CANADA RARE EARTH CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended December 31, 2014

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General

The following is management's discussion and analysis ("MD&A") of Canada Rare Earth Corp. prepared as of February 18, 2015. This MD&A should be read together with the unaudited interim condensed consolidated financial statements for the nine months ended December 31, 2014 and the audited consolidated financial statements and related notes for the year ended March 31, 2014.

Certain information included in the following MD&A may constitute forward-looking statements within the meaning of applicable laws and regulations. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties, which could cause actual results to differ materially from those anticipated. The Company expressly disclaims any obligation to update forward-looking statements, unless so required by applicable law, and readers should read this MD&A with the understanding that actual future results may be materially different from those expected.

The Company's unaudited condensed consolidated interim financial statements for the nine months ended December 31, 2014 have been prepared in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee.

This MD&A contains "forward looking statements" that are subject to risk factors set out in this MD&A.

Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars, which is the Company's functional and reporting currency. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Overview

Canada Rare Earth Corp. (the "Company") is a Canadian development stage company developing a vertically integrated business within the global rare earth industry with the initial mandate of acquiring and exploring mineral property interests. The Company's common shares are listed on TSX Venture Exchange ("TSX-V") under the symbol "LL".

Prior to transitioning its business to that of a vertically integrated company, the historical focus of the Company had been to seek out and explore mineral properties of potential economic significance and advance these projects through prospecting, sampling, geological mapping and geophysical surveying, trenching and diamond drilling in order for management to determine if further work is justified. The Company's property portfolio consists primarily of projects focusing on rare earth metals and strategic metals.

Incorporation and Organization of the Company

The Company was incorporated under the laws of British Columbia on July 8, 1987. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "LL".

The Company's head office is located at Suite 400 – 602 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1P2 and its registered office is located at Suite 700 - 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

As of the date of this MD&A, the Company has three subsidiary companies: REM Metal Inc., a wholly owned Ontario corporation; CREC South American Holdings Corp., a wholly owned British Columbia corporation; and CanBras Minerals S.A, a company in the process of incorporation in Brazil and 80% owned by CREC South American Holding Corporation.

Long-term Investments

The Company currently owns a 12% interest in common shares of a private Delaware company ("Delawareco"). Delawareco is a U.S. based mineral exploration and exploitation company with property in the Caribbean.

As part of its agreement to purchase the shares of Delawareco, the Company obtained the right to lease, for an initial period of 25 years, 15 acres of deeded land of Delawareco's 2,500 hectare parcel of land in Haiti, on which it would be suitable to construct a rare earth refinery. The Company continues to seek financing and obtain regulatory approvals to establish a full spectrum refinery on that acreage.

Corporate Developments and Highlights

The Company's objective is the development of an integrated rare earth business with refining capabilities in various jurisdictions including Asia, the Caribbean and South America. Recent developments and initiatives include:

- In February 2015, the Company completed the sale of the Manitouwadge graphite property. See *Exploration and Evaluation Assets* below.
- In January 2015, the Company appointed Salil Dhaumya as chief financial officer. Mr. Dhaumya has more than 20 years of experience providing services to Canadian and US listed companies with international subsidiaries and private companies in the areas of finance, administration and public accounting. Evan Asselstine and Matt Witiluk resigned from their positions as chief financial officer and controller, respectively, with the Company, and they agreed to continue as advisors
- In November 2014, the Company entered into a joint venture agreement with Mineracao Mata Azul S.A. ("Mata Azul") to advance exploration and establish and operating mining and concentration operations for rare earth and other mineral rights owned by Mata Azul. The Company entered into an agreement with Mata Azul providing the right but not the obligation to purchase all of the rare earth concentrate to be produced from the Mata Azul property for 20 years. The Company also entered into two letters of intent (each an "LOI") to sell 10,000 metric tons ("MT") annually, of rare earth concentrate to two affiliated full spectrum rare earth separation refineries situated in Asia.
- In September 2014, the Company entered into separate agreements to option the Hinton Coal property and the Manitouwadge graphite property for a total of $1,179,000 plus royalties and reimbursement of certain expenses. See *Exploration and Evaluation Assets* below.
- 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.

Exploration and Evaluation Assets

The Company's mineral projects include the Mata Azul project, Red Wine project and the Clay-Howells property. Other projects include property in the Coldwell Complex and the Hinton Coal property and a number of other properties which have been previously written off. As described below, the Company has completed the sale of the Manitouwadge graphite property.

