CANADA RARE EARTH CORP.

Unaudited Condensed Consolidated Interim Financial Statements

(Stated in Canadian Dollars)

For the Three Months Ended June 30, 2021

**NOTICE OF NO AUDITOR REVIEW OF
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of Canada Rare Earth Corp. for the three months ended June 30, 2021 have been prepared by and are the responsibility of the Company's management and have been approved by the Company's audit committee.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants.

CANADA RARE EARTH CORP.

June 30, 2021

CANADA RARE EARTH CORP.
Consolidated Condensed Interim Statements of Financial Position
(Prepared by Management – Unaudited)

As at	Note	June 30 2021 $	March 31 2021 $
ASSETS			
Current			
Cash		117,844	33,837
Trade and other receivables		13,275	5,365
Prepaid expenses and deposits	3	178,385	323,579
Total current assets		309,504	362,781
Non-current			
Right-of-use asset – office lease	4	-	3,089
Property, plant & equipment	5	66,679	67,906
Other assets	6	2	2
Investment in associate	7	177,209	169,330
		240,890	240,327
Total assets		553,394	603,108
LIABILITIES			
Current			
Accounts and other payables	8,9	694,932	661,646
Total current liabilities		694,932	661,646
Non-current			
Accounts and other payables	8,9	125,000	125,000
		125,000	125,000
Total liabilities		819,932	786,646
SHAREHOLDERS' DEFICIENCY			
Share capital	10	17,037,572	17,032,572
Reserves	10	8,620,333	8,527,333
Deficit		(25,924,443)	(25,743,443)
Total shareholders' deficiency		(266,538)	(183,538)
Total liabilities and shareholders' deficiency		553,394	603,108

Note 1 – Going concern of operations
Note 12 – Commitments and contingent liabilities
Note 14 - Subsequent events

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 condensed consolidated interim financial statements.

CANADA RARE EARTH CORP.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Prepared by Management – Unaudited)

Three months ended June 30	Note	2021 $	2020 $
Revenue	13	189,613	187,761
Expenses			
Cost of sales	12, 13	165,075	172,902
Consulting fees	8, 12	108,159	208,396
Depreciation	4, 5	4,316	9,267
Office and administration		20,566	41,478
Share-based payments	10	93,000	15,880
		391,116	447,923
Loss before other items		(201,503)	(260,162)
Other income (expense)			
Foreign exchange gain		20,503	6,519
Change in fair value of derivative liability		-	81,000
Interest	8,9	-	(578)
Consulting fees recovered	12	-	41,559
Other income	8	-	6,015
Net loss and comprehensive loss for the period		(181,000)	(125,647)
Loss per share – basic and diluted per common share		(0.00)	(0.00)
Weighted average shares outstanding, basic and diluted		200,556,627	198,086,414

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

CANADA RARE EARTH CORP.
Condensed Consolidated Interim Statements of Changes in Deficiency
(Prepared by Management – Unaudited)

	Share capital		Reserves	Deficit	Total
	Number of shares	Share capital $	$	$	$
Balance at March 31, 2020	198,016,234	16,775,338	8,254,152	(25,075,445)	(45,955)
Shares issued on debt conversion	177,400	8,870	-	-	8,870
Share-based payments	-	-	15,880	-	15,880
Exploration and evaluation asset acquisition	-	-	1,120	-	1,120
Loss and comprehensive loss for the period	-	-	-	(125,647)	(125,647)
Balance at June 30, 2020	198,193,634	16,784,208	8,271,152	(25,201,092)	(145,732)
Balance at March 31, 2021	202,494,532	17,032,572	8,527,333	(25,743,443)	(183,538)
Shares issued for debt conversion	100,000	5,000	-	-	5,000
Share-based payments	-	-	93,000	-	93,000
Loss and comprehensive loss for the period	-	-	-	(181,000)	(181,000)
Balance at June 30, 2021	202,594,532	17,037,572	8,620,333	(25,924,443)	(266,538)

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

CANADA RARE EARTH CORP.
Condensed Consolidated Interim Statements of Cash Flows
(Prepared by Management – Unaudited)

