CANADA RARE EARTH CORP.

Consolidated Annual Financial Statements

(Stated in Canadian Dollars)

For the year ended March 31, 2017

CANADA RARE EARTH CORP.

March 31, 2017

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Canada Rare Earth Corp.,

We have audited the accompanying consolidated financial statements of Canada Rare Earth Corp., which comprise the consolidated statements of financial position as at March 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended March 31, 2017 and 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canada Rare Earth Corp. as at March 31, 2017 and 2016 and its financial performance and its cash flows for the years ended March 31, 2017 and 2016 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the financial statements, which indicates the Company has limited working capital, limited sources of revenue, and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 31, 2017

CANADA RARE EARTH CORP.
Consolidated Statements of Financial Position

As at	Note	March 31 2017 $	March 31 2016 $
ASSETS			
Current			
Cash		45,599	323,471
Accounts receivable		62,420	-
Interest and other receivables	10	21,414	17,932
Prepaid expenses and deposits		179,235	9,034
Total current assets		308,668	350,437
Non-current			
Promissory note	9	1,595,880	1,558,440
Interest receivable on promissory note	9	42,621	10,305
Intangible assets	6, 8	208,892	232,765
Mata Azul participation right	10	38,548	38,548
		1,885,941	1,840,058
Total assets		2,194,609	2,190,495
LIABILITIES			
Current			
Accounts payable and accrued liabilities	12	143,836	26,046
Loan	11	66,495	-
Loans, related parties	12	94,423	-
		304,754	26,046
SHAREHOLDERS' EQUITY			
Share capital	13	14,823,754	14,823,754
Reserves	13	7,868,329	7,827,235
Deficit		(20,802,228)	(20,486,540)
Total shareholders' equity		1,889,855	2,164,449
Total liabilities and shareholders' equity		2,194,609	2,190,495

Note 2 c) – Going concern of operations
Note 18 – Commitments
Note 22 – Events after the reporting period

On behalf of the Company:

"Tracy A. Moore"	Director	*"Peter Shearing"*	Director
Tracy A. Moore		Peter Shearing	

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

CANADA RARE EARTH CORP.
Consolidated Statements of Loss and Comprehensive Loss

Year ended March 31	Note	2017 $	2016 $
Revenue	12, 19, 20	160,615	92,363
Expenses			
Cost of sales	6,8, 20	114,413	-
Consulting fees	12	174,500	269,582
Advertising and promotion		5,644	47,122
Listing, filing and transfer agent		19,541	19,620
Office and miscellaneous	12	28,320	21,275
Professional fees	12	41,263	133,118
Rent	12	31,503	43,635
Share-based payments	12	41,094	115,580
Travel and accommodations		46,818	26,750
Wages and benefits		39,391	90,907
		542,487	767,589
Loss before other items		(381,872)	(675,226)
Other income (expense)			
Write-off of exploration and evaluation assets	7	(9,632)	(1,840,203)
Impairment of intangible assets	8	(3,979)	-
Write-off of inventory	6	-	(60,000)
Gain on sale of long-term investment	9	-	462,920
Foreign exchange gain (loss)	9, 10	35,668	(42,181)
Recovery of property tax		-	4,618
Other income		-	2,475
Interest and investment income	9	34,127	12,822
Gain on sale of exploration and evaluation assets	7	10,000	-
Net loss and comprehensive loss for the year		(315,688)	(2,134,775)
Loss per share – basic and diluted per common share	21	(0.00)	(0.01)
Weighted average shares outstanding, basic and diluted		166,940,141	155,181,442

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

CANADA RARE EARTH CORP.
Consolidated Statements of Changes in Equity

	Share capital		Reserves	Deficit	Total
	Number of shares	Share capital			
		$	$	$	$
Balance at March 31, 2015	142,762,141	14,340,194	7,711,655	(18,351,765)	3,700,084
Shares issued on acquisition of assets	24,178,000	483,560	-	-	483,560
Share-based payments	-	-	115,580	-	115,580
Loss and comprehensive loss for the year	-	-	-	(2,134,775)	(2,134,775)
Balance at March 31, 2016	166,940,141	14,823,754	7,827,235	(20,486,540)	2,164,449
Share-based payments	-	-	41,094	-	41,094
Loss and comprehensive loss for the year	-	-	-	(315,688)	(315,688)
Balance at March 31, 2017	166,940,141	14,823,754	7,868,329	(20,802,228)	1,889,855

