CANADA RARE EARTH CORP.

Unaudited Condensed Consolidated Interim Financial Statements
(Stated in Canadian Dollars)

For the Six Months Ended September 30, 2022

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 six months ended September 30, 2022 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.

September 30, 2022

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

As at	Note	September 30 2022 $	March 31 2022 $
ASSETS			
Current			
Cash		705,529	76,982
Trade and other receivables	3	646,009	328,200
Prepaid expenses and deposits	4	1,715,289	73,301
Total current assets		3,066,827	478,483
Non-current			
Right-of-use asset – office lease	5	238,914	270,769
Property, plant & equipment	6	47,116	50,126
Other assets	7	2	2
Intangible assets	8	51,110	64,444
Investment in associate company	9	522,055	331,701
		859,197	717,042
Total assets		3,926,024	1,195,525
LIABILITIES			
Current			
Accounts and other payables	10,11	943,501	842,664
Loans payable	12	1,186,977	535,684
Deferred revenue	13	1,797,569	-
Total current liabilities		3,928,047	1,378,348
Non-current			
Accounts and other payables	10,11	321,620	349,351
		321,620	349,351
Total liabilities		4,249,667	1,727,699
SHAREHOLDERS' DEFICIENCY			
Share capital	14	17,576,390	17,470,020
Reserves		8,871,524	8,770,524
Deficit		(26,771,557)	(26,772,718)
Total shareholders' deficiency		(323,643)	(532,174)
Total liabilities and shareholders' deficiency		3,926,024	1,195,525

Note 1 – Going concern of operations
Note 16 – Commitments and contingent liabilities

On behalf of the Company:

"Tracy A. Moore" Director
Tracy A. Moore

"Peter Shearing" Director
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 Income (Loss) and Comprehensive Income (Loss)
(Prepared by Management – Unaudited)

		Three months ended September 30		Six months ended September 30	
	Note	2022 $	2021 $	2022 $	2021 $
Revenue		1,941,936	94,519	2,659,655	284,132
Expenses					
Cost of sales		1,579,232	64,408	2,154,997	229,483
Consulting fees		136,750	116,721	264,940	224,880
Depreciation and amortization		17,433	19,521	34,865	23,837
Office and administration		68,463	48,765	87,562	69,331
Shared-based payments		34,000	109,000	101,000	202,000
		1,835,878	358,415	2,643,364	749,531
Profit/(Loss) before other items		106,058	(263,896)	16,291	(465,399)
Other income (expense)					
Foreign exchange gain (loss)		(47,832)	8,729	(49,087)	29,232
Interest		(11,404)	-	(20,993)	-
Interest on lease liability		(6,769)	(7,979)	(13,853)	(7,979)
Sublease income		12,167	23,617	24,333	23,617
Loss on investment in associate		-	(9,075)	-	(9,075)
Other income		44,470	-	44,470	-
Net income (loss) and comprehensive income (loss) for the period		96,690	(248,604)	1,161	(429,604)
Loss per share – basic and diluted per common share		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average shares outstanding, basic and diluted		216,314,652	200,376,210	224,682,696	200,168,560

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, 2021	202,494,532	17,032,572	8,527,333	(25,743,443)	(183,538)
Shares issued on debt conversion	1,100,000	85,000	-	-	85,000
Employee Stock Options	-	-	202,000	-	202,000
Loss and comprehensive loss for the period	-	-	-	(429,604)	(429,604)
Balance at September 30, 2021	203,594,532	17,117,572	8,729,333	(26,173,047)	(326,142)
Balance at March 31, 2022	208,126,530	17,470,020	8,770,524	(26,772,718)	(532,174)
Shares issued as part of private placement	1,731,166	103,870	-	-	103,870
Options exercised	50,000	2,500	-	-	2,500
Employee Stock Options	-	-	101,000	-	101,000
Income and comprehensive income for the period	-	-	-	1,161	1,161
Balance at September 30, 2022	209,907,696	17,576,390	8,871,524	(26,771,557)	(323,643)

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)

