CANADA RARE EARTH CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nine Months Ended December 31, 2017

Table of Contents

GENERAL

The following is management's discussion and analysis ("MD&A") of Canada Rare Earth Corp. prepared as of February 20, 2017. This MD&A should be read together with the unaudited condensed consolidated interim financial statements for the nine months ended December 31, 2017 and the audited consolidated financial statements for the year ended March 31, 2017 and related notes.

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. We expressly disclaim 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, 2017 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 our functional and reporting currency. Additional information relating to us is available on SEDAR at www.sedar.com.

OVERVIEW

Canada Rare Earth Corp. (the "Company", "we" or "CREC") is a development stage company developing an integrated business network within the global rare earth industry.

Historically, we were engaged in the exploration and development of precious metal and base metal mineral properties. More recently, our focus has been directed to properties with the potential to host rare earth elements. As we have become more involved in the rare earth sector and have gained greater knowledge of the global rare earth supply chain, our attention has extended to the down-stream processing of rare earth products and the sale of rare earth products.

INCORPORATION AND ORGANIZATION OF THE COMPANY

We were incorporated under the laws of British Columbia on July 8, 1987. Our common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "LL".

Our head office and registered office are located at 15th Floor - 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H1.

As of the date of this MD&A, we have three subsidiaries: REM Metals Inc., a wholly owned Ontario corporation; CREC South American Holdings Corp., a wholly owned British Columbia corporation; and CanBras Minerals LTDA, a Brazilian corporation, wholly owned by CREC South American Holdings Corp.

OUTLOOK

Our goal over the past few years has evolved from exploring for rare earth elements to developing an integrated supply chain network by focusing on the three key connected areas of the supply chain: securing multiple long term supplies of rare earth concentrates; enhancing and separating the concentrates into individual rare earth products; and selling concentrates to a customer base and oxides to 200+ major international manufacturing companies and their supply networks.

We are sourcing concentrates and selling to existing refineries; we are in varying stages of acquiring and developing enhancement and separation facilities; and we have sold and continue to market oxides.

Our commercial sales activities are generating gross profit and positive cash flow. We have secured a key customer whose demands are currently greater than what we can supply hence we are devoting significant resources to maintain and increase our sources of rare earth concentrate. Readily available sources tend to be found in waste piles of mining operations focused on other minerals, such as heavy mineral sand operations. These operations are looking to augment their revenues and are more open to discussing the sale of rare earths so long as ultimate buyers may legally import and handle the materials. We are also in discussions with owners of prospective rare earth mines.

We believe that our integration strategy will position us to take advantage of the strengthening demand for rare earths, particularly those sourced and processed outside of China. Prices for rare earths used in permanent magnets – neodymium, praseodymium, dysprosium, terbium – are forecast to rise on increasing demand from electric and conventional vehicles, and wind power generating units. Other rare earth prices are expected to be flat as supply outweighs demand.[1]

With respect to trends in rare earth applications, China has directed funding into researching new uses for rare earths. A new application of cerium for nanoparticles is now being considered. Nanoparticles play an important role in fuel cells and it is thought that cerium has the potential to replace platinum and make combustion more efficient. However, whether cerium will become the standard is at this stage is uncertain.[2]

In September 2015, we acquired the assets including business relationships and dealings of an affiliated company. This transaction brought us directly to a business relationship with an experienced designer, builder, operator and owner of rare earth enhancement and separation refineries.

In January 2018, we entered into a strategic and financial engagement with Talaxis Limited, a wholly owned subsidiary of Noble Group, which manages a portfolio of global supply chains.

We believe that by virtue of our commercial activities and increasing momentum and direct access to extensive refining capabilities, we are uniquely well positioned to become a leading business within the global rare earth industry.

