STANS ENERGY CORP.

Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(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 audit, the adequacy of the system of internal controls and review financial reporting issues.

(Signed) "*Rodney Irwin*"

Rodney Irwin
Interim Chief Executive Officer

(Signed) "*Boris Aryev*"

Boris Aryev
Interim Chief Financial Officer

Toronto, Ontario, Canada

April 29, 2022

Independent Auditor's Report

To the Shareholders of Stans Energy Corp.:

Opinion

We have audited the consolidated financial statements of Stans Energy Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies ("consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements which describes that the Company has no sources of revenue and has experienced losses and negative cash flows for the year ended December 31, 2021. As stated in Note 1 in the consolidated financial statements, these events or conditions, along with other matters as set forth in Note 1 in the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Antares Professional Corporation, Chartered Professional Accountants
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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Timur Lidzhiev.

Antares Professional Corporation
Chartered Professional Accountants

Calgary, Alberta
April 29, 2022

Chartered Professional Accountants
Licensed Public Accountants

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

		December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		**$ 63,496**	$ 14,284
HST receivable		**42,544**	44,290
Prepaid expenses and other assets		**8,880**	12,403
Total current assets		**$ 114,920**	$ 70,977
Right of use assets	Note 6	**27,111**	59,644
Total assets		**142,031**	130,621
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 1,252,539**	$ 1,020,475
Current portion of lease obligations	Note 6	**31,799**	34,100
Due to related parties	Note 14	**1,014,477**	748,203
Total current liabilities		**2,298,815**	1,802,778
Lease obligations	Note 6	**-**	31,799
Total liabilities		**2,298,815**	1,834,577
Equity			
Common shareholders' deficiency:			
Share capital	Note 11a	**44,057,163**	43,987,163
Warrants	Note 11b	**206,996**	355,443
Contributed surplus		**18,061,895**	17,909,519
Accumulated other comprehensive income		**322,791**	320,359
Deficit		**(64,805,629)**	(64,276,440)
Total common shareholders' deficiency		**(2,156,784)**	(1,703,956)
Total liabilities and shareholders' deficiency		**$ 142,031**	$ 130,621

Going concern (Note 1)
Segmented information (Note 7)
Subsequent events (Note 18)

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

Approved by the Board of Directors on April 29, 2022.

"Gordon Baker", DIRECTOR

"Albert Grenke", DIRECTOR

"Douglas Underhill", DIRECTOR

Stans Energy Corp.
Consolidated Statements of Income or Loss and Comprehensive Income or Loss
For the years ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

	Note	2021	2020
		$	$
Expenses			
General and Administrative			
Office and administration	*15*	**(238,174)**	(259,096)
Consulting fees		**(269,046)**	(297,962)
Professional fees		**(158,827)**	(223,112)
Stock-based compensation	*11c*	**(3,929)**	(137,735)
Amortization of right of use assets	*6*	**(32,533)**	(32,533)
General and administrative expenses		**(702,509)**	(950,438)
Gain on disposal of previously impaired assets		**136,057**	45,834
Other income	*10*	**50,757**	15,433,610
Interest on lease obligations	*6*	**(5,056)**	(8,287)
Unrealized foreign exchange gain		**960**	13,096
Interest expenses		**(9,398)**	(6,000)
Net Income/(loss) for the year		**(529,189)**	14,527,815
Other comprehensive income			
Foreign currency translation of foreign operations		**2,432**	34,401
Comprehensive income/(loss) for the year		**(526,757)**	14,562,216
Basic and diluted income/(loss) per share	*16*	**$ 0.00**	$ 0.08
Weighted average number of common shares			
Basic and diluted		**187,404,476**	187,308,586

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

Stans Energy Corp.
Consolidated Statements of Changes in Deficiency
For the years ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

		December 31, 2021	December 31, 2020
Share capital			
Balance beginning of year		**$ 43,987,163**	$ 43,987,163
Issued for debt settlement	*Note 11a*	**70,000**	-
Balance at the end of the year		**44,057,163**	43,987,163
Warrants			
Balance beginning of year		**355,443**	355,443
Fair value of warrants expired	*Note 11b*	**(148,447)**	-
Balance at the end of the year		**206,996**	355,443
Contributed surplus			
Balance beginning of year		**17,909,519**	17,771,784
Stock-based compensation	*Note 11c*	**3,929**	137,735
Warrants expired		**148,447**	-
Balance at the end of the year		**18,061,895**	17,909,519
Accumulated other comprehensive income			
Balance beginning of year		**320,359**	285,958
Foreign currency translation adjustment		**2,432**	34,401
Balance at the end of the year		**322,791**	320,359
Deficit			
Balance beginning of year		**(64,276,440)**	(78,804,255)
Net income/(loss)		**(529,189)**	14,527,815
Balance at the end of the year		**(64,805,629)**	(64,276,440)
Total common shareholders' deficiency		**(2,156,784)**	(1,703,956)