Six months ended September 30	2022	2021
	$	$
Cash flows provided by (used in):		
Operating activities		
Net loss and comprehensive loss for the period	1,161	(429,604)
Adjustments for:		
Recognition of investment in associate	-	9,075
Share-based payments	101,000	202,000
Amortization – intangible assets	13,334	2,222
Depreciation – right-of-use asset	31,855	19,017
Depreciation – property, plant & equipment	3,010	2,598
Interest on loans and lease liability	21,458	7,978
Changes in non-cash working capital items:		
Foreign exchange loss on cash	-	9,009
Foreign exchange loss on loans	43,579	-
Accounts receivable	(317,809)	(12,899)
Interest and other receivables	-	2,423
Prepaid expenses and deposits	(1,641,988)	207,067
Accounts payable and accrued liabilities	100,837	201,057
Deferred Revenue	1,797,569	-
Cash flows provided by operating activities	154,006	219,943
Financing activities		
Principal portion of lease liability	(27,731)	(22,225)
Repayment of loans and interest	(185,662)	-
Proceeds from loans	771,918	-
Proceeds from shares issuance	106,370	-
Cash flows used in financing activities	664,895	(22,225)
Investing activities		
Acquisition of right of use asset	-	(318,552)
Purchase of tangible fixed assets	-	(2,160)
Recognition of lease liability	-	307,614
Purchase of intangible asset	-	(80,000)
Advances to Associate Company	(190,354)	(36,546)
Cash flows used in financing activities	(190,354)	(129,644)
Effect of exchange rate changes on cash		(9,009)
Change in cash during the period	628,547	59,065
Cash, beginning of period	76,982	33,837
Cash, end of period	705,529	92,902

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

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.

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 reported income of $1,161 during the six months ended September 30, 2022 (September 30, 2021 – loss $429,604) and, as of that date, the Company’s deficit was $26,771,557 (September 30, 2021 - $26,137,047). 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 there is no assurance it will be able to do so in the future. The Company had cash of $705,529 at September 30, 2022 (March 31, 2022 - $76,982) to meet current financial obligations of $3,928,047 (March 31, 2022 - $1,378,348)

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, 2022. Results for the period ended September 30, 2022, are not necessarily indicative of future results.

The Company’s board of directors approved the release of these condensed consolidated financial statements on -, 2022.

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 September 30, 2022 and March 31, 2022, 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"), and a 20 % interest in CREC South American Holdings (BF) Corp, which holds 100% of Canbras Bom Futuro LTDA.

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. As a result, global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is still unknown currently, 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 pandemic is also causing delays in conducting due diligence and raising financing for prospective acquisitions and planned business expansion.

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, 2022.

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.

e) Amendment to IAS 1

Amendment to IAS 1 – Presentation of Financial Statements: Amendments to IAS 1 were issued by the IASB in January 2020 to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period. The effective Implementation date has been deferred to 1 January 2023. Adoption of IAS1 does not have a material effect on the Company's financial position.

3. Trade and Other Receivables

At September 30, 2022 and March 31, 2022, trade and other receivables were as follows:

	September 30, 2022 $	March 31, 2022 $
Amounts receivable	642,715	324,742
GST receivable	3,294	3,458
	646,009	328,200

4. Prepaid Expenses and Deposits

As at September 30, 2022, the Company had advanced $1,612,857 (March 31, 2022 - $59,667) to a supplier to secure future deliveries of Mineral Products.

	September 30, 2022 $	March 31, 2022 $
Prepaid expenses	102,432	13,634
Deposits	1,612,857	59,667
	1,715,289	73,301

5. Right of Use Asset/Lease Liability

Changes in the Company's right-of-use assets during the period ended September 30, 2022, and year ended March 31, 2022 were as follows:

	September 30, 2022 $	March 31, 2022 $
Balance, beginning of period	270,769	3,089
IFRS 16 adoption	-	318,552
Depreciation	(31,855)	(50,872)
Balance, end of period	238,914	270,769

Minimum lease payments in respect of lease liabilities and the effect of discounting as of September 30, 2022 and March 31, 2022 were as follows:

	September 30, 2022 $	March 31, 2022 $
Undiscounted minimum lease payments:		
Less than one year	76,846	75,848
More than one year	227,543	266,466
	304,389	342,314
Effect of discounting	(54,675)	(68,528)
Present value of minimum lease payments	249,714	273,786

Changes in the Company's lease liabilities during the period ended September 30, 2022, and year ended March 31, 2022, were as follows:

	September 30, 2022 $	March 31, 2022 $
Balance, beginning of period	273,786	3,263
IFRS 16 adoption		307,614
Principal payments	(24,072)	(37,091)
Balance, end of period(Note 11)	249,714	273,786

6. Property, Plant & Equipment

	$	$	$
Cost	Magnets and Frames	Fixtures & Fittings	Total
At March 31 and September 30, 2022	54,206	2,994	57,200
Accumulated depreciation			
At March 31, 2022	6,672	402	7,074
Depreciation expense	2,710	300	3,010
At September 30, 2022	9,382	702	10,084
Net book value			
At March 31, 2022	47,534	2,592	50,126
At September 30, 2022	44,824	2,292	47,116

7. 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 on 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 on March 31, 2018.

8. Intangible Assets

	Contacts, leads & sources $
Cost	
At March 31 and September 30, 2022	80,000
Accumulated amortization	
At March 31, 2022	15,556
Amortization expense	13,334
At September 30, 2022	28,890
Net book value	
At March 31, 2022	64,444
At September 30, 2022	51,110

Amortization expense for the six months ended September 30, 2022 of $13,334 (2022 – Nil) is included in cost of sales.

On July 17, 2021, the Company entered into an Asset Purchase Agreement ("APA") to acquire a book of contacts, leads, sources and prospective customers in the rare earth sector (the "Book") from a third-party company and an Executive Services Agreement ("ESA") with the principal of the third-party company.

Pursuant to the APA, as consideration for acquiring the Book, the Company issued 1,000,000 common shares (valued at $80,000) to the third-party company's principal, subject to escrow restrictions until the following dates:

- 200,000 shares on signing of the APA;
- 200,000 shares on the first anniversary of the APA;
- 200,000 shares on the second anniversary of the APA; and
- 400,000 shares on the third anniversary of the APA.

Pursuant to the ESA, the Company engaged the third-party company's principal as the Company's Head of Global Trading for a four-year term, with the ESA cancellable by the Company or the Company's Head of Global Trading with 90 days' notice. As a portion of this individual's compensation, the Company granted options to purchase up to 1,000,000 shares at an exercise price of $0.08 until July 17, 2026, vesting over 18 months. Up to 2,000,000 additional options would be granted if the ESA remains in effect through its four-year term.

9. Investments in Associate Company

Name	Country of incorporation	Ownership interest at September 30, 2022
CREC South American Holdings (BF) Corp. *(1)*	Canada	20%

(1) CREC South American Holdings (BF) Corp., a British Columbian incorporated company, owns Canbras Bom Futuro Ltda., a Brazilian incorporated company, which owns a Mineral Products stockpile.

Changes in the Company's investment in CREC South American Holdings (BF) Corp. during the period ended September 30, 2022 and year ended March 31, 2022 were as follows:

	September 30, 2022 $	March 31, 2022 $
Balance, beginning of period	331,701	169,330
Company’s 20% share of net loss for the period	-	(4,516)
Amount advances to associate company	190,354	166,887
Balance, end of period	522,055	331,701

a) The Company has paid expenses on behalf of CREC South American Holdings (BF) Corp to the amount of $357,241. This amount will become repayable to the Company at a time when CREC South American Holdings (BF) becomes profitable.

10. Related Party Transactions

Key management personnel compensation was:

Six Months Ended September 30	2022 $	2021 $
Short-term benefits	213,000	207,000
Vested employee stock options	52,841	127,243
	265,841	334,243

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 six months ended September 30, 2022, $24,334 (2022 - $23,617) of the office rental and related costs were charged to a Director of the Company. The Company has a verbal agreement with the Director to share a percentage of the lease repayments based upon space utilized.

The fees charged by the related parties are in the normal course of operations and reflected fair market value established and agreed to by the related parties.