Three months ended June 30	Note	2021	2020
		$	$
Cash flows provided by (used in):			
Operating activities			
Net loss and comprehensive loss for the period		(181,000)	(125,647)
Adjustments for:			
Recognition of investment in associate		(7,879)	-
Share-based payments	10	93,000	15,880
Change in fair value of derivative liability		-	(81,000)
Amortization – intangible assets	12	-	4,974
Depreciation – right-of-use asset	4	3,089	9,267
Depreciation – property, plant & equipment	5	1,227	-
Interest on lease liability		-	578
Operating costs and property taxes		-	2,308
Sublease income	8	-	(4,894)
Changes in non-cash working capital items:			
Foreign exchange loss on cash		2,511	730
Accounts receivable		(12,115)	2,687
Interest and other receivables		4,206	14,729
Prepaid expenses and deposits		145,195	105,909
Accounts payable and accrued liabilities		41,547	114,199
Cash flows provided by operating activities		84,759	59,720
Financing activities			
Principal portion of lease liability		(3,263)	(9,210)
Cash flows used in financing activities		(3,263)	(9,210)
Effect of exchange rate changes on cash		2,511	(730)
Change in cash during the period		84,007	49,780
Cash, beginning of period		33,837	204,270
Cash, end of period		117,844	254,050
Supplementary information:			
Shares issued on conversion of debt		-	8,870
Shared-based payments included in exploration and evaluation assets		-	1,120

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

1. Nature and Continuance of Operations

Canada Rare Earth Corp. ("Canada Rare Earth" or the "Company") is a Canadian public company incorporated in British Columbia on July 8, 1987. The Company's corporate office is located at Suite 2110 – 650 West Georgia Street, Vancouver, British Columbia, Canada. The Company is a development stage company developing a vertically and horizontally integrated business within the global rare earth industry. As the Company has become more involved in the rare earth sector and has gained greater knowledge of the global rare earth supply chain, management's attention has expanded to the down-stream processing and sale of mineral products including rare earth products ("Mineral Products").

These condensed consolidated interim financial statements ('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. The Company incurred a loss of $181,000 during the three months ended June 30, 2021 (June 30, 2020 - $125,647) and, as of that date, the Company's deficit was $25,924,443 (June 30, 2020 - $25,201,092). 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 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 $117,844 at June 30, 2021 (March 31, 2021 – $33,837) to meet current financial obligations of $694,932 (March 31, 2021 - $661,646).

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.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are described below. These policies have been consistently applied for all years presented, unless otherwise stated.

a) Statement of compliance

These Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and its interpretations. Accordingly, they do not include all of the information and note disclosures as required by International Financial Reporting Standards ("IFRS") for annual financial statements.

The accounting policies and methods of computation applied by the Company in these Financial Statements are the same as those applied by the Company in its most recent annual consolidated financial statements filed on the Company's profile on SEDAR at www.sedar.com. These Financial Statements should be read in conjunction with the Company's financial statements as at and for the year ended March 31, 2021. Results for the period ended June 30, 2021, are not necessarily indicative of future results.

The Company's board of directors approved the release of these condensed consolidated financial statements on August 26, 2021.

2. Significant Accounting Policies (continued)

b) Basis of presentation and consolidation

These Financial Statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

These Financial Statements include the accounts of the Company and the subsidiaries that it controls. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Intercompany balances and transactions including any unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

At June 30, 2021 and March 31, 2021, the Company held a 100% interest in REM Metals Inc., a 100% interest in CREC South American Holdings Corp. (“CREC SAH”), a company that holds a 100% interest in CanBras Minerals LTDA (“CanBras”).

c) Significant accounting estimates and judgments

The preparation of these Financial Statements in conformity with IAS 34 involved the use of judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from such estimates.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as (“COVID-19”), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. The COVID-19 pandemic has impeded traveling to South America and elsewhere, causing delays in the Company setting up its tailings processing and extraction facility and starting operations. The pandemic is also causing delays in conducting due diligence and raising financing for prospective acquisitions.