Mata Azul

On November 3, 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 (the "Joint Venture"). 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.

The Company had previously 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 long-term supply and sales agreement, the Company has the rights but not obligation to purchase all of the rare earth concentrate produced from the Mata Azul property for a base price plus a percentage of the difference between the base price and fair market value.

On November 5, 2014, the Company entered into two LOIs to sell 10,000 MT 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. As a result of the Company entering the two LOI's, 1,425,000 stock options were released pursuant to their second vesting provision.

Red Wine

The Red Wine project consists of a group of properties situated in a geological complex referred to as the "Red Wine Complex" located in west central Labrador. The Company's Red Wine project is located approximately 160 kilometers northwest of Happy Valley-Goose Bay and 120 kilometers northeast of Churchill Falls, and between 15 kilometers and 60 kilometers from the Orma Lake Road, a hydro dam access road leading from Churchill Falls to a number of dykes and dams on the east side of the Smallwood Reservoir. The properties are near a road with access to electricity, a deep water port and railhead.

The material properties of the Company's Red Wine Complex consist of the Mann #1 property (comprised of 48 claim units) and Two Tom property (comprised of 34 claim units), which were acquired by option from third parties, and the Dory Pond property (155 claim units), which was acquired by staking by the Company. The properties, together with the property known as the Zimtu Property (50 claim units), are located in four separate claim groups located over a 30 kilometre length of the Red Wine Complex.

Historical exploration

Two Tom - During 2010 and 2011 a total of 23 holes were drilled on the Two Tom property and an independent resource report was completed in December 2011, which includes the following highlights:

- Inferred mineral resource of 40.635 million tonnes grading at 1.18% total rare earth oxide ("TREO"), 0.26% niobium oxide (Nb205) and 0.18% beryllium oxide (BeO) at a 0.60% TREO cut-off grade in the inferred category
- Neodymium content is 15.9% of the TREO
- Calculation is based on over 5,140 meters of drilling in 22 holes and four trenches (44.2 meters), and 2,647 assay samples covering approximately 1,200 meters of strike length to an average depth 200 meters
- Resource areas open along multiple directions and to depth
- Additional drilling recommended for next phase of drilling.

Dory Pond - Numerous new rare earth element mineralized occurrences were located on the Dory Pond property in 2011 through prospecting and follow-up of airborne anomalies. These occurrences are notable because of the percentages of heavy rare earth elements ("REE") that were obtained from the sampling. Of particular note is a cluster of REE rich boulders that have been traced over a distance of four kilometers that had prospect sample values up to 8.48% TREO and 4.63% zirconium oxide (ZrO2). Values from the prospect samples also contained very significant heavy rare earth content that varied from 4% to 54% TREO. Soil geochemistry results outline three separate high REE zones from 250 meters to 1,600 meters wide. The largest of these soil anomalies is the Dory "Mega" Soil Target. This target consists of a three kilometer by two kilometer REE – in-soil anomaly located in the southern half of the Dory Pond property. The source rocks for this anomaly are not known and have yet to be drill tested.

In 2012, the Company decided to select the Two Tom property, the Mann #1 property and the Dory Pond property as the properties to concentrate on in the Red Wine Complex and allowed other properties with less potential to be dropped. Exploration at Dory Pond has defined an east-northeast trending zone of heavy REE mineralization (the HREO Corridor). The corridor is defined by a series of highly radioactive outcrops and high grade HREO grab samples. The trend is centered on the ore grade drill intersection referred to as the B3N-03 Zone. A number of new targets for additional drill testing has been outlined which includes diamond drilling step out holes on the B3N-03 Zone and target testing of certain soil anomalies.

During fiscal 2013, further metallurgical work was carried out by XPS to investigate the probability of producing a mineral concentrate by means of magnetic separation. These tests were inconclusive and further work is required.

During 2014 fiscal, the Company determined which claims would not be subject to further exploration work at the Red Wine Complex and, as a result, wrote off $702,406 in exploration and evaluation assets.

Outlook

The Company is currently seeking business opportunities for the Red Wine project.

