

# Stans Energy to leverage growing Russian influence in Kyrgyzstan through Board appointment

Stans Energy Corp. ('Stans', TSX-V: HRE | OTCQX: HREEF) announced that it has appointed Vadim Veshchezerov to its Board of Directors. Mr. Veshchezerov has many years of experience in both the microelectronics and banking sectors but for the past 13 years he has held a number of senior positions at RUSNANO, a Russian state sponsored investment fund, involved in developing the nanotech and high technology industries within the Russian Federation. Normally, a Board appointment represents an important decision for a company; however, Stans' selection of Mr. Veshchezerov is significant as it is an indicator of the Company's overall strategy in its dealings with the Kyrgyz government. Stans has been developing its Kutessay-II Heavy Rare Earth Elements (HREEs) mine in Kyrgyzstan, but it has faced regulatory obstacles and license suspensions due to political infighting. It was just last week that the Arbitration Court of the Moscow Chamber of Commerce and Industry, which ruled in Stans' favor in the matter between itself and the Government of the Republic of Kyrgyzstan, asked the State of Kyrgyzstan to compensate Stans to the tune of USD\$118.2 million.

Stans now has the authority to seize Kyrgyzstan's foreign assets as well as any capital transfers beyond its borders, including shipments of minerals such as gold. In other words, Stans has sufficient means of applying pressure on Bishkek that it has a good chance of resolving the situation through negotiations. Nevertheless, Stans still has the appetite to become one of the leading producers and suppliers of rare earths and this is where Mr. Veshchezerov, as a Russian and an

experienced professional with strong ties to Russian state institutions, banking and mining can be most effective. He understands the challenges and opportunities faced by international and Canadian junior companies working on projects in Russia and the Eurasian region. Mr. Veshchezerov will play a critical role in leveraging Russia's growing influence at all levels of Kyrgyzstan's institutions so as to lead Stans closer to securing its compensation and the right to pursue the development of its rare earths project.

Russia's presence in Kyrgyzstan has been increasing and current regional developments suggest that Moscow's influence can only intensify over the next few years. Similarly, Russia has secured stronger ties to China, reaching an understanding that essentially leaves it free to pursue deeper foreign policy interests in Kyrgyzstan and other Central Asian states that were very much in Beijing's economic and geopolitical targets. Russia has recognized some of Beijing's geopolitical concerns in Asia, strengthening the bilateral relationship with an impressive increase in the sale of weapons and energy resources to China and throughout the region including hydrocarbons, electricity and perhaps uranium for civilian nuclear power. Moscow's 'Asian Ambition' accelerated even before the start of the crisis in Ukraine. Its goal – especially if the West continues to pursue policies to broaden the scope of NATO to all members of the former USSR to permanently weaken Russia – is to reassemble a diplomatic and economic union based on the former Soviet central Asian countries (Kazakhstan, Kyrgyzstan and Tajikistan) and the Caucasus (Armenia, Azerbaijan).

Russia aims to provide its partners a "customs union" that intensifies cooperation in trade, aiming towards the creation of a single economic space; a system of increasingly integrated political relations and a defensive military alliance (the Collective Security Treaty Organization), providing a sort of "umbrella" capable of a wide-ranging

defense. It would recreate a sort of “soft” version of the former Soviet Union with a few essential items in common (defense, foreign policy, domestic and international trade, energy). This is an indispensable tool for achieving Putin’s foreign policy goal of restoring the global geo-strategic sphere of influence that the Soviet Union once had. This will take the form of a Customs and Eurasian Union as an alternative bridge between East and West that will come into effect on January 1, 2015 and Kyrgyzstan is one of its central pillars.

This new type of economic-political association is, in fact, an important tool to thwart China’s ambitions in Central Asia, allowing the Kremlin to increase its influence in Central Asia. This is Russia’s answer to NAFTA, the EU or Mercosur in which it plays the role of leader. Inevitably, Kyrgyzstan, as well as the other states, will have to give up a certain share of their sovereignty in favor of the Kremlin’s ambitions.

Meanwhile, the United States and NATO now have ever fewer interests in Central Asia, especially with the gradual withdrawal from Afghanistan. Russia for its part has a tough challenge ahead. The validity and effects of the renewed emphasis on its Asian ‘satellites’ carrier imply the need for a strategy to develop these regions and success is linked to investment and infrastructure in places like Kyrgyzstan. This new type of economic-political association is, in fact, an important tool, allowing the Kremlin to increase their bargaining power in an institutional manner and limit the penetration of China in Central Asia. The economic progress of member countries, however, must be the priority of the Union. It must produce tangible economic benefits or it could collapse in the same way as the Commonwealth of Independent States, the Russia-Belarus Union or the Union of Central Asia before it.