MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Month Quarter Ended December 31, 2009

This management's discussion and analysis ("MD&A"), dated March 1, 2010 and should be read in conjunction with the accompanying unaudited financial statements and notes thereto for the period ended December 31, 2009 as well as the audited financial statements and notes thereto and the MD&A for the year ended March 31, 2009. The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Except as noted, all financial amounts are expressed in Canadian dollars.

This MD&A contains statements that are forward-looking in nature, involving known and unknown risks and uncertainties such as general economic and business conditions, operating costs, changes in foreign currency exchange rates, and other factors. Since forward-looking statements address future events and conditions, by their nature, they involve inherent risks and uncertainties. Therefore, actual results may be materially different from those expressed or implied in such statements.

Further information is available on the Company's profile on the SEDAR website, www.sedar.com.

Forward-looking Statements

This MD&A, which contains certain forward-looking statements, is intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar and Chinese RMB, fluctuations in commodity prices, changes in government legislation, taxation, controls, regulations and political and economic developments in Canada, China or other countries in which the Company carries or may carry on business in the future, and risks associated with development activities. Many of these facts can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

Company Overview

Rare Earth Metals Inc., formerly East Energy Corp. (the "Company" or "Rare Earth") is a Canadian junior mining company focused on the acquisition and development of mineral properties. The Company's common shares are listed on TSX Venture Exchange under the trading symbol "RA". The Company is in the process of exploring for mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The Company has not generated any operating revenue to date and has experienced recurring operating losses. The Company's ability to continue as a going concern is dependent upon successful completion of additional financing, continuing support of creditors and upon its ability to attain profitable operations. The ability of the Company to meet its commitments as they become payable, including the completion of acquisitions, exploration and development of mineral properties and projects, is dependent on the ability of the Company to obtain necessary financing.

On December 16, 2009, the Company completed the acquisition of a private company known as REM Metals Inc. ("REM", formerly Rare Earth Metals Inc.) by acquiring all of the issued and outstanding shares of REM by issuing one common share of the Company for each common share of REM (the "Transaction"). As a result, the Company issued 39,630,000 common shares (approximately 54% of the issued shares of the Company) to the shareholders of REM. This transaction is considered to be a reverse takeover transaction and under the provisions of EIC 10, the Company is considered to be a continuation of REM. REM is now a wholly owned subsidiary of the Company. Refer also to note 4 of the December 31, 2009 interim consolidated financial statements.

Accounting for the Reverse Takeover

As described above, the consolidated financial statements are inclusive of the completion of a reverse takeover transaction, recorded in the period, whereby REM Metals Corp., the continuing entity for accounting purposes is considered to have acquired the assets and liabilities of East Energy in a business combination pursuant to the provisions the CICA Handbook EIC 10.

The cost of the acquisition was allocated to the net identifiable asset of Rare Earth at December 16, 2009 as follows:

Cash	$ 176,400
Other working capital	6,654,129
Mineral interests	1,020,000
Property and equipment	13,852
Net assets acquired	$ 7,864,381

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company maintains internal controls over financial reporting designed to provide reasonable assurance regarding the completeness and reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles (GAAP) in Canada. The Company has in place policies and procedures regarding the maintenance of records to ensure that all transactions are properly authorized and accurately recorded.

The Company has a limited number of staff and it is not always possible to achieve a complete segregation of incompatible duties. Management attempts to mitigate the risk of any material

misstatements through compensating controls and "hands-on" involvement and knowledge of the senior management. However, a control system, no matter how well designed and functioning, can only provide reasonable, not absolute assurance the objectives of the control system are met.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and/or the Acting President and the Acting Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management of the Company, with the participation of the Chief Executive Officer and Acting Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian Securities Laws. Based on that evaluation, the Chief Executive Officer and Acting Chief Financial Officer have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual and interim filings and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time period specified by those laws and that material information is communicated to management of the Company including the Acting Chief Executive Officer and Chief Financial Officer, as appropriate to allow for accurate disclosure to be made on a timely basis.

Company's Operations

Clay-Howells Property

The Clay-Howells property consists of 45 patented claims (mining and surface) and is located 30 kilometres north-northeast of Kapuskasing, Ontario. During the period, the Company entered into an agreement to acquire a 100% interest in the Clay-Howells property. Pursuant to the agreement, in order to exercise the option, the Company must pay to the optionor a non-refundable deposit of $20,000 (paid) and a further $330,000 on or before October 21, 2009 (paid). Upon exercise of the option by the Company, the optionor will retain a 2-per-cent net smelter revenue royalty ("NSR"). The Company shall have the right and option to purchase, at any time, one-half of the NSR in consideration of the payment of $1-million to the optionor.