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

CANADA RARE EARTH CORP.
Consolidated Statements of Cash Flows

Year ended March 31	Note	2017 $	2016 $
Cash flows provided by (used in):			
Operating activities			
Net loss and comprehensive loss for the year		(315,688)	(2,134,775)
Adjustments for:			
Share-based payments		41,094	115,580
Write-off of exploration and evaluation assets		9,632	1,840,203
Gain on sale of exploration and evaluation assets		(10,000)	-
Amortization		19,894	-
Impairment of intangible assets		3,979	-
Write-off of inventory		-	60,000
Gain on sale of long-term investment		-	(462,920)
Unrealized foreign exchange (gain) loss on promissory note		(37,440)	46,200
Unrealized foreign exchange (gain) loss on interest receivable on promissory note		(655)	585
Interest accrued on promissory note		(31,661)	(10,890)
Changes in non-cash working capital items:			
Foreign exchange loss on cash		6,210	21,277
Accounts receivable		(62,420)	94,995
Interest and other receivables		(3,482)	20,158
Prepaid expenses and deposits		(170,201)	(9,034)
Accounts payable and accrued liabilities		117,790	(9,420)
Cash flows used in operating activities		(432,948)	(428,041)
Financing activities			
Loan		66,495	-
Loans, related parties		94,423	-
Cash flows provided by financing activities		160,918	-
Investing activities			
Proceeds on sale of exploration and evaluation assets	7	10,000	-
Acquisition of exploration and evaluation assets		(9,632)	(10,623)
Net redemption of short-term investments		-	540,000
Cash received on acquisition of assets	6	-	190,795
Cash flows provided by investing activities		368	720,172
Effect of exchange rate changes on cash		(6,210)	(21,277)
Change in cash during the year		(277,872)	270,854
Cash, beginning of year		323,471	52,617
Cash, end of year		45,599	323,471
Supplementary Information:			
Shares issued for acquisition of assets		-	483,560
Proceeds on sale of long-term investment		-	1,604,640
Inventory acquired in exchange for shares issued		-	60,000
Intangible assets acquired in exchange for shares issued		-	232,765

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

1. Corporate Information

Canada Rare Earth Corp. (“Canada Rare Earth” or the “Company”), was incorporated under the laws of British Columbia on July 8, 1987. The Company is a development stage company developing an integrated business within the rare earth industry from the initial mandate of acquiring and exploring mineral property interests. The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “LL”.

In October 2015, the Company executed a commercial agreement with a company in China and has been appointed the exclusive sales agent and distributor for products in Europe, the Americas, India and Russia, and the non-exclusive sales agent and distributor in Asia. This agreement will be extended in two-year increments in perpetuity so long as the Company purchases minimum amounts of products, as defined in the agreement, during sequential two-year periods.

In May 2016, the Company entered into an agreement to acquire 60% of the shares of a company based in Laos (“LaosCo”) that owns a full capability rare earth refinery (see note 14).

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern (see note 2c).

The address of the Company’s corporate office and principal place of business is 15th Floor – 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H1.

2. Basis of Presentation

a) Statement of compliance

These consolidated financial statements for the year ended March 31, 2017 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee.

The Company’s board of directors approved the release of these consolidated financial statements on July 31, 2017.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets and at fair value through profit or loss (“FVTPL”). The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

c) Going concern of operations

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Other than certain corporate finance fees and the buying and selling of a small amount of rare earths concentrate during the fiscal year ended March 31, 2017, the Company has not generated revenue from operations. The Company incurred a loss of $315,688 during the year ended March 31, 2017 and, as of that date the Company’s deficit was $20,802,228. The Company is dependent on its ability to raise additional debt, equity or general revenues to raise sufficient cash resources to meet its current financial

2. Basis of Presentation (continued)

c) Going concern of operations (continued)

obligations and plans including establishing an integrated business within the rare earth industry. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company had cash of $45,599 at March 31, 2017 (March 31, 2016 – $323,471).

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

3. Significant Accounting Policies

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: REM Metals Corp., an Ontario corporation; CREC South American Holdings Corp., a British Columbia corporation; and CanBras Minerals Ltda., a Brazilian corporation 100% owned by CREC South American Holdings Corp.

