parties	27,200	-	89,800	60,000
Interest charged	2,055	1,500	10,322	3,767
	\$ 82,703	\$ 32,730	\$870,484	\$634,308

Disclosure of Outstanding Share Data

As at June 30, 2021, and as of the date of this MD&A, the following is a description of the outstanding equity securities and exercisable securities previously issued by the Company:

(a) Common shares

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

	<i>Number</i> #	<i>Amount</i> \$
Balance December 31, 2019	187,308,586	43,987,163
	-	-
Balance December 31, 2020	187,308,586	43,987,163
Balance June 30, 2021	187,308,586	43,987,163

The number of common shares outstanding on August 30, 2021 was 187,308,586.

(b) Warrants

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

	<i>Number</i> #	<i>Price Range</i> \$
Balance, December 31, 2019	14,590,000	\$0.06
	-	-
Balance, December 31, 2020 and June 30, 2021	14,590,000	\$0.06

(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 June 30, 2021, 15,300,000 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, 2019	18,500,000	0.06
Expired (iii)	(3,200,000)	0.07
Outstanding at December 31, 2020 and June 30, 2021	15,300,000	0.06
Options exercisable at June 30, 2021	15,300,000	0.06

Proposed Transactions

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

Off-Balance Sheet Arrangements

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

Liquidity and Capital Resources

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

As at June 30, 2021, the Company had a working capital deficiency of \$1,981,936, compared with a working capital deficiency of \$1,731,801 as at December 31, 2020 comprised of cash and cash equivalents, HST receivable, prepaid expenses and other assets, accounts payable, accrued liabilities and the loan financing received.

Stans does not generate revenue from operations and any significant improvements in working capital would result from the issuance of share capital.

In 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 Kyrgyz Republic. As at March 31, 2020 and December 31, 2019 the amount of \$9,890,093 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.

On April 2, 2018, the Company announced that it had entered into a new litigation finance agreement (“2018 Agreement”) with new funders: Gillham LLC and Lucille Investments LLC to obtain additional incremental funding of Stans' legal costs, including related corporate overhead costs, to continue with the international

arbitration proceedings against the Kyrgyz Republic (the "Defendant") on a non-recourse basis. The new litigation finance agreement was signed on March 23, 2018.

Under the terms of the 2018 Agreement, the Company has given certain warranties and 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 shall not exceed the amount of the aggregate proceeds of the arbitration claim under any circumstances.

On March 19, 2019 the Company signed an addendum to the 2018 Agreement with the new funders for incremental financing for operating and legal proceedings.

As at March 31, 2020 and December 31, 2019 the amount of \$5,275,376 was financed under the new Agreement.

On April 2, 2020 the Company signed a Cooperation agreement ("2020 Agreement") with a subsidiary of the Calunius Litigation Risk Fund 2 LP, Gillham LLC and Lucille Investments LLC (the "Finance Providers") to handle the Award recognition and enforcement proceedings. This Agreement is an extension of the 2018 agreement, and its main terms provide for the following:

- Stans assigns all its rights to title to and interest in the Award and the Costs Order (by the High Court of Justice of England) to the Finance Providers.
- Parties to the Cooperation agreement will cooperate in all matters pertaining to recognition and enforcement proceedings relating to the Award and the Costs Order.
- The Finance Providers bear full responsibility for all collection activities with respect to the Award and the Costs Order.
- If the proceeds of the Award and the Costs Order are collected, then the Finance Providers shall pay the Stans an amount equal to US\$500,000.
- Finance Providers agreed to pay the Company US\$20,000 per month starting from March 31, 2020 until February 2021. If the Finance Providers collect proceeds of the Award and the Cost Order, then Finance Providers shall pay the Company a success fee in an amount equal to US\$500,000 less the payments made to the Company. As at June 30, 2021, the amount of \$318,898 (US\$240,000) was financed under the new Agreement.

As disclosed in Note 9 and 10 of the Financial Statements, the Company recognized a benefit of \$ 15,165,469 from this settlement, by extinguishing the loan liability in the income statement for the year ended December 31, 2020.

Financial Instruments and Financial Risk Factors

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk relates to cash and cash equivalents and HST receivable and arises from the possibility that any counterparty to an instrument fails to perform. As at June 30, 2021, 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. Management believes that the credit risk with respect to financial instruments included in cash, short-term investments and HST receivable is remote.

Liquidity risk

The Company's exposure to liquidity risk is dependent on its ability to raise funds to meet purchase commitments and to sustain operations. The Company controls its liquidity risk by managing working capital and cash flows. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company is currently assessing all options to address its liquidity issues. It is not possible to determine with any certainty the success and adequacy of these initiatives. As at June 30, 2021, the Company had a cash balance of \$3,708 (2020 - \$33,496) and short term investments of \$1,000 (2020 - \$1,000) to settle current liabilities of \$2,024,333 (2020 - \$1,641,097). 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. Refer to Note 1 of the consolidated annual financial statements for the liquidity risk related to going concern.