During the period, the company completed a detailed airborne magnetic survey and analysis of old drill core, which has positively enhanced the target as a discrete 1.2 km long magnetic high with significant Rare Earth Element, Niobium and Iron values. Limited analysis from historic drill core have been reported in previous releases (see Rare Earth Metals press release dated Dec. 17, 2009) and includes intersections in historic Hole 23 of 4.71% TREO (Total Rare Earth Oxides) over 4.6 meters and 0.94% Nb_2O_5 over 12.2 meters.

Subsequent to the period ended December 31, 2009, the Company announced the commencement of a 10,000 metre diamond drilling program designed to target the rare earth element ("REE") potential of a historical iron ore resource drilled by Mattagami Mining in the late 1950's. A preliminary examination of the core from the first drill hole indicates the targeted magnetite zone was intersected between 35.5 meters and 178.0 meters and is characterized by alternating bands of massive magnetite and heavily disseminated magnetite. The hole is in the process of being logged and the mineralized section will be split and sent for analysis. Previous analysis of historic drill core from the magnetite zones has shown encouraging results in REE, Niobium and Iron. The second hole is in progress targeting the zone below this initial intersection. A second rig is being mobilized to the site to ensure the scheduled drilling can be completed in a timely manner before spring breakup conditions set in. Also, subsequent to December 31, 2009, the Company announced an exploration delay on the property pending discussions with an independent First Nations group. The Company has agreed to delay diamond drilling activities pending discussions with various government agencies and the First Nations group in question.

The Company has complied with all government regulations and owns 100% of the surface and mining rights to the patented land on which the drill program is being conducted. In the interim two diamond drill rigs remain on the property and on-site crews continue to conduct core logging and core sampling on the drill core recovered to date.

The carbonatite hosted massive magnetite zone bears a close resemblance to the Bayan Obo magnetite/REE Mine, located in China. Mattagami completed 28 diamond drill holes in 1958 and defined a massive magnetite body however the property has been dormant since then. Re-sampling of core by the Company in August 2009 from four historic drill holes located in the Timmins Government core library revealed significant amounts of rare earth elements. The highlights of the re-sampled core included the following two holes which are 1.0 km apart. (See East Energy Corp. press release dated September 14, 2009 for a complete summary of these results)

DDH 23 - 3.46% TREO over 7.6 meters
Incl. - 4.71% TREO over 4.6 meters
DDH 20 - 1.15% TREO over 27.4 meters
(TREO includes the rare earth elements plus Yttrium expressed as oxides)

Lackner Property

Pursuant to an agreement dated September 11, 2009 among 6378366 Canada Inc., 6070205 Canada Inc. and Jean-Claude Bonhomme (collectively the "Lackner Optionors") and REM, REM holds an option to acquire up to a 90% interest in the Lackner Property which consists of 15 unpatented mineral claims located in Ontario. Under the terms of the agreement, REM has the option to acquire: (i) an initial 50% interest in the Lackner Property (the "Initial Lackner Option"); (ii) the right to earn a further 20% interest in the Lackner Property, for an aggregate 70% interest (the "Second Lackner Option"); and (iii) the right to earn a further 20% in the Lackner Property, for an aggregate 90% interest (the "Third Lackner Option"). REM issued 50,000 common shares valued at $2,500 to a third party as a finder's fee in respect to the Lackner Property.

In order to exercise the Initial Lackner Option, REM shall:

(a) on execution of the agreement, pay $25,000 to the Lackner Optionors (paid) and at the election of the Lackner Optionors pay an additional $25,000 or issue to the Lackner Optionors common shares having a value of $25,000 which, based on the price of the REM Financing, have a value of $0.25 per common share **(The cash option was elected by the Optionors);**

(b) on the first, second, third and fourth anniversary of the agreement pay $25,000 to the Lackner Optionors;

(c) on the first, second, third and fourth anniversary of the agreement, if REM is a publicly traded company, issue to the Lackner Optionors that number of common shares of REM having a value of $25,000 or, if REM has been acquired by a publicly traded company, cause such public company to issue common shares having a value of $25,000 (the number of shares of the public company to be based on a weighted average trading price calculation). If REM is not publicly traded or has not been acquired by a publicly traded company at the time the shares are to be issued the Lackner Optionors may, at their option, elect to receive a cash payment of $25,000;

(d) incur a minimum of $100,000 in exploration on the Lackner Property by the first anniversary of the agreement; and

(e) incur an aggregate minimum of $750,000 in exploration on the Lackner Property by the fourth anniversary of the agreement.