All the transactions and balances between the Company and its subsidiaries are eliminated on consolidation. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

b) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3. Significant Accounting Policies (continued)

c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

d) Impairment

At each statement of financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value to their present value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating units to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of impairment is recognized immediately in profit or loss.

e) Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

f) Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Company has only one single reportable operating segment.

g) Share capital

Share capital represents the fair value of consideration received.

3. Significant Accounting Policies (continued)

h) Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the services or at the date of their origin.

i) Share-based payment transactions

The Company operates an equity-settled share-based remuneration plan for its employees, directors and consultants. The Company's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

j) Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term investments and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. At March 31, 2017 and 2016, the Company did not have any cash equivalents.

3. Significant Accounting Policies (continued)

l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of loss and comprehensive loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of loss and comprehensive loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Supply Agreements	Contracts	Memorandum of Understanding	Customer Relationships
Useful lives	Finite	Finite	Finite	Finite
Amortization method used	Amortized on a straight-line basis over the period of expected future benefit	Amortized on a straight-line basis over the period of expected future sales from the related contract	Amortized on a straight-line basis over the period of expected future benefit	Amortized on a straight-line basis over the period of expected future sales from the related project

m) Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transaction costs and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

3. Significant Accounting Policies (continued)

m) Financial instruments (continued)

Financial assets and financial liabilities are measured subsequently as described below.

n) Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Available for sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within ‘office and miscellaneous’ or ‘interest and investment income’.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company’s promissory note, trade and most other receivables fall into this category of financial instruments.

ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain criteria and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The Company’s cash and short-term investments fall into this category of financial instruments.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold any investments designated into this category.

3. Significant Accounting Policies (continued)

n) Financial assets (continued)

iv) Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company currently does not hold any financial assets designated into this category.

o) Financial liabilities

The Company's financial liabilities include trade and other payables and loans.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

All interest-related charges, and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'office and miscellaneous' or 'interest and investment income'.

p) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment has been impacted. For unlisted shares classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterpart; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, deposits and prepayments, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly through the use of an allowance account. When an amount receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Company does not have any derivative instruments.

4. Adoption of New Accounting Pronouncements and Recent Developments

Standards, amendments and interpretations not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements for accounting periods beginning on or after January 1, 2018, with early adoption permitted:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

The potential impact of the adoption of these standards on the consolidated financial statements of the Company has not yet been determined.

5. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously 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 outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

<u>Critical Judgments</u>

Going concern of operations

Management has made the determination that the Company will continue as a going concern for the next year.

Intangible assets

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an intangible asset is capitalized, information becomes available suggesting that the recovery of the value of the asset is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

6. Acquisition of CEC Rare Earth Corp. Assets

In September 2015, the Company acquired assets from CEC Rare Earth Corp. ("REC"), an affiliated private British Columbia company. The acquired assets included $190,795 of cash, $60,000 of inventory, receivables determined to have $nil fair value and intangible assets determined to have a fair value of $232,765 in the form of certain business arrangements that relate to exploring for, mining, concentrating, sourcing, treating, separating and selling rare earths in all forms and at all stages, and rights to earn equity positions in various initiatives.

The fair market value of the assets acquired was as follows:

	$
Cash	190,795
Inventory	60,000
Intangible assets (see note 8)	232,765
Assets acquired	483,560

Consideration paid and payable for the acquired assets is as follows:

a) Common Shares – the Company issued 24,178,000 common shares subject to an escrow provision over 18 months.

b) Royalty Streams – the Company will pay three royalty streams, for the implementation and execution of contracts and business arrangements and the disposition of the assets acquired by the Company, as follows:

- *Royalty Stream A* – a royalty stream consisting of 5% of the first US$70 million or equivalent of non-refundable gross cash collected;
- *Royalty Stream B* – for a period of 12 years from closing, a royalty stream consisting of 5% of the non-refundable gross cash collected plus 10% of dividends received from equity ownership in rare earth businesses derived from the acquired assets. For a period of three years from closing, the Company retains the right to buy out the obligation for payments of this royalty stream and dividends for the amount of US$15 million less 50% of payments previously made pursuant to this royalty stream.
- *Royalty Stream C* – a royalty stream consisting of 3% of the first US$70 million or equivalent of non-refundable gross cash collected. For a period of two years from closing, the Company has the right, subject to shareholder and/or regulatory approval, to purchase or otherwise cancel this royalty stream by issuing 15,712,000 escrow shares to REC's major shareholder.

