

Stans Energy wins arbitration case in Moscow as Russian influence builds in Kyrgyzstan

Stans Energy Corp. ('Stans', TSX-V: HRE | OTCQX: HREEF), as  predicted, has won its international arbitration case in the matter between itself and the Government of the Republic of Kyrgyzstan at the Arbitration Court of the Moscow Chamber of Commerce and Industry (the "Court") whereby the Court has ruled in favor of Stans. This means that Stans will be entitled to receive compensation from the Kyrgyz government over the damages caused by the latter's interference in Stans' industrial and mining activities at the Kutessay II project. Stans literally sued the government of Kirgizstan for effectively preventing it from developing the Project. In effect, there was little doubt that the international arbitrators would rule in favor of the Company and throughout the month of April, Stans saw its shares rise 57% on the OTCQX and 33.3% on the TSXV.

Stans will outline the details of the case upon receipt of the written ruling, over the next three months, which will also include the final damage amount. Stans also intends to continue talks with the Kyrgyz government during this 'interim' period to reach a settlement and resume operations at the Kutessay II project. Doubtless, the fact that the Inter-District Court of Bishkek ruled in favor of the Kyrgyz General Prosecutor's Office (SPO) with respect to its claim regarding Stans' Kutessay II Project, essentially implying the annulment of Stans' whole license acquisition process, played an important role in influencing the arbitration Court's decision.

The fact that the Arbitration Court that issued the ruling is Russian adds more weight to the decision because the Kyrgyz government, and particularly the President, who has an edge in the balance of power over Parliament, has taken a decidedly pro-Moscow stance, which has withstood the international pressure related to the crisis in Ukraine. Kyrgyzstan envisages its future in partnership with Russia, said President Almazbek Atambayev last September. Russia is Kyrgyzstan's main strategic partner and recently signed a series of deep reaching bilateral agreements. One of these includes the construction and operation of new and much needed hydropower plants, including the Kambarata -1 facility atop the Naryn falls, which is to generate nearly 5 billion kWh of electricity per year and will cover the growing energy needs of the country. Earlier last month, moreover, Russian oil giant Rosneft offered a bid to purchase a majority stake in Manas, the state-controlled company that owns all of Kyrgyzstan's civilian airports, which it intends to use to build a major international logistics hub.

On the technical side, aside from the emerging market risk, Stans's Kutessay II project has not lost any of its appeal. Stans has taken over a project that historically operated in the USSR, producing rare earths and, which was only shut down in the wake of the collapse of the USSR. Apart from the mine, Stans was able to take over an associated processing plant, which it is preparing to resume production. The advantage to investors is that Stans can take a fast track toward achieving the right metallurgy to produce the oxides and metals. In the Soviet period, the Kashka Rare Earth Processing Plant (KRP), as it was known, was used to produce some 120 different metals, alloys, and oxides. The Kutessay-2 field during Soviet times delivered up to 80% of the USSR's rare earth supply. Kutessay-2 contains up to 15 rare-earth elements, as well as lead, zinc, silver, bismuth, molybdenum, thorium, tin, and copper. In addition, it contains niobium, tantalum and hafnium.

The only obstacle standing between Stans moving to full operation has been the Government's obstruction, which has now been dealt by the arbitration process. Interestingly, and almost unnoticed, at the same time that the Arbitration Court was issuing its ruling in favor of Stans Energy, another Court in Kyrgyzstan delivered another significant sentence, which suggests that Stans may yet have a fair chance. Former Kyrgyz President Kurmanbek Bakiyev, deposed in 2010, was sentenced in absentia to 25 years in prison. He was accused of ordering an attack against a British businessman, over a disagreement with the Kyrgyz government over the management of a gold mine in 2006. The court also ordered the seizure of Bakiyev's assets. Bakiyev took power in March 2005 after a violent revolt that ousted the then Head of State, Askar Akayev. He currently lives with his family in Belarus, which has so far resisted extradition.