In order to exercise the Second Lackner Option, REM shall:

(a) on the fifth and sixth anniversary of the agreement pay $125,000 to the Lackner Optionors;

(b) on the fifth and sixth anniversary of the agreement, if REM is a publicly traded company, issue to the Lackner Optionors that number of common shares of REM having a value of $125,000 or, if REM has been acquired by a publicly traded company, cause such public company to issue common shares of its capital having a value of $125,000 (the number of shares of the public company to be based on a weighted average trading price calculation). If REM is not publicly traded or has not been acquired by a publicly traded company at the time the shares are to be issued the Lackner Optionors may, at their option, elect to receive a cash payment of $125,000;

(c) incur a minimum of a further $500,000 in exploration on the Lackner Property by the fifth anniversary of the agreement; and

(d) incur a minimum of a further $500,000 in exploration on the Lackner Property by the sixth anniversary of the agreement.

In order to exercise the Third Lackner Option, REM shall:

(a) on the seventh anniversary of the agreement pay $2,250,000 to the Lackner Optionors; and

(b) on the seventh anniversary of the agreement, if REM is a publicly traded company, issue to the Lackner Optionors that number of common shares of REM having a value of $2,250,000 or, if REM has been acquired by a publicly traded company, cause such public company to issue common shares of its capital having a value of $2,250,000 (the number of shares of the public company to be based on a weighted average trading price calculation). If REM is not publicly traded or has not been acquired by a publicly traded company at the time the shares are to be issued the Lackner Optionors may, at their option, elect to receive a cash payment of $2,250,000.

If REM exercises the Initial Lackner Option only, REM and the Lackner Optionors will form a 50/50 joint venture for the further development of the Lackner Property. If REM exercises the Second Lackner Option but not the Third Lackner Option, REM and the Lackner Optionors will form a 70/30 joint venture for the further development of the Lackner Property. In the case of exercising the Initial Lackner Option or the Second Lackner Option (but not the Third Lackner Option) REM would serve as operator of work programs and such programs are to be funded by each party according to its interest. Failure to fund would result in dilution pro rata. If either party is diluted to 10%, such party's interest would revert to a 10% net profits interest in the Lackner Property. If REM exercises the Third Lackner Option the Lackner Optionors will have a 10% carried net profits interest to commercial production.

The Lackner property consists of 105 unpatented claim units covering a portion of the Lackner Lake Carbonatite Complex. The claims host a REE showing within nepheline syenite dykes and breccias. Best values from prospecting included 7.49 % REE from bedrock at the Pole Lake South Zone. The REE discoveries in this area were made as the result of Uranium prospecting using a scintilometer for targeting. Where exposed, the high grade REE zone exhibits strong radioactivity as it is associated with thorium and uranium mineralization. An airborne magnetic and radiometric survey was completed during the period with follow-up sampling and trenching slated for 2010. The initial focus of the project will be to complete the airborne and a first phase of target testing over the next 12 months.

Red Wine Complex

The Company has acquired by option agreement and staking three properties: Mann #1 (37 claim units), Two Tom Lake (34 claim units) and Red Wine #2 (167 claim units acquired by staking) in Labrador. The properties are located in three separate claim groups located over a 30 kilometre length of the Red Wine Complex.

Pursuant to an option agreement dated September 29, 2009 as amended November 3, 2009 between the Company and Roland Quinlan, Marilyn Quinlan, Andrew Quinlan and Eddie Quinlan (the "Mann Optionors"), the Company may acquire a 100% interest in the Mann # 1 and Two Tom Lake properties (the "Optioned Properties"). Pursuant to the agreement, in order to exercise the option and earn a 100% interest in the Optioned Properties, the Company must make the following payments and share issuances to the Mann Optionors: (a) within 60 days of the date of the agreement, pay $25,000 (paid) and issue 60,000 shares (issued subsequent to December 31, 2009); (b) pay $35,000 and issue 135,000 shares on the first anniversary of the date of the agreement; (c) pay $45,000 and issue 145,000 shares on the second anniversary of the date of the agreement; and (d) pay $70,000 and issue 175,000 shares on the third anniversary of the date of the agreement.