In addition, 5,000,000 options shall remain exercisable at $0.10 per share until November 8, 2017 and the Company agreed to indemnify REC for up to $40,000 of Canadian corporate income taxes resulting from this transaction, if any.

The fair value of the common shares issued was determined to be $483,560, based on the Company's share price.

As at March 31, 2016, the Company wrote off the $60,000 value of inventory acquired.

As at March 31, 2017, the Company has accrued $9,876 of royalty payable to REC Shareholders, reflected in the cost of sales.

7. Exploration and Evaluation Assets

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The Company has capitalized/written off the following acquisition costs of its mineral property interests during the years ended March 31, 2016 and March 31, 2017:

	Springer	Red Wine Complex	Clay-Howells	Coldwell Complex	Hinton Coal	Total
	$	$	$	$	$	$
March 31, 2015	50,300	374,336	411,278	13,666	980,000	1,829,580
Acquisition costs for the year	320	-	121	550	9,632	10,623
Write-off	(50,620)	(374,336)	(411,399)	(14,216)	(989,632)	(1,840,203)
March 31, 2016	-	-	-	-	-	-
Acquisition costs for the year	-	-	-	-	9,632	9,632
Write-off	-	-	-	-	(9,632)	(9,632)
March 31, 2017	-	-	-	-	-	-

During the year ended March 31, 2017, and March 31, 2016, the Company did not incur any exploration expenditures and wrote off all capitalized acquisition costs.

As of March 31, 2017, the Company held an interest in the Springer, Red Wine Complex and Hinton Coal properties. The Company is seeking business opportunities for all its existing exploration and evaluation assets.

During the year ended March 31, 2017, the Company sold the Clay-Howells property for a one-time payment of $10,000.

See note 22.

8. Intangible Assets

	Supply Agreements $	Contracts $	Memorandum Of Understanding $	Customer Relationships $	Total $
Cost					
At March 31, 2016, and March 31, 2017	99,472	29,842	3,979	99,472	232,765
Accumulated amortization and impairment					
At March 31, 2016	-	-	-	-	-
Amortization expense	19,894	-	-	-	19,894
Impairment provision	-	-	3,979	-	3,979
At March 31, 2017	19,894	-	3,979	-	23,873
Net book value					
At March 31, 2016	99,472	29,842	3,979	99,472	232,765
At March 31, 2017	79,578	29,842	-	99,472	208,892

Supply Agreements

The Company has supply agreements to sell rare earth concentrate to refineries held by CREC's partners.

Contracts

The Company acquired a design, build and operating agreement to build a 3,000 tons per annum rare earth refinery. The contract was partially executed (phase 1 of 3 complete) but was halted for lack of payment by the contracting party and a drop in the rare earth prices that made the project uneconomical. The project is currently on hold and may be restarted if the rare earth market recovers sufficiently.

Memorandum of Understanding (“MOU”)

The Company holds a non-binding MOU with a company for a complete design and build of a rare earth complex. Following the execution of the MOU, geopolitical issues in the region led to the project being put on hold. As of March 31, 2017, the Company does not expect the project to restart and as such the asset has been impaired.

Customer Relationships

The Company has acquired relationships with customers in the rare earth market that were developed by REC.

Amortization expense of $19,894 (2016 - $nil) is included in cost of sales.

Also see note 6.

9. Promissory Note

In September 2013, the Company acquired a 15% interest (2,348,147 common shares) in a private Delaware company ("Delaware Co."). Delaware Co. is a mineral exploration and exploitation company. The Master Agreement comprised a Common Stock Purchase Agreement ("CSPA") and a Land Lease Agreement ("LLA"). Pursuant to the CSPA, the Company paid US$1,100,000 ($1,141,720) for its 15% interest and was provided with a 25 year lease of 15 acres of deeded land in accordance with the LLA. Pursuant to the LLA, the Company was granted an option to renew the lease for an additional consecutive 25 years. For the purposes of the LLA, the US$1,100,000 investment was considered to represent a pre-payment of rent for the initial 25 year period of the lease.