The accounting policies used in the preparation of these Financial Statements are consistent with those used in the Company’s audited consolidated financial statements for the year ended March 31, 2021.

d) Changes in accounting policies and new accounting treatment

New IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements are listed below. The Company plans to apply the new standards or interpretations in the annual period for which they are first required.

- Amendments to IAS 16, Property, Plant and Equipment

The amendments clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment ("PPE") to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit entities from deducting amounts received from selling items produced from the cost of PPE while the Group is preparing the asset for its intended use. Instead, sales proceeds and the cost of producing these items will be recognized in profit or loss. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The amendments apply retrospectively, but only to assets brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments.

3. Prepaid Expenses and Deposits

As at June 30, 2021, the Company had advanced $126,873 (March 31, 2021 - $288,281) to a supplier to secure future deliveries of Mineral Products.

	June 30, 2021 $	March 31, 2021 $
Prepaid expenses	51,512	35,298
Deposits	126,873	288,281
	178,385	323,579

4. Right of Use Asset

Changes in the Company's right-of-use assets during the years ended June 30, 2021 and March 31, 2021 were as follows:

	June 30, 2021 $	March 31, 2021 $
Balance, beginning of year	3,089	40,156
Depreciation	(3,089)	(37,067)
Balance, end of year	-	3,089

Minimum lease payments in respect of lease liabilities and the effect of discounting as at June 30, 2021 and March 31, 2021 were as follows:

	June 30, 2021 $	March 31, 2021 $
Undiscounted minimum lease payments:		
Less than one year	-	3,263
Present value of minimum lease payments	-	3,263

Changes in the Company's lease liabilities during the years ended June 30, 2021 and March 31, 2021 were as follows:

	June 30, 2021 $	March 31, 2021 $
Balance, beginning of period	3,263	40,101
Cash flows:		
Principal payments	(3,263)	(18,419)
Non-cash changes:		
Principal payments by related party	-	(18,419)
Balance, end of period	-	3,263

5. Property, Plant & Equipment

	$
Cost	Property, Plant & Equipment
At March 31, 2020	-
At March 31, 2021	69,542
Additions	-
At June 30, 2021	69,542
Accumulated depreciation	
At March 31, 2020	-
At March 31, 2021	1,636
Depreciation expense	1,227
At March 31, 2021	2,863
Net book value	
At March 31, 2020	-
At March 31, 2021	67,906
At June 31, 2021	66,679

6. Other Assets

a) Mata Azul Promissory Note

During the year ended March 31, 2018, it was determined that collectability of the loan made in November 2014 in the amount of US$12,500 was uncertain and, accordingly, the promissory note was written down to $1 at March 31, 2018 and the related accrued interest receivable was written off.

b) Mata Azul Participation Right

During the year ended March 31, 2018, it was determined that recoverability of the participation right 2014 were uncertain and therefore the participation right was written down to $1 at March 31, 2018.

7. Investments in Associates

Name	Country of incorporation	Ownership interest at June 30, 2021
CREC South American Holdings (BF) Corp. *(1)*	Brazil	20%

(1) The primary business of CREC South American Holdings (BF) Corp, which owns Canbras Bom Futuro Ltda., is within the global rare earth industry.

Changes in the Company's investment in CREC South American Holdings (BF) Corp. during the period ended June 30, 2021 and year ended March 31, 2021 were as follows:

	June 30, 2021 $	March 31, 2021 $
Balance, exploration and evaluation assets immediately prior to conversion to equity interest	-	861,418
Conversion to equity interest	-	(689,134)
Initial investment at cost	-	172,284
Balance, beginning of period	169,330	
Company's 20% share of net loss for period from incorporation to March 31, 2021	-	(2,954)
Expenses paid on behalf of associate	7,879	-
Balance, end of period	177,209	169,330

a) CREC South American Holdings (BF) Corp has not commenced operations and has no revenues, expenses and operating loss for the period ended June 30 2021.

8. Related Party Transactions

Key management personnel compensation was:

Three Months Ended June 30	2021 $	2020 $
Short-term benefits	102,000	194,773
Share-based payments	64,679	5,481
	166,679	200,254

The short-term benefits were paid or accrued to management and directors of the Company or to companies controlled by management and directors.