Upon the Company exercising the option, the Mann Optionors will retain a 2% net smelter royalty ("NSR") in the Optioned Properties and beginning on the fifth anniversary of the agreement, the Company will issue 20,000 shares per annum to the Mann Optionors as an advance royalty payment, all of which share issuances will be credited against royalty payments payable once commercial production commences. The Company may at any time purchase one-half (1%) of the NSR from the Mann Optionors.

Mann #1

This central claim group covers the Mann #1 Zone which is the most advanced of the three. The zone was discovered in 1956 by geochemistry and radiometrics and has been traced by trenching and drilling over a 1.6 km strike length and has a width of up to 100 meters. It was last worked in 1961 when Rio Tinto outlined a resource of 2,250,000 tons at 0.35% to 0.40% Beryllium (BeO) down to vertical depth of 200 ft. This resource estimate was calculated by Rio based on 17 drill holes and a number of long blast trenches and is not compliant with 43-101 regulations. The above resource estimate is quoted from "Natural Resources, Gov't of NL, Mineral Occurrence Database System report Number 013L/01/Be001 and internal Rio Tinto reports. The Mann #1 Zone is open in all directions and was never sampled for its REE content.

The Company took 16 grab samples from a number of blast trenches and obtained Beryllium values up to 0.97% BeO (range from 0.08% to 0.97% with an average of 0.413% BeO)), Niobium up to 2.35% Nb2O5 (range from 0.11% to 2.35% with an average of 0.77% Nb2O5) and TREO up to 4.99% (range 0.47% to 4.99% with an average of 1.8% TREO)

Two Tom Lake

This zone is located 16 km east of Mann #1 and was initially found in 1967 by Brinex while following up on a high radioactivity anomaly. The anomalous zone is strewn with numerous boulders, float and sub crop of radioactive syenite gneiss and is approximately 400 meters by 200 meters in area. The Company took 13 samples from various angular float and subcrop throughout the area. Results include Beryllium up to 0.93% (range from 0.06% to 0.93% with an average of 0.25% BeO)), Niobium up to 4.19% (range from 0.06% to 4.19% with an average of 0.64% Nb2O5) and TREO up to 3.24% (range 0.57% to 3.24% with an average of 1.8% TREO).

Red Wine #2

This showing is located 15 km southwest of the Mann #1 Zone and was discovered by Brinex in late 1950's. The zone was traced for 400 meters through a series of test pits. Mineralization consists of up to 40% Eudialyte, a Zirconium-Na-Ca-Silicate mineral with appreciable REE's and Y. REM took seven grab samples from different parts of the zone resulting in ZrO up to 4.93% (range from 1.28% to 4.93%), and Total Rare Earth Oxides (TREO) up to 1.04% (range 0.31% to 1.04%).

The sampling was carried out by the Company in September, 2009 and all samples were delivered to a sample preparation facility in NL. The samples were analyzed at Activation Laboratories utilizing inductively coupled plasma mass spectrometer. The digestion technique was total digestion that employs a lithium metaborate/tetraborate fusion. Approximately 15% of the samples have been sent to a separate accredited lab for duplicate check analysis.

A follow-up program of airborne geophysics, detailed sampling and grid work is planned on the three properties and should commence in late spring of 2010. Pending results of these surveys drilling will be planned for the Mann #1 after completion of the ground surveys. A tentative budget of $300,000 is proposed for the airborne and ground surveys. The drill program is pending results and has not been budgeted.

Subsequent to the period ended December 31, 2009, the Company announced that it has entered into two binding option agreements in the Red Wine/Letitia Lake area of Central Labrador. The Company is also pleased to report that it has acquired, through staking, two additional rare metal prospects in the same area. The additional staking and the two optioned claim groups, consolidates the Letitia Lake property into a coherent package totaling 584 claim units (146 sq. km.).