[1] argusmedia.com
[2] https://www.coreconsultantsgroup.com/product/rare-earth-monthly-report/

CORPORATE DEVELOPMENTS AND HIGHLIGHTS

Our 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 January 2018, we signed a Memorandum of Understanding ("MOU") with Talaxis Limited ("Talaxis" or the "Lender"), a company wholly owned by Noble Group, that sets out the proposed principles of a working relationship leading to cooperation in the development of supply chains in the rare earth industry. The terms and conditions are to be negotiated and included in subsequent definitive agreements which will detail arrangements regarding sourcing, processing and delivering rare earths, refinery facilities, financing capital expenditures and trade finance support. The MOU also included provisions for the parties to negotiate terms upon which Talaxis may participate in the capital structure of CREC using hybrid capital solutions that include debt, shares and warrants.

  The MOU also contains provisions for the parties to negotiate arrangements with respect to mid-stream processing, sourcing of rare earth concentrates, trading, logistics, representation and participation in respective technical and advisory boards.

  We will be Talaxis's preferred strategic partner with respect to midstream rare earth processing capabilities including but not limited to developing, acquiring, designing, building, managing and operating rare earth enhancement, separation and metal making facilities.

  As a component of the strategic business and financing arrangements, we entered into a $1,500,000 convertible loan facility with Talaxis. The Loan is convertible into 1,666,670 shares at $0.10 per share within 24 months and 18,000,000 units (the "Units") consisting of 18,000,000 shares of the Company over the next 12 and 24 months at prices averaging 7.6 cents per share and 9,000,000 warrants exercisable at an exercise price of the greater of (i) 10 cents per share and (ii) the 10 day volume weighted adjusted price determined over the preceding 10 days less 15%.

- In December 2016, we entered into a significant agreement with a company (the "Refinery") to purchase rare earth concentrate from us and to process the concentrate. The agreement provides the Refinery with international sourcing of concentrate through a close ally and provides us with direct access to the largest market involving rare earth products via a strategic partner. As per the terms of the agreement, we will represent the Refinery for purchases of rare earth concentrate from sources we develop for an initial period of 5 years with the option to extend for additional terms so long as both parties are satisfied with the commercial and operational benefits of the arrangement. We have completed a number of transactions in this regard and more are in progress and are planned.
- In October 2016 we initiated and accelerated our commercial activities by entering into four transactions for the purchase and sale of rare earth concentrate and oxide products. The transactions involved three suppliers and four customers situated in five countries on four continents: Europe, North America, South America and Southeast Asia.

- In September 2016 we entered into agreements for the purchase and corresponding sale of 16,500 metric tons of rare earth concentrate over a three-year period. Shipment volumes are to increase steadily to 500 metric tons per month and remain at this monthly amount for the balance of the agreement. The supplier, Canada Rare Earth, and the buyer are receptive to increasing volumes above 500 metric tons per month. Volumes have as yet not reached the targeted minimum but are generally increasing.
- In May 2016, we 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 and separate rare earth 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.

In September 2017, Canada Rare Earth and LaosCo restructured the agreement for Canada Rare Earth to purchase a majority interest in the company that owns the refinery (the "RefineryCo") such that:

Canada Rare Earth will continue to take responsibility for the application for permits.

If and when the permits are issued:

i) Canada Rare Earth will have earned the right of first refusal to sell concentrate to the refinery to the full extent of the refinery's requirements;

ii) Canada Rare Earth will have earned the right of first refusal to sell products produced by the refinery to the full extent of production;

iii) Canada Rare Earth will have earned the right to purchase a minimum of 60% of the issued and outstanding shares of RefineryCo (the "Purchase Shares") for a price to be negotiated between the owner, the Company and the financiers who facilitate the acquisition of the Purchase Shares based on: market conditions, capabilities of the refinery, working capital requirements of the refinery and the amount of funds raised by Canada Rare Earth. Shareholders of the refinery will be required to contribute to the refinery's working capital requirements in proportion to their respective equity holdings; and

Canada Rare Earth and its financiers will have six months from the receipt of final operating permits to complete negotiations for the purchase of the Purchase Shares, to pay for the Purchase Shares and to contribute to the working capital requirements.

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).

Exploration and Evaluation Assets

Our mineral projects include the Red Wine project and the Hinton Coal property. At present, we are looking for business opportunities for our existing exploration and evaluation assets.