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, 2021 and 2020
(Expressed in Canadian dollars)

	2021	2020
Operating activities		
Net income/(loss) for the year	**$ (529,189)**	$ 14,527,815
Items not affecting cash:		
Stock-based compensation	**3,929**	137,735
Amortization of right of use assets (Note 6)	**32,533**	32,533
Interest on lease obligations (Note 6)	**5,056**	8,287
Unrealized foreign exchange gain	**(960)**	(13,096)
Interest expense	**9,398**	6,000
(Decrease) in loan (Note 9)	**-**	(15,165,469)
Gain on disposal of impaired assets	**(136,057)**	(45,834)
	(615,290)	(512,029)
Net change in non-cash working capital:		
Decrease in HST receivable	**1,746**	10,884
Decrease in prepaid expenses and other assets	**3,523**	8,515
Increase in accounts payable and accrued liabilities	**177,849**	321,771
Increase in due to related parties	**266,274**	213,882
Net cash from/(used) in operating activities	**(165,898)**	43,023
Financing activities		
Loan from related parties (Note 14)	**88,200**	-
Repayment of lease obligations	**(39,156)**	(39,156)
Net cash (used)/from financing activities	**49,044**	(39,156)
Investing activities		
Proceeds on disposal of impaired assets	147,206	-
Net cash (used)/from investing activities	**147,206**	-
Effect of exchange rate changes on cash	**18,860**	4,016
Change in cash and cash equivalents	**49,212**	7,883
Cash and cash equivalents, beginning of year	**14,284**	6,401
Cash and cash equivalents, end of year	**$ 63,496**	$ 14,284

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. Stans Energy Corp. is a resource development company focused on advancing rare and specialty metals properties and processing technologies. Stans' 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 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 December 31, 2021, the Company had an accumulated deficit of $64,805,629 (December 31, 2020 - $64,276,440), a working capital deficiency of $2,183,895 (2020 - $1,731,801), after providing for $1,014,477 (2020 - $748,203) due to related parties and cash of $63,496 (2020 - $14,284). The Company incurred a loss of $529,189 for the year ended December 31, 2021, compared to income $14,527,815 by extinguishing the loan liability (Note 9 and 10) in the prior year.

The Company has no sources of revenue and has experienced losses and negative cash flows from operations since the 2011 fiscal year. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing for new projects and successful proceeds from legal disputes with Kyrgyz government (Note 10). There can be no assurance that the Company will be successful in this regard, and therefore, there is doubt regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These Financial Statements do not reflect adjustments that would be necessary if the "going concern" assumption is not appropriate. If the "going concern" assumption is not appropriate, adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

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

On April 29, 2022, the Board of Directors approved the Financial Statements for the year ended December 31, 2021.

2. BASIS OF PREPARATION

These Financial Statements as at and for the years ended December 31, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 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

(b) Functional and presentation currency

These 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 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.

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) 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.

(d) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

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).

The cash and cash equivalents are classified as Level 1 in both periods presented in these financial statements. The fair value of all other financial assets and liabilities approximates their carrying value.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and other payables, due to related parties and other financial liabilities.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(g) 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.

(h) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(i) 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.

(j) 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 and adopted

At the date of authorization of these Financial Statements for the year ended December 31, 2021, the following standards which are applicable to the Corporation were issued.

- IAS 1: Presentation of Financial Statements ("IAS 1"), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023;

- The annual improvements process addresses issues in the 2018-2020 reporting cycles including changes to IFRS 9: Financial Instruments and IFRS 16: Leases. These improvements are effective for periods beginning on or after January 1, 2022.

Accounting pronouncements issued but not yet adopted

At the date of approval of these Financial Statements for the year ended December 31, 2021, there are no issued but unadopted standards which would have a material impact on the Company.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's 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 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:

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.

Settlement of the loan

The Company derecognizes a financial liability (or a part of a financial liability) is when it is extinguished—i.e., when the obligation specified in the contract is discharged, cancelled, or expires.

A financial liability (or part of it) is extinguished when the debtor either:

a. discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services; or

(Expressed in Canadian dollars unless otherwise stated)

b. is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor.

The Company does not have any income from ordinary activities and the gain from extinguishment of financial liabilities presented as Other income as part of Other income and expenses.