The first option agreement is with Cornerstone Capital Resources Inc. (TSXV-CGP) (F-GWN) (B-GWN) (OTC-CTNXF) respecting its 155 claim unit property. The Company will make an initial payment of $10,000 and 20,000 shares and guarantees minimum first year expenditures of $50,000, sufficient to maintain the property in good standing. Thereafter, the Company will make further payments of cash and shares totaling $30,000 and 60,000, respectively over the first two years of the option and incur additional exploration expenditures totaling $300,000 over three years in order to earn a 51% interest in the claims. The parties will then form a joint venture to further explore and develop mineral resources on the property. The Company will operate the exploration programs during the option period in consultation with Cornerstone.

The second option agreement is with Playfair Mining Ltd. (TSX-PLY). The Company can earn a 51% interest in Playfair's 313 claim unit property by making an initial payment of $15,000 and 20,000 shares and guaranteeing a minimum first year expenditures of $100,000. Thereafter, the Company will make further payments of cash and shares totaling $55,000 and 130,000 respectively and incur additional exploration expenditures totaling $400,000 over three years in order to earn a 51% interest in the claims. The parties will then form a joint venture to further explore and develop mineral resources on the property. The Company will operate the exploration programs during the option period in consultation with Playfair.

Both agreements are subject to approval by the Company's board of directors and receipt of regulatory approval.

Hinton Coal Property

On June 25, 2008, the Company acquired 100% ownership in the Hinton Coal Property (the "Hinton Property") in the Foothills Region of central Alberta for $1 million and a 5% net profits royalty on any sale of coal from the property. The $1 million purchase price was recorded as a mineral interest in accordance with the Company's accounting policy.

On July 16, 2008, the Company issued 50,000 common shares at a value of $20,000 as a finder's fee in conjunction with the above transaction.

The Hinton Property is located approximately 306 kilometres west of Edmonton, Alberta. It covers an area measuring approximately 2,784 hectares. The closest major centre is Hinton, Alberta, located approximately 19 kilometres to the southeast. There are several operating coal mines in the area.

The property is readily accessible via Alberta's Highway 40 and from a network of secondary roads. In addition it benefits from proximity to western Alberta's rail network with links to Vancouver's Westshore Terminals and to the Port of Prince Rupert, all of which facilitates the shipping of coal to international destinations.

On July 30, 2008, the Company filed a NI 43-101 Technical Report for the Hinton Property. This report can be viewed on the Company's website or on SEDAR. The in-place resource estimates are as follows:

In-Place Coal Resources Suitable for Surface Mining to 12:1 Strip Ratio
(tonnes)

	Measured	Indicated	Inferred
HV C Bituminous (thermal)	47,032,000	2,557,000	161,000

In-Place Coal Resources Suitable for Surface Mining from 12:1 to 20:1 Strip Ratio (tonnes)

	Measured	Indicated	Inferred
HV C Bituminous (thermal)	33,339,000	23,838,000	8,559,000

	Measured and Indicated	**Inferred**
Total Resources	106,766,000	8,720,000

The coal resources on the Hinton Property were estimated based on previous exploration drilling. A total of 87 coal exploration drill holes covering 7,067 metres were drilled in and around the area. The high volatile, bituminous, low sulphur coal of the Hinton Property is part of the Coalspur Formation. The quality of the coal indicates that it is suitable for the international export thermal coal market after beneficiation. The Company has completed a preliminary engineering study on the development of this project.

Results of Operations

For the period covering June 16, 2009 to December 31, 2009, the Company reported a net loss of $456,264 (or $0.01 per share). Included in this amount is exploration costs (expensed pursuant to the Company's accounting policy for such costs) totaling $276,679 of which $203,892 was for exploration on the Company's Clay-Howells property. Administrative expenses for the period totaling $188,435 made up the remainder of the net loss and consist of:

i. Amortization of equipment - $1,304
ii. Consulting fees - $19,814
iii. Investor Relations - $29,106
iv. Listing, filing and transfer agent – $9,374
v. Office and miscellaneous – $20,107
vi. Professional fees - $76,847 (inclusive of fees associated with the business combination)
vii. Rent – $4,000
viii. Stock based compensation - $6,688
ix. Telephone -$675
x. Travel and transportation - $20,520

During the period, the Company record interest income totaling $8,850 derived from the Company's investment in GICs.