OPERATING PERFORMANCE

We are experiencing strong demand for rare earth concentrate products. We expect this trend of increased shipments to continue in the current fiscal year and into the next fiscal year. The demand for rare earth concentrate products is much greater than our current ability to supply and we are continuously seeking new sources to fill the gap.

FINANCIAL

SELECTED QUARTERLY INFORMATION

During our most recent eight quarters, other than certain corporate finance fees, we have not generated any revenues or incurred any loss from discontinued operations or extraordinary items.

	Revenue	Operating expenses	Income (loss) and comprehensive income (loss) for the period	Income (loss) per share
Quarter ended:	$	$	$	$
March 31, 2016	-	61,362	(449,928)	(0.00)
June 30, 2016	-	147,370	(152,630)	(0.00)
September 30, 2016	2,761	100,089	(73,192)	(0.00)
December 31, 2016	107,010	140,684	12,211	0.00
March 31, 2017	50,844	154,344	(102,077)	(0.00)
June 30, 2017	525,495	547,669	(53,615)	0.00
September 30, 2017	614,182	649,385	(106,961)	0.00
December 31, 2017	429,481	569,767	(133,909)	0.00

Factors affecting quarterly income/losses include:

- March 31, 2016 - the Company wrote off the Red Wine and Clay-Howells properties.
- December 31, 2016 onwards – the Company started generating revenues related to the sale of rare earth concentrate and oxide products.

RESULTS OF OPERATIONS

Overview of nine months ended December 31, 2017

We generated revenues from sale of rare earth products of $1,569,158 during the nine months ended December 31, 2017 compared to $109,771 during the nine months ended December 31, 2016.

Included in cost of sales for the nine months ended December 31, 2017 are $25,549 (December 31, 2016 - $nil) of royalty payments, $21,376 of finder's fees (December 31, 2016 - $nil) and amortization of $14,921 (December 31, 2016 - $nil) related to the expensing of the intangible asset.

We also earned interest and investment income of $29,839 during the nine months ended December 31, 2017 compared to $23,670 earned during the nine months ended December 31, 2016. The increase in interest income is attributable to interest accrued on the promissory note and interest accrued on a receivable.

We incurred unrealized foreign exchange loss during the current period due to the US dollar weakening against the Canadian dollar.

Total operating expenses including cost of sales for the nine months ended December 31, 2017 were $1,766,811 compared to $388,143 for the nine months ended December 31, 2016.

Our administrative and regulatory expenses in the nine months ended December 31, 2017 were lower than the nine months ended December 31, 2016. Consulting fees decreased to $117,500 compared to $136,499 in the nine months ended December 31, 2016 as we have no payments to make in the current period relating to the LaosCo agreement, while share-based payments increased to $82,842 compared to $50,019 in the nine months ended December 31, 2016, due to new options granted and vested in the current period. Office and miscellaneous costs increased marginally to $24,546 in the current period compared to $23,628 in the comparative period. Net loss and comprehensive loss for the nine months ended December 31, 2017 was $294,485 or $0.00 loss per share compared to a loss and comprehensive loss of $213,611 or $0.00 loss per share at December 31, 2016. The increase in net loss was primarily due to higher share-based payments expense offset by higher gross profit generated from trading activities.

CASH FLOWS

Cash flows used in operating activities were $35,282 from during the nine months ended December 31, 2017 compared to cash flows used in operating activities of $305,020 during the nine months ended December 31, 2016. The positive change in use of cash from operating activities was primarily due to gross profit generated by sale of rare earth concentrate products, lower administrative costs and deferring some of the consulting fees and certain expenses.

Cash flows provided by financing activities were $20,911 for the nine months ended December 31, 2017 compared to $nil for the nine months ended December 31, 2016. The financing activities relate solely to loans repaid and received by the Company.