6. LEASES

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Office space
Right of use assets	
As at January 1, 2020	**92,177**
Amortization expense	32,533
As at December 31, 2020	**59,644**
Amortization expense	32,533
As at December 31, 2021	**27,111**

The Company leases office space. The remaining lease term is 0.8 years (2020: 1.9 years)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021	**2020**
As at January 1	**65,899**	- **96,768**
Interest on lease obligations	5,056	8,287
Lease payments	(39,156)	(39,156)
As at 31 December	**31,799**	**65,899**
Current	31,799	34,100
Non current	-	31,799

The following are the amounts recognized in profit or loss:

	2021	**2020**
Amortization of right-of-use assets	32,533	32,533
Interest on lease obligations	5,056	8,287
Total amount recognized in profit or loss	**37,589**	**40,820**

(Expressed in Canadian dollars unless otherwise stated)

Maturity analysis

	2021	**2020**
Year 1	33,272	39,156
Year 2	-	33,272
	33,272	72,428
Less: unearned interest	(1,473)	(6,529)
	31,799	**65,899**

The Company, has applied the practical expedient to all rent concessions occurring as a direct consequence of the COVID-19 pandemic and all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
(c) there is no substantive change to other terms and conditions of the lease.

The amount of $27,764 recognized in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient.

7. SEGMENTED INFORMATION

As at December 31, 2021 and 2020 the Company's assets were located in the following countries:

	December 31, 2021	December 31, 2020
Assets		
Canada	**$ 85,548**	$ 119,779
Kyrgyz Republic	**56,483**	10,842
Total	**$ 142,031**	$ 130,621

Net income/(loss)		
Canada	**$(436,042)**	$14,719,252
Kyrgyz Republic	**(93,147)**	(191,437)
Russian Federation	**-**	-
Total	**$(529,189)**	$14,527,815

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

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 in their legal dispute with the government of the Kyrgyz Republic in relation to its mineral property's licenses (See Note 1).

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 arbitration proceedings against the Kyrgyz Republic. As at December 31, 2020 and December 31, 2019 the amount of $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 ("2018 Agreement") with new funders: Gillham LLC and Lucille Investments LLC ("Funders"), 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.

(Expressed in Canadian dollars unless otherwise stated)

Under the terms of the 2018 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 2018 Agreement with the Funders for incremental financing for operating and legal proceedings.

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

Refer to Note 10 for a Cooperation agreement, signed on April 2, 2020, with Funders to secure financing for the Award recognition and enforcement proceedings.

10. OTHER INCOME

Other income comprised of the following:

	2021	2020
Gain on settlement of the loan	-	15,165,469
Monthly payments by Finance Providers	50,757	268,141
Total amount recognized in profit or loss	**50,757**	**15,433,610**

On April 2, 2020, the Company signed a Cooperation agreement with Gillham LLC and Lucille Investments LLC and Calunius Litigation Risk Fund 2 LP ("Finance Providers") to secure financing for the Award recognition and enforcement proceedings ("2020 Agreement"). This Agreement is an extension of the existing Litigation funding agreement of March 2018 (Note 9), 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. The assignment of all 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 effectively eliminated Company's liability to the Finance Providers.

Finance Providers agreed to pay the Company US$20,000 per month starting from March 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 December 31, 2021, the amount of $50,757 (US$40,000) was financed under the 2020 Agreement (December 31, 2020 - $268,141 (US$200,000)).

(Expressed in Canadian dollars unless otherwise stated)

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 (Note 9).

11. 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, 2019	187,308,586	43,987,163
	-	-
Balance December 31, 2020	187,308,586	43,987,163
Shares issued for debt settlement (i)	1,400,000	70,000
Balance December 31, 2021	188,708,586	44,057,163

(i) On December 6, 2021, the Company issued 1,400,000 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 $70,000.

(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, 2019	14,590,000	$355,443
	-	-
Balance, December 31, 2020	14,590,000	355,443
Expired, not exercised	(6,090,000)	(148,447)
Balance, December 31, 2021	8,500,000	206,996

Number of warrants	Remaining contractual life	Exercise price per warrant	Expiry date
2,400,000	0.95 years	$0.06	December 11, 2022
3,300,000	1.14 years	$0.06	February 22, 2023
2,800,000	2.51 years	$0.06	July 3, 2024
8,500,000			

(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, 2021, 15,300,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

(Expressed in Canadian dollars unless otherwise stated)

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, unexercised	(3,200,000)	0.07
Outstanding at December 31, 2020	15,300,000	0.06
	-	-
Outstanding at December 31, 2021	15,300,000	0.06
Options exercisable at December 31, 2021	15,300,000	0.06

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
7,100,000	7,100,000	0.18 years	$0.06	March 6, 2022
5,900,000	5,900,000	2.23 years	$0.05	March 22, 2024
2,300,000	2,300,000	2.54 years	$0.05	July 15, 2024
15,300,000	15,300,000			

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.