During the three months ended June 30, 2021, $Nil (2020 - $9,509) of the office rental and related costs have been paid by a Director of the Company as per an agreement to share such expenses equally between the Company and the Director. See Note 12.

The 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.

In October 2020, the company settled $5,000 payable to a related party by issuing 83,333 common shares of the Company at a deemed price of $0.06 per share and a related party exercised 300,000 options at $0.05 per share, with $15,000 of cash settled as consideration.

In March 2021, a related party exercised 300,000 options at $0.05 per share for $15,000.

The Company owes related parties $713,382 as at June 30, 2021 (March 31, 2021 - $647,917). $125,000 (March 31, 2021 - $125,000) of this amount has been presented as a long-term liability and the balance as current accounts payable and accrued liabilities. The payment terms are similar to the payment terms of non-related party trade payables.

9. Accounts and Other Payables

At June 30, 2021 and March 31, 2021, accounts and other payables were as follows:

	June 30, 2021 $	March 31, 2021 $
Current		
Accounts and accrued liabilities	694,932	658,383
Lease liabilities *(note 12)*	-	3,263
	694,932	661,646
Non-current		
Accounts and accrued liabilities	125,000	125,000
Lease liabilities *(note 12)*	-	-
	125,000	125,000

10. Share Capital and Reserves

a) Share Capital

Authorized: Unlimited common shares without par value.

Issued: 202,594,532 (March 31, 2021 – 202,494,532) common shares.

Share Issuance

During the year ended March 31, 2021, 3,428,298 shares were issued to settle debt totaling $175,415.

During the year ended March 31, 2021, 1,050,000 options were exercised for a total consideration of $54,000, including $30,000 cash and $24,000 of balances payable settled as consideration. The total $27,819 value of the options exercised was transferred from reserves to share capital upon exercise.

During the first quarter of the year ended June 30, 2021, 100,000 options were exercised for a total consideration of $5,000.

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 which allows up to 20% of the Company's outstanding shares to be granted as options, subject to shareholder approval. The numbers of options approved by the shareholders are reserved for issuance under the plan to 33,880,028, of which 12,925,000 have been granted.

In May 2020, the Company granted options to purchase up to 500,000 shares at an exercise price of $0.055 until May 19, 2025 to consultants. The options vest over 12 months: one-third at the date of grant, one-third six months from the date of grant and one-third 12 months from the date of grant.

In October 2020, the Company granted options to purchase up to 4,400,000 shares at an exercise price of $0.07 until October 14, 2025 to directors, officers and consultants. The options vest in four equal instalments over 18 months, one-quarter at the date of grant and one-quarter every six months thereafter.

In March 2021, the Company granted options to purchase up to 250,000 shares at an exercise price of $0.17 until March 1, 2026 to a consultant. The options vest in four equal instalments over 18 months, one-quarter at the date of grant and one-quarter every six months thereafter.

In March 2021, the Company granted options to purchase up to 2,000,000 shares at an exercise price of $0.11 until March 12, 2026 to officers. The options vest in four equal instalments over 18 months, one-quarter at the date of grant and one-quarter every six months thereafter.

10. Share Capital and Reserves (continued)

In April 2021, the Company granted options to purchase up to 100,000 shares at an exercise price of $0.095 until May 6, 2026 to officers. The options vest in four equal instalments over 18 months, one-quarter at the date of grant and one-quarter every six months thereafter.

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.