CHANGES IN FINANCIAL POSITION SINCE MARCH 31, 2017

Changes in our financial position since March 31, 2017 relate to operations in the ordinary course.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2017, we had $26,778 in cash (March 31, 2017 - $45,599) and had net working capital deficiency of $120,449 (working capital at March 31, 2017 - $3,914). We have access to trade finance loans which will support at least $150,000 per month of rare earth product purchases and sales. In January 2018, we issued a convertible loan in the amount of $1,500,000, of which $800,000 is repayable on January 30, 2019 and $700,000 is repayable on January 30, 2020, unless the loan is converted into shareholders' equity by the note holder. This convertible loan provides us with sufficient working capital for the next twelve months to carry on operations.

During the nine months ended December 31, 2017, we placed deposits for the purchase of rare earth products and we completed purchases and sales of such products. We do not operate any revenue producing mineral properties, and we only started our trading activities one year ago in the third quarter of fiscal year 2017. As a result, we do not have established cash flow from operations. Historically, and we may in the future raise 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 us since inception although we have generated cash for a short term by providing consulting services and most recently through trading activities. Our preference is to generate cash through business activities and to avoid raising funds by issuing more shares of the Company.

We expect shares will be issued in conjunction with projects we are developing including future rare earth refinery projects, business development and future property development initiatives. Wherever possible, the shares will be issued at the subsidiary level or through special purpose vehicles. We will also consider raising funds for working capital and other needs through the 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.

Our success in funding our project expenditures is dependent upon our ability to raise adequate debt and equity financing. If, in the event that future private placement financings cannot be closed, we would have to review our 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.

Related Party Transactions

Payee	Relationship	Nature of Transaction	December 31, 2017 $	December 31, 2016 $
Tracy A. Moore	President & CEO	Reimbursement for office, travel related expenditures, interest on loan and share-based payments	59,484	31,862
Moore Consulting Services Inc.	Company 50% owned by Tracy A. Moore	Compensation	45,000	45,000
Peter Shearing	Chief Operating Officer	Travel related expenditures and share-based payments	33,607	34,828
EchoTrack Inc.	Company 50% owned by Peter Shearing	Compensation	45,000	45,000
Bill Purcell	Director	Share-based payments	1,431	1,558
Christopher Goodman	Director	Share-based payments	29,189	6,926
Gordon J. Fretwell	Director	Interest on loan and share-based payments	11,445	3,635
Salil Dhaumya	CFO	Share-based payments	1,431	407
Koios Corporate Financial Services Ltd.	Company controlled by Salil Dhaumya	Compensation and reimbursements for office related expenses	22,500	23,073
Hunter Dickinson Services Inc. ("HDSI")*	Mark Peters, Director (CFO of HDSI)	Office rent	25,198	-

We have included $88,022 in accounts payable and accrued liabilities that are payable to related parties as at December 31, 2017 (March 31, 2017 - $82,467). The payment terms are similar to the payment terms of non-related party trade payables.

During the nine months ended December 31, 2017, we have loans outstanding in the amount of $111,964 (US$89,250) (March 31, 2017 - US$71,000 to two directors) to a director of the Company. The amounts are unsecured, bearing interest at a rate of 6% per annum calculated daily and are due on demand. During the nine months ended, the Company repaid US$82,500 of the loans to the directors.

* The amount we paid as office rent constitutes half of the total obligation. The other half of the office rental and related costs have been paid by an officer of the Company as per an agreement to share such expenses equally between the Company and the officer.

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 December 31, 2017 are:

Year ending March 31	$
2018	15,573
2019	62,292
2020	66,864
2021	67,280
2022	5,607
	217,616

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 a finders' fee for rare earth concentrate sourced from a certain entity.

The Company has a commitment to pay 13% royalty on gross profits generated from trading activities.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Our financial instruments are comprised of cash and cash equivalents, receivables, investments and accounts payable and accrued liabilities. Our 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, 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 offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) *Trade credit risk*

   We monitor and control our risks and exposures through financial and credit based systems and to a large extent through personal relationships and, accordingly, we believe that we have procedures in place for evaluating and limiting the credit risks to which the Company is subjected to. Credit is subject to ongoing management review.

ii) *Cash and cash equivalents*

   In order to manage credit and liquidity risk, our cash is held through a large Canadian financial institution.

iii) Promissory note, interest receivable

   We are able to minimize our risk on the promissory note and interest receivable by exercising our right to convert the outstanding amount into equity investment in the Delaware Co.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. We manage liquidity risk through the management of our capital structure. We monitor and review current and future cash requirements and match the maturity profile of financial assets and liabilities.