Clay-Howells

The Clay-Howells property consists of 45 patented claims (mining and surface) of approximately 720 hectares and 30 unpatented claims (mining) of approximately 6,656 hectares located 45 kilometers north-northeast of Kapuskasing, Ontario. The Clay-Howells property is accessible by existing forest roads leading north from the mill town of Kapuskasing, where infrastructure including highway, railroad, pipelines and airports are readily available. Because of its REE potential and its similarity to the Bayan Obo Iron-REE Mine in China, the Company purchased a 100% interest in the patented claims subject to a 2% net smelter return royalty ("NSR"). The

Company has the right and option to purchase, at any time, one-half of the NSR in consideration of the payment of $1,000,000 to the optionor.

Historical exploration

Work carried out at the Clay-Howells property in 2011 included prospecting, mineralogy studies and diamond drilling. In September 2011, the Company announced its initial National Instrument 43-101 ("NI 43-101") compliant resource estimate in respect of the Clay-Howells property. The resource estimate was completed by Tetra Tech Wardrop ("Tetra Tech") of Toronto, Ontario and a summary of the results is as follows:

- 8.5 million tonnes grading at 0.73% TREO, 0.13% niobium oxide (Nb205) and 44.17% iron oxide (Fe_2O_3) at a 0.6% TREO cut-off grade in the inferred category
- 40.4 million tonnes grading at 0.48% TREO and 34.62% Fe_2O_3 within a larger 0.2% TREO gradeshell
- HREO/TREO ratio is 10%
- Calculation is based on over 5,436 meters of drilling in 18 holes and 1,825 assay samples covering 700 meters of strike length to an average depth of 280 meters
- Resource areas open along multiple directions and to depth

During fiscal 2014, the Company determined which claims would not be subject to further exploration work and, as a result, wrote off $23,589 in exploration and evaluation assets.

Outlook

The Company is currently seeking business opportunities for the Clay-Howells property.

Springer

During fiscal 2014, the Company determined no further exploration work would be conducted on the project and as a result wrote off $537,276 in exploration and evaluation assets.

Outlook

The Company intends to sell the surface rights for the Springer project.

Coldwell Complex

The Coldwell Complex property was acquired by staking and is 100% owned by the Company. The property consists of 99 unpatented mining claims of approximately 1,584 hectares and is located in the Coldwell Alkaline Complex in Northern Ontario. The Coldwell property is between Pic River and Dead Horse Creek, on the north shore of Lake Superior, 275 kilometers east of Thunder Bay.

The Coldwell property mainly covers the central and western sections of the Coldwell Complex. There are 12 historic occurrences of niobium, zirconium, yttrium, and REEs documented on the property to date. Values up to 1.2% Ce205, 1.35% Nb_2O_5 and 2.44% ZrO_2 were reported from grab samples.

Historical exploration

Field work including airborne surveying and prospecting was initiated on this project in May 2011. New prospect sample results include values ranging from 0.03% up to 3.97% TREO with

HREO/TREO ratios ranging from 9% to 54%. Niobium values were also highly prospective with values ranging from 0.02% Nb_2O_5 to 1.29% Nb_2O_5. The sampling program was focused on airborne radiometric anomalies outlined from the completed 1,522 line kilometer airborne magnetic and radiometric survey. These discoveries confirm that the Coldwell property hosts REE mineralization with a significant heavy REE component and the zones tend to be associated with radiometric anomalies which in some cases are several kilometers in size.

During fiscal 2014, the Company determined which claims would not be subject to further exploration work and, as a result, wrote off $108,336 in exploration and evaluation assets.

During the summer of 2014, the Company carried out a small prospecting program as a follow up from previous sampling and as a result detailed sampling was done over one of the main Niobium showings. The sampling was successful in outlining an area of Niobium mineralization of approximately 300 meters wide by 900 meters long.

Outlook

The Company is currently seeking business opportunities for the Coldwell Complex property.

Hinton Coal Property

The Hinton Coal property is located approximately 306 kilometers west of Edmonton, Alberta. It covers an area measuring approximately 2,752 hectares. The closest major centre is Hinton, Alberta, located approximately 19 kilometers 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.

In June 2008, the Company acquired 100% ownership in the Hinton Coal property and in July 2008 filed a NI 43-101 report for the 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
H V C Bituminous (thermal)	47,032,000	2,557,000	161,000
In-Place Coal Resources Suitable for Surface Mining to 12:1 to 20:1 Strip Ratio (tonnes)			
	Measured	Indicated	Inferred
H V C Bituminous (thermal)	33,339,000	23,838,000	8,559,000
	(tonnes)		
	Measured and Indicated		Inferred
Total Resources	106,766,000		8,720,000

The coal resources on the Hinton Coal property were estimated based on previous exploration drilling. A total of 87 coal exploration drill holes covering 7,067 meters were drilled in and around the area. The high volatile, bituminous, low sulphur coal of the Hinton Coal 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. The Company continues to own a 100% interest in the Hinton Coal property.

