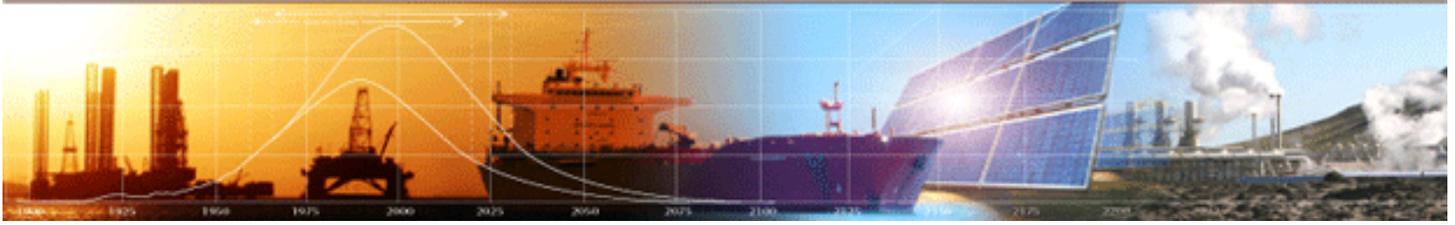


ENERGY & SCARCITY INVESTOR



Portfolio Comments - HRE, ICP, IB, BWN

Friday, July 15, 2011 by Byron King

Dear Energy & Scarcity Reader:

I'm in Toronto, where I've spent a couple of days meeting with representatives of energy and mining companies. I also came up here to attend the annual general meeting of my favorite rare earths (RE) player, Stans Energy. Let's launch straight into the updates.

Stans Energy (HRE: TSX.V)

I've discussed Stans Energy with you, in ESI, since last November. The share price has had its ups and downs, based on news flow. Lately, Stans shares have traded down along with much else in the stock market. Still, I've said that Stans shares are a buy. I think highly of the assets in Kyrgyzstan. I respect the technical abilities of the Russian partners. Most important, I believe in the vision that Stans management is pursuing.

The annual general meeting (AGM) gave me every reason to remain fully supportive of Stans. This company is superb! It's making real and clear progress.

At the Stans AGM, CEO Rob MacKay gave a masterful presentation on where things are and where they're headed. Stans has made excellent strides over the past several months. Here's a brief summary of a few highlights.

Stans now controls several RE-bearing ore bodies in Kyrgyzstan, as well as a massive beryllium deposit that's utterly world-class. New data (based on old Soviet work that has recently come to light) indicate that the beryllium could be a company-maker all alone. The future mine plans include digging out both the RE and the beryllium. The RE is still the main focus, but the beryllium adds immense value to the overall play.

The Stans ore bodies in Kyrgyzstan are rich in "heavy" RE - HRE. That is, it's the super-expensive stuff, including a strong component of yttrium. Yes, the Stans ore bodies have nominally lower grades than other ore bodies elsewhere in the RE investment space. But the Stans HRE ore bodies also have a Soviet-era history of mining and processing.

That is, for Stans, the metallurgy and engineering is there NOW to make the deposit work. Stans can turn its rocks into saleable products. By comparison, at every other HRE site in the world, outside China, the developers will spend years learning how to get it right.

The relationship between Stans and the Russian Leading Institute for Chemical Technology (VNIHT) has blossomed into a super-strong partnership. VNIHT is working with Stans on every step in the game, from concept, to design, to engineering, to hiring staff.