The weighted average grant-date fair value of options granted during the three months ended June 30, 2021 was $0.10 (2020 - $0.058). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

Three months ended June 30	2021	2020
Volatility	155.48%	187.89%
Expected life	5 years	5 years
Risk-free interest rate	0.50%	0.58%
Dividend yield	0%	0%

A summary of stock option activity to June 30, 2021 is as follows:

	Number	Weighted Average Exercise Price $
Options outstanding at March 31, 2020	12,700,000	0.05
Granted	7,150,000	0.08
Exercised	(1,050,000)	0.05
Expired	(2,575,000)	0.05
Options outstanding at March 31, 2021	16,225,000	0.06
Granted	100,000	0.095
Exercised	(100,000)	0.05
Cancelled	(3,300,000)	0.05
Options outstanding at June 30, 2021	12,925,000	0.07

10. Share Capital and Reserves (continued)

The Company's outstanding and exercisable stock options at June 30, 2021 were:

	Outstanding Options			Exercisable Options	
Expiry Date	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
February 2022	300,000	.65	0.05	300,000	0.05
December 2022	4,475,000	1.43	0.05	4,475,000	0.05
March 2024	1,000,000	2.78	0.05	1,000,000	0.05
May 2025	500,000	3.89	0.055	500,000	0.06
October 2025	4,300,000	4.29	0.07	2,150,000	0.07
March 2026	250,000	4.67	0.17	62,500	0.17
March 2026	2,000,000	4.70	0.11	500,000	0.11
May 2026	100,000	4.85	0.095	25,000	0.095
	12,925,000	3.54	0.07	9,012,500	0.07

11. Risk Management

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

c) Credit risk

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. Credit risk arises from cash, trade receivables and deposits. While the Company is exposed to credit losses due to the non-performance of its counterparties and there is a significant concentration of credit risk because the trade receivables and deposits are receivable from/held by a single counterparty, management does not consider this to be a material risk.

The Company mitigates the risk of default of accounts receivable by assessing the credit worthiness of customers prior to sale and shipment of product.

For trade receivables, the simplified approach is applied for determining expected credit losses. This requires the lifetime expected losses to be determined for all trade receivables. The expected lifetime credit loss provision for trade receivables is based on historical counterparty default rates and adjusted for relevant forward-looking information, as required. Since the Company's buyer is considered to have low default risk and the Company's historical default rate and frequency of loss are low, the lifetime expected credit loss allowance for trade receivables is nominal as at June 30, 2021.

Since the Company's buyer is considered to have low default risk and the Company's historical default rate and frequency of loss are low, the lifetime expected credit loss allowance for trade receivables is nominal as at June 30, 2021.

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. At June 30, 2021, the Company had cash of $117,844 to meet current financial liabilities of $694,932.

11. Risk Management (continued)

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

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.

Foreign currency exchange rate risk

The Company is exposed to foreign currency fluctuations as it has cash, receivables and accounts payable and accrued liabilities denominated in US dollars and Brazilian Real. There are no exchange rate contracts in place. A 10% change in the US dollar will affect profit/loss by approximately $11,000, while a 10% change in the Brazilian Real will affect profit/loss by approximately $1,000.

Financial instruments denominated in foreign currencies are:

At June 30, 2021	US Dollars	Brazilian R$
Assets	90,428	100,212
Liabilities	-	128,257
Exchange rate / $1.00 =	.8184	4.0306

At March 31, 2021	US Dollars	Brazilian R$
Assets	269,492	4,453
Liabilities	148,000	47,130
Exchange rate / $1.00 =	.7049	3.6603

Risk of economic dependency

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

12. Commitments and Contingent Liabilities

a) On December 7, 2015, the Company entered into a commercial property lease expiring April 29, 2021. The Company has a written agreement with a related party to sublease to the related party 50% of this office space until April 29, 2021. Each party is responsible for 50% of common costs and are responsible for their own costs. As at June 30, both parties have discontinued the sublease arrangement as the agreed expiration date passed. See Note 8.

b) Pursuant to the Company's contracts for the sale of concentrate to a rare earth company in Asia, the buyer has the right to the following claims within 90 days and 12 months after arrival of the goods at destination based on an inspection certificate issued by the relevant government inspection authority:

- within 90 days – the right to claim for replacement with new goods or for compensation if the quality, specification or quantity is not in conformity with the contract; and

12. Commitments and Contingent Liabilities (continued)

- within 12 months – as regarding quality based on the Company's guarantee that if damages occur in the course of operation as a result of inferior quality, bad workmanship or the use of inferior materials, the right to claim for immediate replacement of the defect, complete or partial replacement of the commodity, devaluation of the commodity according to the state of the defect(s) or, where necessary, elimination of the defects at the Company's expense.

c) The Company acquired certain exploration and evaluation assets in December 2019 and as part of the agreement, is obligated to make its pro-rata share of the US$100,000 monthly payments starting in September 2020. The parties continue to be in discussion in regards to the monthly payments. The agreement includes a force majeure clause, which the company believes applies to the ongoing pandemic and is relying upon to defer the monthly payments.

d) The Company has acquired relationships with customers in the rare earth market.