Mineral Interests and Exploration Costs

The Company's mineral interests represent costs incurred to acquire mineral property interests. These costs are capitalized pursuant to the Company's accounting policy for recording such costs. During the period, the change in the Company's acquisition cost balance was as follows:

Mineral Interests	Hinton Coal	Clay-Howells	Lackner	Red Wine Complex	Total
Balance, March 31, 2009	$ 1,020,000	$ -	$ -	$ -	$ 1,020,000
Acquisition costs	-	401,497	57,650	26,795	485,942
Balance, December 31, 2009	$ 1,020,000	$ 401,497	$ 57,650	$ 26,795	$ 1,505,942

The Company's exploration costs represent expenditures to undertake and support exploration activities on the Company's properties.

In the period ended December 31, 2009, the Company recorded the following exploration expenditures:

Exploration expenditures for June 16, 2009 to December 31, 2009 period					
Exploration Expenditures	Clay-Howells	Lackner	Red Wine Complex	Other	Total
Prospecting	39,241	4,446	14,167	533	58,387
Geology	43,596	10,660	12,914	340	67,510
Geophysical	103,962	28,335	-	-	132,297
Diamond drilling	17,093	-	-	-	17,093
Other	-	-	1,392	-	1,392
Total Exploration Expenditure	203,892	43,441	28,473	873	276,679

Summary of Quarterly Results

The following table summarizes selected financial information for the eight most recently completed quarters.

Fiscal Year	FY2010	FY2010	FY2010	FY2009	FY2009	FY2009	FY2008	FY2008
Quarter	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Quarter ended	12/31/09	09/30/2009	06/30/2009	03/31/2009	12/31/2008	9/30/2008	6/30/2008	3/31/2008
Exploration costs	$ 167,423	$ 9,632	$ -	$16,427	$86,983	$58,076	$34,035	$31,969
Administrative	132,148	146,095	161,968	258,239	370,350	434,675	278,471	436,502
Operating loss	(299,571)	(155,727)	(161,968)	(274,666)	(457,333)	(492,750)	(312,507)	(468,471)
Written down property	-	-	-	-	(227,500)	-	-	-
Interest income	8,850	21,953	51,797	51,878	55,813	63,158	92,408	95,374
Net income (loss)	(290,721)	(133,774)	(110,171)	(222,789)	(634,625)	(429,592)	(220,099)	(373,097)
Net (loss) per share – basic and diluted	($0.006)	($0.01)	($0.00)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)

During the most recent eight quarters, the Company had no discontinued operations or extraordinary items.

The reverse takeover transaction closed on December 16, 2009. The private company formerly known as Rare Earth Metals Inc. (now known as REM Metals Corp.) had not prepared any interim financial statements for the periods prior to the closing of the Transaction. Accordingly, the information above for the quarters prior to December 31, 2009 are those of East Energy. The information for the quarter ended December 31, 2009 is that shown in the consolidated statement of operations and deficit for the period ended December 31, 2009.

Liquidity and Capital Resources

The Company is in the exploration stage and does not generate revenues. The Company relies on equity financing for its working capital requirements to fund its activities. Due to the fact that REM Metals Corp. was incorporated during the 2009 period, no prior comparative balance sheet figures exist. The analysis below incorporates the March 31, 2009 audited balance sheet figures from East Energy's financial statements.

As at December 31, 2009, the Company had cash on hand in the amount of $4,633,174 compared to $42,368 at March 31, 2009. This increase in cash was due in large part to the $5 million private placement completed by REM prior to the completion of the reverse takeover transaction. Working capital at December 31, 2009 was $11,241,116 compared to $7,091,053 at March 31, 2009. This increase was due to the abovementioned private placement of shares. At December 31, 2009, the Company held $6,650,000 in GICs compared with $6,950,000 at March 31, 2009. The reduction is due to withdrawals made throughout the period for working capital purposes. The GICs carry an annual yield of 0.5%.

Accounts payable and accrued liabilities at December 31, 2009 were $110,913 compared to $61,266 at March 31, 2009. The increase was a result of a greater level of activity around the period end pertaining to the completion of the reverse takeover transaction.

The Company's cash position will enable the Company to meet its current obligations for the next 12 months.