Historical exploration

No exploration work has been undertaken on this project since fiscal 2010.

Outlook

In September 2014, the Company entered into an agreement to option the Hinton Coal property. On September 11, 2014, the Company received a non-refundable deposit of $20,000 upon signing the agreement and has received a further deposit of $10,000 as non-refundable advance in consideration of extending the due diligence period to March 7, 2015. The $10,000 is to be applied against the $200,000 payment due upon successful conclusion of the due diligence being undertaken by the optionee.

The optionee may make the $190,000 and two additional payments of $400,000, payable at the option of the optionee with a minimum of half cash and the balance of shares of a publicly traded company issued at a discount to the volume weighted adjusted price. The payments are due March 7, 2015; March 7, 2016 and March 7, 2017. The Company will be granted a royalty of $0.15 per tonne on the first 20,000,000 tonnes of coal produced from the site. The optionee may purchase this royalty for $1,000,000.

Manitouwadge Graphite Property

The Manitouwadge graphite property was acquired by staking and is 100% owned by the Company and consists of 191 unpatented mining claims of approximately 3,056 hectares and is located approximately 30 kilometers north of the town of Manitouwadge in northwestern Ontario. Most of the property is accessible by road and parts of the property which are inaccessible from roads are best reached by helicopter from the Marathon Airfield.

In June 2012 the Company completed a 22-kilometre cut grid as well as completed 18.5 kilometers of ground horizontal loop electromagnetic (HLEM) survey on the property. The HLEM survey delineated 6 conductors that range in strike length from 150 meters to greater than 1.6 kilometers. Three of the conductors are coincident with the three graphitic horizons where results from trench chip samples range from 4 to 12 meters thick with grades ranging from 2.04% to 4.18% carbon.

During the 2014 fiscal year, the Company determined which claims would not be subject to further exploration work and, as a result, wrote off $4,809 in exploration and evaluation assets.

Outlook

In September 2014, the Company entered into an agreement to option Manitouwadge property and received a non-refundable deposit of $10,000 upon signing. In February 2015, the Company received the remaining $149,000 to complete the sale of the Manitouwadge property, receiving a total $159,000. The Company was granted a 2% gross production royalty based on the graphite produced from the property. The purchaser may acquire half of the royalty for $250,000. The optionee has also committed to spending $15,200 to advance exploration of the property and reimburse property taxes during the term of the option.

Financial

Consolidated Financial Information

The following is a summary of certain selected financial information that is qualified by the more detailed information appearing in the audited consolidated financial statements of the Company.

Selected Quarterly Information

The following is a summary of the eight most recently completed quarters:

Quarter ended:	Revenue $	Exploration costs $	Expenses $	Loss and comprehensive loss for the period $	Loss per share $
March 31, 2013	-	2,399	434,228	(424,900)	(0.01)
June 30, 2013	-	19,212	362,344	(370,875)	(0.00)
September 30, 2013	-	30,466	275,770	(309,772)	(0.00)
December 31, 2013	-	12,836	300,715	(297,594)	(0.00)
March 31, 2014	-	4,937	205,658	(1,655,500)	(0.02)
June 30, 2014	-	21,365	199,500	(217,873)	(0.00)
September 30, 2014	11,000	850	208,305	(195,354)	(0.00)
December 31, 2014	86,672	9,100	319,163	(222,887)	(0.00)

During this period, other than certain corporate finance fee, the Company did not generate any, have discontinued operations or extraordinary items.

Results of Operations

The Company earned interest and investment income of $15,510 during the nine month period ended December 31, 2014 compared to $23,103 earned during the nine month period ended December 31, 2013. The decrease in interest income is attributable to a decrease in the amount invested in short-term investments.

The Company earned $97,672 (December 31, 2013 - $nil) in corporate finance fees for providing corporate finance, strategic and business development services for a mechanically complete, full spectrum rare earth separation refinery built in Laos.

Total business development, exploration costs and company expenses for the nine months ended December 31, 2014 were $758,283 compared to $1,001,344 for the nine months ended December 31, 2013. The decrease is primarily attributable to the following factors: a decrease in share-based payments of $213,850 to $11,055 and a decrease in travel and accommodations of $74,157 to $20,362. Loss and comprehensive loss for the nine months ended December 31, 2014 was $636,114 or $0.00 loss per share compared to $978,241 or $0.01 loss per share at December 31, 2013 because of the above noted factors.