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

Interest Rate Risk

Interest rate risk pertains to interest income earned on the promissory note and a receivable. We actively manage our 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 December 31, 2017, the receivable and the accrued interest are overdue.

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. We currently do not have any financial instruments that would be impacted by changes in market prices.

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 $154,000.

Financial instruments denominated in foreign currencies are:

At December 31, 2017	US Dollars
Assets	1,320,512
Liabilities	139,250
Exchange rate - $1.00 =	.7971

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

Fair value of financial instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to their short term nature and capacity for prompt liquidation.

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.

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

	As at December 31, 2017		
	Level 1 $	Level 2 $	Level 3 $
Cash	26,778	-	-
	26,778	-	-

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

OUTSTANDING SHARE DATA

At the date of this MD&A, there are 166,940,141 common shares outstanding and stock options to purchase an aggregate of 16,450,000 common shares expiring at various dates between February 2020 and December 2022, exercisable at $0.05 per share. Currently, there are no share purchase warrants outstanding however if Talaxis' convertible loan is fully converted into Units, the Company would be obligated to issue 19,666,667 shares and 9,000,000 warrants.

All of the options are at the money but if those were exercised, the maximum number of shares potentially issuable is therefore 16,450,000.

We are authorized to issue an unlimited number of voting shares and a certain number of stock options.

STOCK OPTIONS

We may grant options to our directors, officers, employees and service providers under our stock option plan. In March 2017, our shareholders approved an amendment so that 33,880,028 common shares are reserved for issuance pursuant to the incentive stock option plan, of which, 16,450,000 stock options have been granted with five year terms, exercisable at $0.05 per share, expiring between February 2020 and December 2022.

In April 2017, we 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.

In December 2017, the Company granted stock options to officers, directors and consultants to purchase up to 7,925,000 common shares at an exercise price of $0.05 until December 4, 2022. The options vest in four equal instalments over eighteen months. Of these options, 2,800,000 options have additional 'earn out' vesting conditions:

(a) 700,000 options have vested as a result of the Company entering into a strategic and financing relationship with Talaxis Limited including the receipt of a convertible loan in the amount of $1,500,000,

(b) and, 2,100,000 options have not been earned out as yet.

Conflicts of Interest

There are potential conflicts of interest to which our directors and officers will be subject to, 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 situations may arise where the directors and officers will be in direct competition with us. Conflicts, if any, will be subject to the procedures and remedies under the British Columbia *Business Corporations Act*.

RISK FACTORS

Risks associated with developing an 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. We are aware of the following factors associated with developing a vertical and horizontal integration strategy: the successful and timely completion of an integration strategy including identifying and arranging viable, long term sources of rare earths, transitioning rare earth exploration properties into mines, assisting with fund raising to support mining operations, arranging processing of rare earths with rare earth refineries whether inside China or otherwise, arranging for the commissioning of the design, build and operation of one or more rare earth separation refineries, raising sufficient funds to support the construction and operation of each refinery, reliance on other parties to meet projected timelines, entering into long term sales contracts with customers including international manufacturers on terms acceptable to us, 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, production, processing till separation, 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 our financial resources and the availability of additional cash from operations or from financing on reasonable terms or at all, political risks wherever we may conduct business, risks associated with the relationship between us and/or our business partners and local governments wherever we conduct 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.

Environmental Risks

Environmental legislation is continuing to evolve and 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 our operations.

Political Risks

We are 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 our operations are conducted. Our operations may be adversely affected by changes in government policies and legislation and other factors which are not within our control. In particular, Delawareco is a U.S. based mineral exploration company focused on locations in the Caribbean. As part of our agreement with Delawareco, we may regain 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 our 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 proceed with our activities, we will 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

We anticipate that we 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 our affairs could materially adversely affect the Company.

Risk of economic dependency

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