On December 1, 2015, the Company entered into the CREC Stock Purchase Agreement ("SPA"). Pursuant to the SPA, Delaware Co. repurchased the Company's 15% interest for gross proceeds of US$1,200,000 ($1,604,640) resulting in a gain on sale of its long-term investment of $462,920. The gross proceeds are secured by a US$1,200,000 promissory note. The promissory note bears interest at 2% per annum for the first 24 months and 6% per annum for the final 12 months. The principal balance plus accrued interest is due on or before November 30, 2018. Pursuant to the SPA, the lease and lease option were cancelled. The Company, in its sole discretion, has the right to extend the maturity date in the event Delaware Co. fails to pay on a timely basis. If Delaware Co. defaults, the Company has the right and option to either extend the promissory note on its current terms or reinstate the equity investment in Delaware Co., any company that owns, directly or indirectly, the deeded land or any entity affiliated with any of these companies. The equity investment shall be US$1,200,000 plus interest accrued on the promissory note converted at a 10% discount to the lowest priced issuance of shares by that entity in the past 24 months. In addition, the lease and lease option shall be reinstated with an extension for the lease term equal to the duration of the period of time the promissory note was outstanding.

At March 31, 2017, the fair value of the promissory note was approximately $1,596,000 (approximately US$1,200,000). Fair value was determined using an income approach. An income approach is a present value technique that takes into account the future cash flows that would be expected to be received from holding the promissory note. Present value was calculated using the following attributes: future lump sum payment of US$1,323,389, including principal and interest, at the three-year anniversary date of the promissory note, 20 months to maturity, and a discount rate of 6%.

See note 22.

10. Mata Azul Participation Right

In July 2014, the Company paid US$35,000 ($38,548) to Mineracao Mata Azul S.A. ("Mata Azul") and entered into a long-term rights agreement to purchase all of the rare earth concentrate to be produced from the Mata Azul property. Pursuant to the longer term supply/sales agreement, the Company has the right but not the obligation to purchase all of the rare earth concentrate produced from the Mata Azul property. The duration of the agreement is for 20 years commencing with production plus automatic extensions under certain situations.

In November 2014, the Company entered into a joint venture agreement with Mata Azul to advance exploration and establish and operate mining and concentration operations for rare earth and other mineral rights owned by Mata Azul. This business arrangement allows for the Company to control the exploration and development of the Mata Azul property and ratifies the previously announced agreement between the Company and Mata Azul which provides the Company with the right to purchase all of the rare earth concentrate from the project. In January 2016, the joint venture agreement expired, although the long-term rights agreement continues.

In November 2014, the Company also advanced a loan in the amount of US$12,500 ($14,196) to Mata Azul. The loan carries an interest rate of 6% and matured in November 2015 and the amount became overdue and by mutual agreement was further extended to November 2016. As at March 31, 2017, the Company has recorded $2,466 of interest receivable on the loan and the parties are negotiating a further extension of the loan.

In November 2014, the Company entered into two letters of intent (each an "LOI") to sell 10,000 metric tons annually, of rare earth concentrate to two affiliated full spectrum rare earth separation refineries situated in Asia. The two LOIs, each having a five year term, are hedged with the Company's 20-year right (but not obligation) to purchase rare earth concentrate from the Mata Azul property in Brazil.

11. Loan

At March 31, 2017, the Company had a loan outstanding in the amount of $66,495 (US$50,000) (2016 - $nil). The loan is repayable within three business days of the company attaining specific benchmarks. The loan bears interest of US$2,500 until May 17, 2017 and 18% per annum thereafter until repaid.

12. Related Party Transactions

Key management personnel compensation was:

Year ended March 31	2017 $	2016 $
Short-term benefits	150,000	166,300
Share-based payments	25,550	71,963
	175,550	238,263

The short-term benefits were paid or accrued to management and directors of the Company or to companies controlled by management and directors. The Company also paid or accrued $65,030 (March 31, 2016 - $43,516) to certain officers and directors or to companies controlled by certain officers and directors for reimbursement of travel, exploration, office rent and other related expenses.

During the year ended March 31, 2017, the Company paid $nil (March 31, 2016 - $135,000) in consulting fees to a company related by common directors.

During the year ended March 31, 2017, the Company paid or accrued $5,356 (March 31, 2016 - $nil) for office rent and related expenses to a company related by common party. The common party is currently a director of the Company and an officer of the lessor.

The Company also paid or accrued legal fees of $8,700 (March 31, 2016 - $56,659) to a company controlled by an officer of the Company. Also, $31,898 (March 31, 2016 - $7,424) of the office rental and related costs have been paid by the officer of the Company as per an agreement to share such expenses equally between the Company and the officer. See note 18.