Cash Flows

The Company used cash of $528,047 in operating activities during the nine months ended December 31, 2014 versus $880,218 in the prior comparative period.

Cash flows provided by investing activities were $381,451 for the nine months ended December 31, 2014 versus $1,204,699 for the nine months ended December 31, 2013.

Changes in Financial Position since March 31, 2014

Changes in the Company's financial position since March 31, 2014 relate to operations in the ordinary course, including administration and exploration expenditures.

Liquidity and Capital Resources

As of December 31, 2014, the Company had $95,062 in cash (March 31, 2014 - $232,671) and held short-term investments of $620,000 (March 31, 2014 - $1,000,000).

Working capital at December 31, 2014 was $692,871 (March 31, 2014 - $1,316,479).

At this time, other than certain corporate finance fee, the Company does not own or operate any revenue producing businesses or mineral properties, and accordingly, does not have cash flow from operations. The Company raises funds for business development, exploration, development and general overhead and other expenses through the issuance of shares from treasury. This method has been the principal source of funding for the Company since inception.

In addition to the funds in the Company's treasury, the Company intends to continue raising funds for future rare earth refinery projects, business development, future exploration, and general overhead and other working capital through earn-in or option agreements with other mineral exploration and mining companies, sale of assets, raising funds at project levels, generating transaction fees and to the extent necessary and available through the continuation of issuance of shares from treasury.

During the nine months ended December 31, 2014 and 2013, the Company did not issue any shares in connection with evaluation and development of assets.

The Company's success in funding its project expenditures is dependent upon its ability to raise adequate debt and equity financing. Primarily at the project level, if in the event that future private placement financings cannot be closed, the Company would have to review its budgeted project expenditures and revise where necessary. Management continues to seek out capital required to undertake its rare earth refinery projects and for working capital to meet project work commitments.

Off-Balance Sheet Arrangements

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

Contractual Obligations

The Company has commitments as described in notes 7 and 12 to the condensed consolidated interim financial statements with respect to certain agreements on its mineral property interests.

Related Party Transactions

Particulars of transactions with related parties are disclosed in note 10 to the December 31, 2014 financial statements. The Company does not have any contractual relationships with directors or officers other than management contracts in the ordinary course of business.

Risk Management

The Company's financial instruments are comprised of cash and cash equivalents, receivables, investments and accounts payable and accrued liabilities.

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

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 amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of offset 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 is in the development stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior period.

ii. *Cash and cash equivalents*

   In order to manage credit and liquidity risk the Company's cash and short term investments are held through a large Canadian financial institution. Staking security deposits are held by the Government of Newfoundland.

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.

Interest Rate Risk

The Company's interest revenue earned on cash and or short-term investments is exposed to interest rate risk. The Company does not enter into derivative contracts to manage this risk. The Company's exposure to interest rate risk is very low as the Company's short term investments are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates.

The Company limits its exposure to interest rate risk as it invests only in short-term investments at a major Canadian financial institution.

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.

Outstanding Share Data

At the date of this MD&A, there are 142,762,141 common shares outstanding and stock options to purchase an aggregate of 16,700,000 common shares expiring at various dates between August 24, 2015 and February 17, 2020, exercisable at various prices between $0.05 and $0.37 per share. There are no share purchase warrants outstanding.

All of the options are out of the money but if those were exercised, the maximum number of shares potentially issuable is therefore 16,700,000.

The Company is authorized to issue an unlimited number of voting shares.

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenues:

As of December 31, 2014, the Company has incurred and capitalized $1,855,004 (March 31, 2014: $1,895,004) as exploration and evaluation assets since inception of the Company net of write-downs and recoveries.

Dividend Policy

No dividends have been paid on any shares of the Company since the date of incorporation, and it is not contemplated that any dividends will be paid in the foreseeable future.

Legal Proceedings

To the knowledge of the Company, there are no actual or pending legal proceedings to which the Company is or is likely to be a party or of which any of its assets are likely to be subject.

Indebtedness of Directors, Officers, Promoters and Others

No director, officer, or promoter or other member of management of the Company, or any associate or affiliate of any such person, is or has been indebted to the Company.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company will be subject in connection with the operations of the Company. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situation may arise where the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the British Columbia *Business Corporations Act*.