Share Capital Transactions – Prior to the Closing of the Reverse Takeover Transaction

Prior to the closing of the reverse takeover transaction on December 16, 2009, REM Metals Corp. (formerly Rare Earth Metals Inc., a private company) entered into the following finance transactions:

i. 3.6 million seed shares were issued to the founders of REM at a price of $0.001 per common share for gross proceeds of $3,600.
ii. 50,000 common shares valued at $2,500 were issued to an arm's length party in connection with a finders' fee on a property agreement.
iii. REM completed a private placement by issuing 15,980,000 common shares of REM at an issue price of $0.05 per common share for gross proceeds of $799,000.
iv. In conjunction with the reverse takeover transaction, REM completed a private placement offering with PowerOne Capital Markets Limited ("PowerOne") for aggregate gross proceeds of $5 million consisting of 20 million units at a price of $0.25 per unit, each unit consisting of one common share and one half of one common share purchase warrant, each whole warrant entitling the holder to purchase an additional common share of the Company at a price of $0.35 per share for a period of 24 months following the closing of the private placement. Pursuant to the offering, PowerOne was paid a cash commission equal to $400,000 and issued 2 million broker warrants with each broker warrant entitling PowerOne to purchase a common share of the Company for $0.25 for a period of 24 months following the closing of the private placement.

With respect to the above seed share and private placement share issuances, 5.7 million shares are subject to an escrow agreement. Under the agreement, 20% of the shares in escrow will be released on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates that are 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the date of the Initial release. A further 13,930,000 shares are subject to a two year hold period with 20% to be released upon closing of the reverse takeover (released) and a further 20% released every six months thereafter. All shares issued in REM prior to the reverse takeover transaction were exchanged for shares of the Company on a one-for-one basis subject to the abovementioned restrictions.

Outstanding Share Data

At the date of this management's discussion and analysis, there are 73,530,134 common shares outstanding, 3,265,000 stock options outstanding and 11,952,000 share purchase warrants outstanding. The maximum number of shares that are potentially issuable at December 31, 2009 is 88,687,134. Subsequent to December 31, 2009 the Company announced that it had granted to certain directors, officers, employees, consultants and Investor Relations consultants 2,950,000 stock options at an exercise price of $0.55 for a period of five years from the date of grant and subject to the vesting requirements of the Company's stock optionplan.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Contractual Obligations

The Company has commitments as described in note 6 with respect to certain agreements on its mineral property interests.

Subsequent to the period ended December 31, 2009, the Company entered into investor relations consulting agreements, effective January 15, 2010, with both First Canadian Capital Corporation ("First Canadian") and Linx Inc. ("Linx"). The First Canadian and Linx agreements each provide for a monthly consulting fee of $3,500 plus GST and the issuance of 100,000 incentive stock options exercisable for two years at $0.55 per share and which are subject to the Company's incentive stock option plan (the "Plan") including vesting provisions (and are included in the above outstanding share data figures). The investor relations agreements, which are subject to the approval of the TSX Venture Exchange, are for an initial term of 12 months with a three month performance review period after which time either party may terminate on 30 days notice.

Also, the Company entered into two separate lease agreements for field vehicles requiring aggregate monthly payments totaling $1,471. The lease terms are for 36 months and expire in February 2013.

Related Party Transactions

The Company paid or accrued the following amounts to related parties during the period ended December 31, 2009:

Payee	Description of Relationship	Nature of Transaction	December 31, 2009 Amount ($)
Stares Contracting Corp.	Company controlled by Michael Stares, Director and Officer and Stephen Stares, Director	Payments for equipment rentals, supply of labour and reimbursement of expenses capitalized in deferred development expenditures	50,537
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Director and Officer	Legal fees charged/accrued during the period	51,794
Eastrock Exploration Inc.	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services and reimbursement of expenditures capitalized in deferred development expenditures	78,717
Minco Gold Corporation	Company related by a common director	Payments for rent and shared office expenses	6,000

The purchases from and fees charged by the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities is $33,027 to Gordon J. Fretwell Law Corporation, $19,120 to Eastrock Exploration Inc., $6,000 to Minco Gold Corporation The repayment terms are similar to the repayment terms of non-related party trade payables.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. The Company's significant accounting policies are described in Note 2 to the consolidated financial statements. Each policy involves a number of estimates and assumptions made by management. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances. On an on-going basis, the management evaluates its estimates. Different accounting policies, or changes in estimates or assumptions, could potentially have a material impact, positive or negative, on the Company's financial position and results of operations.It is reasonably possible that circumstances may arise which cause actual results to differ from management estimates. The Company believes its most critical policies and estimates are those related to allowance for uncollectible accounts receivable, useful lives for amortization of long-lived assets, impairment assessments on long-lived assets, accrued liabilities and provision for income taxes.

Changes in Accounting Policies and Initial Adoption

There were no changes in the Company's accounting policies during the current period.