During the year ended March 31, 2017, the Company earned $nil (March 31, 2016 - $92,363) in corporate finance fees from a company controlled by a former director’s relative.

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 amount of consideration established and agreed to by the related parties.

The Company had $82,467 included in accounts payable and accrued liabilities that was payable to related parties as at March 31, 2017 (March 31, 2016 - $6,194). The payment terms are similar to the payment terms of non-related party trade payables.

During the year ended March 31, 2017, the Company had loans outstanding in the amount of $94,423 (US$71,000) to two directors of the Company. The amounts are unsecured, bearing interest at a rate of 6% per annum calculated daily and are due on demand. See note 22.

13. Share Capital and Reserves

a) Share Capital

Authorized: Unlimited common shares without par value.

Issued: 166,940,141 (2016 – 166,940,141) common shares.

b) Stock Options

The Company may grant options to the Company's directors, officers, employees and service providers under the Company's stock option plan. In March 2017, the shareholders of the Company approved an increase in the number of options reserved for issuance under the plan to 33,880,028. The plan was amended so that the number of shares reserved for issuance is 20% of the Company's outstanding shares. The Company recognizes share-based payments in connection with stock options granted over their respective vesting periods, with stock options typically vesting in various increments and having a maximum term of five years.

In May 2015, the Company granted stock options to a consultant of the Company to purchase up to 500,000 common shares at an exercise price of $0.05 until May 2020. These options were cancelled in March 2016.

In July 2015, the Company granted stock options to directors, officers, employees and consultants to purchase up to 7,875,000 common shares at an exercise price of $0.05 until July 8, 2020. The options vest in four equal instalments over 18 months.

In April 2016, the Company granted stock options to a director of the Company to purchase up to 300,000 common shares at an exercise price of $0.05 until April 4, 2021. The options vest in four equal instalments over 18 months.

In February 2017, the Company granted stock options to a consultant of the Company who later became a director to purchase up to 300,000 common shares at a price of $0.05 until February 17, 2022. The options vest in four equal instalments over 18 months.

The weighted average grant-date fair value of options awarded in the year ended March 31, 2017 was $0.03 (March 31, 2016 - $0.02). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

	2017	2016
Volatility	149.82% - 162.34%	136.03% - 157.14%
Expected life	5 years	4 - 5 years
Risk-free interest rate	0.50% - 1.16%	0.54% - 1.00%
Dividend yield	0%	0%

13. Share Capital and Reserves (continued)

b) Stock Options (continued)

A summary of stock option activity to March 31, 2017 is as follows:

	Number	Weighted Average Exercise Price $
Options outstanding at March 31, 2015	16,700,000	0.12
Granted	8,375,000	0.05
Cancelled	(500,000)	0.05
Expired	(825,000)	0.37
Options outstanding at March 31, 2016	23,750,000	0.09
Granted	600,000	0.05
Cancelled	(200,000)	0.10
Expired	(800,000)	0.17
Options outstanding at March 31, 2017	23,350,000	0.08

The Company's outstanding and exercisable stock options at March 31, 2017 were:

	Outstanding Options			Exercisable Options	
Expiry Date	Number	Weighted Average Remaining Life	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
June 2017[(1)]	500,000	0.17	0.07	500,000	0.07
November 2017	14,425,000	0.61	0.10	14,425,000	0.10
February 2020	250,000	2.88	0.05	250,000	0.05
July 2020	7,575,000	3.27	0.05	7,575,000	0.05
April 2021	300,000	4.01	0.05	150,000	0.05
February 2022	300,000	4.90	0.05	75,000	0.05
	23,350,000	1.59	0.08	22,975,000	0.08

(1) On March 22, 2016, the Company amended the expiry date of 500,000 options, including 200,000 options originally due to expire in November 2017 and 300,000 options originally due to expire in July 2020, to June 2017, pursuant to a consulting agreement with a former director.

14. Agreement to Purchase a Rare Earth Refinery

In May 2016, the Company entered into an agreement to purchase 60% of the issued and outstanding shares of a company based in Laos ("LaosCo"). LaosCo owns a full capability rare earth refinery that is designed to process monazite rare earth concentrate and separate the concentrate into the entire spectrum of commercially traded rare earths including light and heavy elements. LaosCo's future development plans include extending operating capabilities and rare earth metal making.