Pursuant to the acquisition of the intangible assets, the Company will pay royalties relating to the implementation and execution of contracts and business arrangements and the disposition of certain assets in accordance with the following royalty streams:

- 8% of the first US$70 million or equivalent of non-refundable gross cash collected;
- 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, until September 2027; and

The royalty on trading activities is 13% of gross profit, with gross profit being defined as gross selling price less gross purchase price in CAD.

For the three months ended June 30, 2021, the Company accrued or paid $3,667 (2020 - $2,220) of royalties, which are reflected in cost of sales.

e) In February 2021, the Company has signed a lease for a new corporate office and principal place of business at 650 West Georgia Street, Vancouver, B.C. This lease will commence in July 2021 and run for a period of five years.

13. Segment Reporting

Based on the primary products the Company sell, it has one reportable segment – mineral products:

Three months ended June 30, 2021	Mineral Products	Corporate	Total
	$	$	$
Segment revenues	189,613	-	189,613
Cost of sales	(165,075)	-	(165,075)
Gross profit	24,538	-	24,538
Expenses	-	(226,041)	(226,041)
Profit (loss) from operations	24,538	(226,041)	(201,503)
Other items (net)	-	20,503	20,503
Profit (loss) before taxes	24,538	(203,538)	(181,000)

Three months ended June 30, 2020	Mineral Products	Corporate	Total
	$	$	$
Segment revenues	187,761	-	187,761
Cost of sales	(172,902)	-	(172,902)
Gross profit	14,859	-	14,859
Expenses	-	(279,542)	(279,542)
Profit (loss) from operations	14,859	(279,542)	(264,683)
Other items (net)	-	131,720	131,720
Profit (loss) before taxes	14,859	(147,822)	(132,963)

14. Subsequent events

Subsequent to June 30, 2021, the following events occurred:

a) In July 2021, at the Company's Annual General Meeting, the Company’s shareholders authorized an amendment to the existing stock option plan allowing an increase in the number of shares reserved for issuance under the plan from 33,880,028 to 40,158,906, being 20% of the Company's issued and outstanding shares. The amendment is subject to TSX Venture Exchange approval.

b) In July 2021, at the Company's Annual General Meeting, the Company’s shareholders authorized the Company to adopt a Share Unit Plan, to assist the Company in the recruitment and retention of employees, directors and services providers. 15,000,000 Share Units will be available for grant under the plan, representing approximately 7.4% of the Company's issued and outstanding shares. The Share Unit Plan is subject to TSX Venture Exchange approval.

c) In July 2021, Michael Lee was appointed corporate secretary of the Company. He subsequently resigned from this role and his role of Chief Financial Officer of the company.

14. Subsequent events (continued)

d) In July 2021, the Company acquired a book of contracts, leads, sources and prospective customers in the rare earth sector and entered into an executive services agreement with the principal of the vendor.

The Company issued 1,000,000 shares in consideration for the acquisition. Up to 800,000 of the shares are cancellable if the principal of the vendor does not work for the Company continuously over the following three years.

The employment services agreement includes an initial option grant to purchase 1,000,000 shares of the Company at an exercise price of $0.08 until July 17, 2026, vesting over 18 months. Options to purchase up to 2,000,000 additional shares options would be granted if the services agreement remains in effect through its four-year term.

e) In August 2021, the Company appointed Anthony Wong to the positions of Chief Financial Officer and corporate secretary and accordingly issued an option to purchase 500,000 shares of the Company at 8.5 cents per share vesting over 18 months.