There were no other changes to the Company’s approach to capital management during the year ended December 31, 2021.

13. FINANCIAL RISK MANAGEMENT

<u>Credit risk</u>
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 December 31, 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.

<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 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 December 31, 2021, the Company had a cash balance of $62,496 (2020 - $13,284) and short term investments of $1,000 (2020 - $1,000) to settle current liabilities of $2,183,895 (2020 - $1,802,778). 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 for the liquidity risk related to going concern.

Pandemic COVID-19 risk
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 possible effect on the Company could include difficulty in accessing exploration sites and hiring personnel for exploration programs, as well as in raising additional equity financing. The global shutdown and isolation of the people 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.

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 December 31, 2021, the CAD equivalent of the Company's foreign financial instruments, primarily denominated in USD, is as follows:

	Canadian Dollar December 31, 2021	Canadian Dollar December 31, 2020
Cash	**$ 54,604**	$ 7,273
Other receivables	**1,902**	5,425
	56,506	12,698
Accounts payable and accrued liabilities	**(1,124,594)**	(913,559)
Net liabilities exposure	**$ (1,068,088)**	$ (900,861)

Based on the above net exposures at December 31, 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 $97,058 (December 31, 2020 - $81,904).

14. 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 year ended December 31, 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:

(Expressed in Canadian dollars unless otherwise stated)

	December 31, 2021	December 31, 2020
Key management personnel compensation	**$249,833**	$296,000
Director's fees	**18,000**	12,000
Stock-based compensation	**3,588**	129,817
	$271,421	$437,817

As at December 31, 2021 the Company held cash loan from directors of the Company in the amount of $148,200 with accrued interest $16,165 based on borrowing rate 10% (2020 - $62,600 and $6,767).

The following table provides the details of amounts due to these related parties as of December 31:

	December 31, 2021	December 31, 2020
Key management personnel compensation	**$787,112**	$633,836
Directors' fees to independent directors	**63,000**	45,000
Loan from related parties	**148,200**	62,600
Interest charged	**16,165**	6,767
	$1,014,477	$748,203

As disclosed in Note 11(a), on December 6, 2021, the Company issued 1,400,000 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 $70,000.

15. OFFICE AND ADMINISTRATION EXPENSES

	December 31, 2021	December 31, 2020
Salaries, benefits and director's fees	**$ 165,809**	$ 158,847
Investor's relations	**1,616**	-
Travel expenses	**10,017**	25,405
Other office and administration expenses	**60,732**	74,844
	$ 238,174	$ 259,096

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 December 31, 2021, 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:

	December 31, 2021	December 31, 2020
Net income/(loss) attributable to common shareholders	**$ (529,189)**	$ 14,527,815
Basic and diluted weighted average shares outstanding	**187,404,476**	187,308,586
Basic and diluted income/(loss) per share	**$ 0.00**	$ 0.08

(Expressed in Canadian dollars unless otherwise stated)

17. INCOME TAXES

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:

	December 31, 2021	December 31, 2020
Income/(loss) before tax	**(529,189)**	14,527,815
Statutory income tax rate	**26.50%**	26.50%
Expected income tax recovery at statutory rates	**(140,235)**	3,849,871
Non-deductible stock-based compensation	**1,041**	36,500
Foreign tax rate differential	**15,370**	31,587
Change in unrecognized deferred tax asset	**124,537**	(3,917,614)
Other	**(713)**	(344)
Deferred tax expense (recovery)	**-**	-

Unrecognized deferred tax assets:
Gross deductible temporary differences have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Deductible temporary differences	**10,040,863**	10,043,044
Loss carry forwards	**19,261,478**	21,374,760
	29,302,341	31,417,804

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, 2021, the Company had the following tax losses to carry forward:

	Amount	Expiry
Canada	**16,290,769**	2034-2038
Kyrgyz Republic	**2,526,726**	2020-2024
Russia	**443,983**	2023-2027

18. SUBSEQUENT EVENTS

On February 17, 2022, the Company issued 1,120,000 shares at a price of $0.05 per common share to settle a partial debt owed from compensation arrears with the former Company's Chief Financial Officer in the total amount of $56,000.

On March 6, 2022, 7,100,000 stock options at a price at $0.06 expired unexercised.

On March 7, 2022, the Company issued of 10,000,000 stock options to directors, management and consultants at $0.05 per share for a period of five years from issuance.