Although the written agreement expired the owner of LaosCo and the Company have continued with the terms of the agreement pursuant to a verbal understanding. The agreement continues to be subject to certain terms and conditions including: receiving an operating permit and paying a specified purchase price for the shares within a currently unspecified period of time. There can be no assurance that the operating permit will be received, the necessary funding for the purchase of the shares will be raised or that the verbal agreement will be honoured. For proprietary business and competitive pricing reasons and while fund raising for this initiative the purchase price of the LaosCo shares will not be publicly disclosed until the transaction closes. The expired written agreement called for the granting of warrants to the owner of LaosCo allowing for the purchase of 40,000,000 common shares of the Company at $0.25 per warrant share, exercisable within 30 days of closing. Subsequently, the parties agreed to cancel the obligation to grant the warrants.

Once the purchase of the LaosCo shares closes, shareholders of LaosCo will be responsible for contributing their respective pro-rata shares of working capital requirements. Additionally, shareholders will be responsible for their pro-rata share of future, agreed upon capital expenditures (such as for extending the refinery's capabilities to rare earth metal making utilizing the oxide production).

15. Capital Disclosures

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its trading activities; and
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions and its short-term working capital requirements. The Company may increase its capital by issuing flow-through or non-flow-through common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirements. These budgets are approved by management and updated for changes in the underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the year.

In order to maintain or adjust the capital structure, the Company considers the following:

i. Incremental investment and acquisition opportunities;
ii. Equity and debt capital available from capital markets;
iii. Equity and debt credit that may be obtainable from the marketplace as a result of growth in mineral reserves;
iv. Sale of assets;
v. Limiting the size of the exploration programs; and
vi. New share issuances if available on favourable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at March 31, 2017.

16. Risk Management

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, interest rate risk and market risk.

a) Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash, accounts receivable, promissory note and interest receivable amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) Trade credit risk

The Company monitors and controls its risks and exposures through financial and credit based systems and to a large extent through personal relationships and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review.

ii) Cash

In order to manage credit and liquidity risk the Company's cash is held through a large Canadian financial institution.

iii) Promissory note, interest receivable

The Company is able to minimize its risk on the promissory note and interest receivable by exercising its right to convert the outstanding amount into equity investment in the Delaware Co.

As at March 31, 2017, the Company had no derivative financial instruments.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities.

Accounts payable and accrued liabilities are due within the current operating period.

c) Interest rate risk

Interest rate risk pertains to interest income earned on the promissory note and a receivable. The Company actively manages its interest rate exposure, where possible. The interest rate on the Company's promissory note is at 2% per annum for the first 24 months and 6% per annum for the final 12 months. Interest on the receivable is at 6% per annum until the receivable has been repaid. At March 31, 2017, the receivable and the accrued interest are overdue.

d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

16. Risk Management (continued)

e) Foreign currency exchange rate risk

The Company is exposed to foreign currency fluctuations as it has cash, accounts receivables, interest and other receivables, prepaid expenses and deposits, promissory note, interest receivable on promissory note, Mata Azul participation right, loan and loans, related parties denominated in US dollars. There are no exchange rate contracts in place. A 10% change in the US dollar will affect profit/loss by approximately $177,000.

Financial instruments denominated in foreign currencies are:

At March 31, 2017	US Dollars
Assets	1,458,924
Liabilities	125,270
Exchange rate - $1.00 =	.7519

At March 31, 2016	US Dollars
Assets	1,466,480
Exchange rate - $1.00 =	.7225

f) Risk of economic dependency

The Company is reliant on one customer for majority of its sales of rare earth concentrate. If the Company's relationship is impaired with this customer, it would have an adverse impact on the Company's business.

g) Fair value of financial instruments

The fair value of the Company's financial assets and liabilities, excluding the promissory note and related interest receivable, approximates the carrying amount due to their short term nature and capacity for prompt liquidation. See note 9 for the fair value of the promissory note.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

16. Risk Management (continued)

g) Fair value of financial instruments (continued)

The following is an analysis of the Company's financial assets, which are measured at fair value as at March 31, 2017 and March 31, 2016:

	As at March 31, 2017		
	Level 1 $	Level 2 $	Level 3 $
Cash	45,599	-	-

	As at March 31, 2016		
	Level 1 $	Level 2 $	Level 3 $
Cash	323,471	-	-

17. Income Taxes

a) Provision for current tax

No provision has been made for current income taxes, as the Company has no taxable income

b) Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at March 31, 2017, the Company has unused non-capital loss carry forwards of approximately $9,139,000 (2016 – $8,811,000). In addition, the Company has approximately $11,341,000 (2016 – $11,341,000) of resource tax pools available, which may be used to shelter certain resource income.