The Company owes related parties $826,906 as at September 30, 2022 (March 31, 2022 - $979,862). $125,000 (March 31, 2022 - $125,000) of this amount has been presented as a non-current liability and the balance as current accounts payable and other payable. The payment terms are similar to the payment terms of non-related party trade payables

11. Accounts and Other Payables

At September 30, 2022 and March 31, 2022, accounts and other payables were as follows:

	September 30, 2022 $	March 31, 2022 $
Current		
Accounts and other payables (note 10)	890,407	793,229
Lease liabilities *(note 5)*	53,094	49,435
	943,501	842,664
Non-current		
Accounts and other payable (note 10)	125,000	125,000
Lease liabilities *(note 5)*	196,620	224,351
	321,620	349,351

12. Loans Payable

At September 30, 2022 and March 31, 2022, loans payable were as follows:535684	September 30, 2022 $	March 31, 2022 $
Current		
Balance, beginning of period	535,684	-
Addition	771,918	531,461
Repayment	(175,000)	-
Interest accrued	21,458	7,621
Interest paid	(10,662)	(1,904)
Foreign exchange loss (gain)	43,579	(1,494)
Balance: end of period	1,186,977	535,684

The unsecured loans bear interest at up to 7.5% per annum. Included in loans payable was $247,413 provided by related parties. Interest of $6,351 was accrued to the related party loans as of September 30, 2022.

13. Deferred Revenue

During the six months ended September 30, 2022, the Company received customer deposits of $4,457,223 (six months ended September 2021 - Nil) for prepayment on mineral products sales. At September 30, 2022, $1,797,569 of the customer prepaid deposits were pending for completion of sales orders.

14. Share Capital and Reserves

a) Share Capital

Authorized: Unlimited common shares without par value.

Issued: 209,907,696 (March 31, 2022 – 208,126,530) common shares.

Share Issuance

During the year ended March 31, 2022, 1,956,998 shares were issued to settle debt totaling $141,389.

During the year ended March 31, 2022, 1,000,000 shares were issued, pursuant to the APA, at a price of $0.08 per share for total consideration of $80,000.

During the year ended March 31, 2022, 2,675,000 options were exercised for a total consideration of $134,250, including $59,250 cash and $75,000 of balances payable settled as consideration. The total $81,809 value of the options exercised was transferred from reserves to share capital upon exercise.

During the six months ended September 30, 2022, 50,000 options were exercised for cash consideration of $2,500

During the six months ended September 30, 2022, a private placement offering was completed with 1,731,166 shares being issued at a price of $0.06 per share for cash consideration of $103,870.

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. 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 then issued and outstanding shares. The amendment is subject to application to and approval by the TSX Venture Exchange. At September 30, 2022, 14,775,000 options were outstanding.

In May 2021, the Company granted options to purchase up to 100,000 shares at an exercise price of $0.095 until May 6, 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 July 2021, 1,000,000 share options were granted as part of a signed Executive Service Agreement at an exercise price of $0.08 until July 17, 2026. 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 August 2021, the Company granted options to purchase up to 500,000 shares at an exercise price of $0.085 until August 16, 2026, to an officer. 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 January 2022, the Company granted options to purchase up to 150,000 shares at an exercise price of $0.07 until June 30, 2023, to a consultant. The options are to vest immediately.

In March 2022, the Company granted options to purchase up to 350,000 shares at an exercise price of $0.06 until February 14, 2023, and 2024 to consultants. The options are to vest immediately.

In April 2022, the Company granted options to purchase up to 3,125,000 shares at an exercise price of $0.07 until April 8, 2027, and December 31, 2023, 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.

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 six months ended September 30, 2022 was $0.07. The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

Six months ended September 30	2022	2021
Volatility	131.40	155.53
Expected life	5 years	5 years
Risk-free interest rate	0.50%	0.50%
Dividend yield	0%	0%

A summary of stock option activity to September 30, 2022 is as follows:

	Number	Weighted Average Exercise Price $
Options outstanding at March 31, 2021	16,225,000	0.06
Granted	2,100,000	0.08
Exercised	(2,675,000)	0.05
Expired	(300,000)	0.05
Cancelled	(3,550,000)	0.05
Options outstanding at September 30, 2021	11,800,000	0.07
Granted	3,125,000	0.085
Exercised	(50,000)	0.05
Cancelled	(100,000)	0.05
Options outstanding at September 30, 2022	14,775,000	0.07

The Company's outstanding and exercisable stock options as at September 30, 2022 were:

	Outstanding Options			Exercisable Options	
Expiry Date	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
December 2022	1,775,000	0.18	0.05	1,775,000	0.05
February 2023	200,000	0.38	0.06	200,000	0.06
June 2023	150,000	0.75	0.07	150,000	0.07
December 2023	125,000	1.25	0.07	125,000	0.07
February 2024	150,000	1.38	0.06	150,000	0.06
March 2024	1,000,000	1.47	0.05	1,000,000	0.05
May 2025	500,000	2.6	0.055	500,000	0.06
October 2025	4,025,000	3.04	0.07	4,025,000	0.07
March 2026	250,000	3.42	0.17	250,000	0.17
March 2026	2,000,000	3.45	0.11	2,000,000	0.11
May 2026	100,000	3.60	0.095	75,000	0.095
July 2026	1,000,000	3.80	0.08	500,000	0.08
August 2026	500,000	3.88	0.095	250,000	0.095
April 2027	3,000,000	4.52	0.07	750,000	0.07
	14,775,000	3.37	0.07	11,750,000	0.07

15. 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.

a) 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. In addition, the Company may require customers to advance deposits.

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 September 30, 2022.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its 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 September 30, 2022, the Company had cash of $709,970 to meet current financial liabilities of $3,916,559.

c) 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.

d) 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 $55,000, while a 10% change in the Brazilian Real will affect profit/loss by approximately $2,300.

Financial instruments denominated in foreign currencies are:

At September 30, 2022	US Dollars	Brazilian R$
Assets	1,864,346	132,626
Liabilities	2,264,540	42,366
Exchange rate / $1.00 =	.7272.	3.9256

At March 31, 2022	US Dollars	Brazilian R$
Assets	26,276	152,809
Liabilities	-	37,538
Exchange rate / $1.00 =	.8003	3.7994

e) Risk of economic dependency

The Company is reliant on one customer for most 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.

16. Commitments and Contingent Liabilities

a) Pursuant to the Company's contracts for the sale of concentrate to a rare earth company in Asia, the buyer has the right to seek replacement or appropriate compensation within 12 months after arrival of the goods at destination based on an inspection certificate issued by the relevant government inspection authority.

b) The Company's associate company acquired certain exploration and evaluation assets in South America in December 2019 and as part of the agreement, is obligated to make its pro-rata share of the US$100,000 monthly payments until April 2029.

c) In February 2021, the Company entered a commercial property lease at 650 West Georgia Street, Vancouver, B.C. expiring June 2026. This lease commenced in July 2021 for a term of five years.

17. Segment Reporting

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

Three Months ended September 30, 2022	Mineral Products	Corporate	Total
	$	$	$
Segment revenues	1,941,936	-	1,941,936
Cost of sales	1,579,232	-	1,579,232
Gross profit	362,704	-	362,704
Expenses	-	(310,484)	(310,484)
Profit (loss) from operations	362,704	(310,484)	52,220
Other items (net)	-	44,470	44,470
Profit (loss) before taxes	362,704	(266,014)	96,690

Three Months ended September 30, 2021	Mineral Products	Corporate	Total
	$	$	$
Segment revenues	94,519	-	94,519
Cost of sales	(64,408)	-	(64,408)
Gross profit	30,111	-	30,111
Expenses	-	(294,007)	(294,007)
Profit (loss) from operations	30,111	(294,007)	(263,896)
Other items (net)	-	15,292	15,292
Profit (loss) before taxes	30,111	(278,715)	(248,604)

Six Months ended September 30, 2022	Mineral Products	Corporate	Total
	$	$	$
Segment revenues	2,659,655	-	2,659,655
Cost of sales	(2,154,997)	-	(2,154,997)
Gross profit	504,658	-	504,658
Profit (loss) from operations	504,658	(547,967)	(43,309)
Other items (net)	-	44,470	44,470
Profit (loss) before taxes	504,658	(503,497)	1,161

Six Months ended September 30, 2021	Mineral Products	Corporate	Total
	$	$	$
Segment revenues	284,132	-	284,132
Cost of sales	(229,483)	-	(229,483)
Gross profit	54,649	-	54,649
Expenses	-	(520,048)	(520,048)
Profit (loss) from operations	54,649	(520,048)	(465,399)
Other items (net)	-	35,765	35,765
Profit (loss) before taxes	54,649	(484,253)	(429,604)