Risk Factors

Risks associated with developing vertically integrated business within the rare earth industry

The global rare earth industry is facing a number of complex issues including a disjointed supply chain connecting supply of rare earth concentrates to the critical separation/refining capability which is found primarily in China, to over 200 international manufacturing companies and their supply networks. The Company is aware of the following factors associated with developing its vertical integration strategy: the successful and timely completion of its vertical integration strategy including identifying and negotiating with viable, long term sources of rare earths, transitioning rare earth exploration properties into mines, assisting with fund raising to support mining operations, identifying and negotiating with rare earth refineries situated outside of China either to acquire partly or entirely, or commissioning the design, build and operation of one or more rare earth separation refineries to be situated outside of China, raising sufficient funds to support the construction and operation of the each refinery, reliance on other parties to meet projected timelines, entering into long term sales contracts with international manufacturers on terms acceptable to the Company, risks related to the receipt of all required approvals including those relating to the commencement of production at selected mines and one or more refineries whether identified or not, delays in obtaining permits, licenses and operating authorities, environmental matters, water and land use risks, risks associated with the industry in general, commodity prices and exchange rate changes, operational risks associated with exploration mining, development and production, delays or changes in plans, risks associated with the uncertainty of reserve or resource estimates, health and safety risks, uncertainty of estimates and projections of production, costs and expenses, the adequacy of the Company's financial resources and the availability of additional cash from operations or from financing on reasonable terms or at all, political risks wherever the Company may conduct business, risks associated with the relationship between the Company and/or its business partners and local governments wherever the Company conducts business, radioactivity and related issues, dependence on one or a few mineral projects, loss of key personnel, and other factors that could cause actions, events or results not to be as anticipated.

Risks associated with exploration and mining operations

The exploration and development of mineral properties involves a high degree of risk which cannot be avoided despite the experience, knowledge and careful evaluation of prospective properties by management. There can be no assurance commercial quantities of ore will be discovered on the Company's mineral properties or on mineral properties owned by others which are or may become under contract to the Company. Even if such commercial quantities are subsequently discovered by the Company's exploration efforts, there can be no assurance such properties can be brought in to commercial production.

Operations may be subject to disruption due to weather conditions, labour unrest or other causes beyond the control of the Company. Hazards such as unexpected formations, pressures, flooding, or other conditions over which the Company does not have control may be encountered and may adversely affect the Company's operations and financial results.

Environmental Risks

Environmental legislation is continuing to evolve such as will require strict standards and enforcement, increased fines and penalties for non-compliance, more stringent assessment of proposed projects and a greater degree of corporate responsibility. There can be no assurance that future changes to environmental legislation will not adversely affect the Company's operations.

Political Risks

The Company is subject to political, economic, and other uncertainties, including, but not limited to, the uncertainty of negotiating with foreign governments, expropriation of property without fair compensation, adverse determination or rulings by governmental authorities, changes in mining policies or in the personnel administering them, currency fluctuations, disputes between various levels of authorities, arbitrating and enforcing claims against entities that may claim sovereignty, authorities claiming jurisdiction, royalty and government take increases and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted. The Company's operations may be adversely affected by changes in government policies and legislation and other factors which are not within the control of the Company. In particular, Delawareco is a U.S. based mineral exploration and explortation company focused on locations in Haiti. As part of the Company's agreement with Delawareco, the Company has been given the right to lease, for an initial period of 25 years, 15 acres on which it may be suitable to construct a rare earth refinery.

Mineral Market

The market for minerals, in general, and for rare earth elements in particular is subject to factors beyond the Company's control, such as market price fluctuation, currency fluctuation and government regulation. The effect of such factors cannot be accurately calculated. The existence of any or all such factors may restrict the access to a market, if same exists, for the sale of commercial ore which may be discovered.

Funding Requirements

In order to move forward with its development and exploration activities, the Company will likely require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

Reliance on Management

The Company anticipates that it will be heavily reliant upon the experience and expertise of management with respect to the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Company could materially adversely affect the Company.

Auditors, Transfer Agents and Investor Relations

The auditors of the Company are DeVisser Gray LLP, Chartered Accountants of Vancouver, British Columbia.

The transfer agent and registrar for the common shares of the Company is Computershare of Vancouver, British Columbia.

Commitments and Contingencies

Except as otherwise discussed, the Company is in compliance with commitments required by contractual obligations in the normal course of business.