The provision for income taxes differs from the amount that would have resulted by applying combined federal and provincial statutory rates of 26.00% (March 31, 2016 – 26.00%) to the Company's loss before income taxes. A reconciliation of income taxes at statutory rates is as follows:

	2017 $	2016 $
Net loss for the year before tax recovery	(315,688)	(2,134,775)
Expected income tax recovery	(82,079)	(555,042)
Net adjustment for deductible and non-deductible amounts	(652)	414,077
Taxable gain on sale of long-term investment	-	231,460
Capital gains reserve	46,292	(185,168)
Application of 2006 non-capital loss carryforwards	-	(46,292)
Unrecognized benefit on non-capital losses	36,439	140,965
Total income tax	-	-

The Company has non-capital losses amounting to $9,139,000 expiring from 2026 to 2037 available for deduction against future years' taxable income. The Company has not recognized any future benefit for these tax losses, as it is not considered likely that they will be utilized. If unused, these tax losses will expire as follows:

Year	$
2026	506,000
2027	721,000
2028	779,000
2029	292,000
2030	571,000
2031	1,154,000
2032	1,230,000
2033	1,221,000
2034	1,011,000
2035	830,000
2036	552,000
2037	272,000
	9,139,000

18. Commitments

On December 7, 2015 the Company entered into a commercial property lease expiring April 29, 2021. The future minimum rental payments under the non-cancellable operating lease at March 31, 2017 are:

Year ending March 31	$
2018	62,292
2019	62,292
2020	66,864
2021	67,280
2022	5,607
	264,335

The Company has a written agreement with a related party to sublease to the related party 50% of this office space. The related party will split premises costs on a 50/50 basis with the Company for the duration of the lease. Each party pays its 50% share.

The Company has a commitment to pay US$20/ton to a maximum of 30,000 tons as finders' fee for rare earth concentrate sourced from a certain entity.

19. Corporate Finance Fees

In September 2014, the Company was engaged to provide corporate finance, strategic and business development services for a mechanically complete, full spectrum rare earth separation refinery built in Laos for a period of one year ending September 2015. In consideration, the Company received a retainer of US$25,000 per month for the duration of the mandate. The engagement and payments ceased with mutual consent in June 2015, and the parties entered into new negotiating which culminated in the agreement to purchase 60% of LaosCo in May 2016 (Note 14).

20. Revenue

During the year ended March 31, 2017, the Company earned business development fees for procuring rare earth concentrate for a buyer in Asia and also from trading activities by purchasing rare earth concentrate from a supplier in Asia and selling the concentrate to buyers in North America and Europe.

Following is an analysis of Company's revenue for the years ended March 31, 2017 and 2016:

Year ended March 31	2017	2016
Revenue from sale of oxides and rare earth concentrate	93,175	-
Revenue from business development fee	67,440	-
Corporate finance fee	-	92,363
	160,615	92,363

During the year ended March 31, 2017, the Company's trading activities involved sourcing the rare earth concentrate from sellers to match the buyer's specifications. The Company has no commitments to its buyer or sellers other than operating under certain guidelines. The price of the rare earth concentrate is fully hedged at the onset of the purchase of each shipment.

21. Loss Per Share

Year ended March 31	2017	2016
Net loss for the year ($)	(315,688)	(2,134,775)
Weighted average number of common shares outstanding	166,940,141	155,181,442
Loss per share, basic and diluted ($ per share)	(0.00)	(0.01)

Basic loss per common share has been calculated using the weighted average number of common shares outstanding in each respective period. As the issue of shares upon the exercise of stock options and warrants would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

22. Events After the Reporting Period

Subsequent to the year ended March 31, 2017, the Company:

- Allowed all the claims relating to the Springer property and 11 claims relating to the Red Wine Complex to lapse.
- Granted stock options to a consultant to purchase up to 100,000 common shares at an exercise price of $0.05 until April 3, 2022. The options vest in four equal instalments over eighteen months.
- Repaid a US$50,000 loan to a related party (note 12).
- Entered into an agreement with Delaware Co. to convert the promissory note into shares of two private Haitian companies and one private US company once certain conditions are met.