Market risk

a) Interest Rate Risk

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

b) Foreign Currency Risk

In the normal course of operations, the Company is exposed to currency risk due to business transactions in foreign countries. Transactions related to the Company's exploration and acquisition activities are mainly denominated in United States dollars ("USD") and some in 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 June 30, 2021, the Canadian dollar equivalent of the Company's foreign financial instruments, primarily denominated in USD, is as follows:

	Canadian Dollar
Cash and cash equivalents	\$ 1,978
Accounts receivable	226
	2,204
Accounts payable and accrued liabilities	(978,838)
Net liabilities exposure	\$ (976,634)

Based on the above net exposures at June 30, 2021, 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 \$88,425 (December 31, 2020 - \$81,904).

Fair Value

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

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

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

Outlook

Although economic conditions in the financial market appear to have made a modest recovery, it remains difficult under current economic conditions to secure debt or equity financing for companies and in particular for junior resource companies. The Company will continue to review strategic acquisitions and/or partnership opportunities that may become available, and will carefully monitor market conditions in relation to the resumption of planned exploration programs on other key properties.

Critical Accounting Policies, Estimates and Accounting Changes

Critical Accounting Policies and Estimates

Stans' accounting policies are described in Note 3 to the consolidated 2020 annual financial statements. The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Changes in Accounting Policies

The following standard has been issued:

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.

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

In contrast to the Certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificate filed by the Company with the Annual and Interim Filings on SEDAR at www.sedar.com.

Management believes that based upon the evaluations and actions taken to date, reasonable assurance can be provided that there is no material misstatement of the financial results reported as of June 30, 2021.

Business Risks, Uncertainties and Going Concern

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 going concern is dependent upon successfully finding additional sources of financing. The Company was successful in its dispute with the Kyrgyz Republic but the Tribunal ruling is not providing for the sufficient funds to negate going concern. This circumstance indicates the existence of a material uncertainty which casts significant doubt as to the Company's ability to continue to operate as a going concern.

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

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

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

Development of Stans' resource properties will only continue upon obtaining satisfactory results of properties' assessments. Mineral exploration and development involve a high degree of risk and may not be developed into a producing mine. The long-term profitability of Stans' operations will be in part directly related to the cost and success of its exploration and subsequent evaluation programs, which may be affected by a number of factors. These factors include the particular attributes of the mineral deposits including the quantity and quality of the Uranium and Rare Earth Elements, proximity to, or cost to develop, infrastructure for extraction,

financing costs, mineral prices and the competitive nature of the industry. Also, of key importance are governmental regulations including those relating to prices, taxes, royalties, land tenure and use, the environment and the importing and exporting of minerals. The effects of these factors cannot be accurately predicted, but any combination of them may result in the Company not receiving an adequate return on invested capital.

Impact of COVID-19

On March 11, 2020 the World Health Organization declared the COVID -19 infectious virus a global pandemic, with resulting travel bans, physical distancing, closing of social, cultural and educational facilities and non-essential businesses. Global financial equity markets have declined considerably and remain volatile. The effect on the Company's exploration projects in 2020 included difficulty in accessing exploration sites and hiring personnel for exploration programs, as well as in raising additional equity financing. The global shutdown, the isolation of the people and the availability of effective vaccines is showing progress in the decline of the rate of infection, but the timing to return to normal and the impact on the Company's operations is difficult to project.

Capital Management

While the Company does not presently rely on revenues from operations given it is a development stage enterprise, it does rely solely on capital raised on the public equity markets in order to fund operations. The COVID-19 pandemic has created significant volatility on the equity markets and as such will have a foreseeable negative impact on capital raising initiatives moving forward as economic growth projections have contracted significantly. While the Company feels it can effectively manage its capital in the short term, there is no guarantee that future fundraising attempts will be successful. In this case, the Company would look to alternative sources of capital such as disposition or option of non-core exploration assets to reduce exposure and preserve capital.

Mining Industry

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

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

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

No Revenues

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

Dependence on Outside Parties

Stans has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the Uranium and Rare Earth Elements from the minerals and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Key Personnel

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

Industry Risk

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

Share Price Volatility

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

Shareholders' Interest in the Company may be Diluted in the Future

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

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

Country of Operation Risks

Distorted economy of Kyrgyz Republic

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

Political instability

There has been a high turnover in key government positions and the cabinet of Kyrgyz Republic in the past years. On the one hand, this turnover is indicative of a transition to a more representative and competitive political system with a greater diversity of views and platforms. On the other hand, inconsistency of the political direction may have an adverse effect on the progress of regulatory, fiscal and other institutional reforms. Political issues and instabilities could also impact the Company's future business in the country.

See also "Legal Proceedings and Impairment" above.

Approval

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

Additional Information

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