On April 1, 2008, the Company adopted the following new and amended Canadian Institute of Chartered Accountants ("CICA") accounting standards:

(i) Section 1400, General Standards of Financial Statement Presentation, describes the requirements for management to assess an entity's ability to continue as a going concern and to disclose any material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. The Company's disclosure reflects such assessment and discussion (see Note 1).

(ii) Accounting Changes – Section 1506

Section 1506, Accounting Changes, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. This Section allows for voluntary changes in accounting policies only if they result in the consolidated financial statements providing reliable and more relevant information. In addition, this Section requires entities to disclose the fact that they did not apply a primary source of GAAP that had been issued but not yet effective. The adoption of this Section has had an impact on the financial position or results of operations for the year ended December 31, 2008 as the change in accounting policy, described in note 2 had to meet the standard of providing reliable and more relevant information of the Company's financial position and performance.

(iii) Section 1535, Capital Disclosures, establishes standards for disclosing information about a Company's capital and how it is managed to enable users of financial statements to evaluate the Company's objectives, policies and processes for managing capital. Quantitative data about what the Company regards as capital is discussed further in note 11 to the consolidated financial statements.

(iv) Section 3862, Financial Instruments – Disclosures, describes the required disclosures related to the significance of financial instruments on the Company's financial position and performance and the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Section 3863, Financial Instruments – Presentation, describes the

standards for presentation for financial instruments and non-financial derivatives and carries forward, unchanged, the presentation requirements of Section 3861 Financial Instruments – Disclosure and Presentation.

(v) Section 3031, Inventories, which replaced Section 3030 Inventories, establishes standards on the definition of "cost" to include all costs of purchase (net of supplier payment discounts), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. As a result, companies are required to systematically allocate variable and fixed production overhead costs that are incurred in converting materials into finished goods. The allocation of fixed production overheads is based on normal production capacity of the production facilities. In addition, the standard requires companies to assess the recoverability of inventory costs in comparison to net realizable value. Declines in replacement cost below carrying values for raw material inventories do not require write down if the finished goods in which they will be utilized are expected to be sold at or above cost. Reversals of previous write-downs are required when there is a subsequent increase in the value of

the inventory. Adoption of Section 3031 does not have an impact to the Company's financial position as of September 30, 2009.

Recent Accounting Pronouncements

(i) Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period to be completed by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual audited financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has not yet assessed the impact of the ultimate adoption of IFRS on the Company.

(ii) Goodwill and Intangibles – Section 3064

The CICA issued the new Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to the Company's annual and interim audited financial statements beginning April 1, 2009. The Company does not expect the adoption of these changes to have an impact on its consolidated financial statements.

(iii) Sections 1582, Business Combinations, 1601, Consolidations and 1602, Non-controlling Interests

In January 2009, the CICA issued these new sections to replace Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements." Section 1582 will apply to a transaction in which the acquirer obtains control of one or more businesses (as defined in the Section). Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. A bargain purchase will result in the recognition of a gain. Acquisition costs will be expensed. Any non-controlling interest will be recognized as a separate component of shareholders' equity and net income will be allocated between the controlling and non-controlling interests. These new standards will apply to fiscal years beginning on or after January 1, 2011. The Company does not believe that these new Sections will have an impact on its audited financial statements unless the Company enters into a business acquisition subsequent to January 1, 2011.

(iv) EIC-173 Credit Risk and the Fair Value of Financial Assets and Liabilities

In January 2009 the Emerging Issues Committee ("EIC") issued EIC-173. In this EIC the Committee reached a consensus that in determining the fair value of financial assets and financial liabilities an entity should take into account the credit risk of the entity and the counterparty. The EIC is effective for periods ending after the issuance date, the Company is evaluating the effect of the EIC and will adopt it prospectively.

Financial and Other Instruments

Fair value - The fair value of cash, short-term investments, accrued interest receivable, receivables, and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these financial instruments.

Exchange risk - The Company's functional currency is the Canadian dollar. Currently the Company conducts all exploration and administrative activities in Canada and as a result, the Company is not currently exposed to foreign exchange risk.

Interest rate risk - The Company has interest bearing assets which are cashable without notice or penalty and has no interest-bearing debt. Accordingly, it is not exposed to interest rate risk.

Credit risk - The Company generally places its short-term investment funds into government and Canadian bank debt securities and is therefore subject to minimal credit risk with regard to short-term investments.