Canada Rare Earth Corp.

Management’s Discussion and Analysis

For The Six Months Ended December 31, 2025

GENERAL

The following is management's discussion and analysis ("MD&A") of Canada Rare Earth Corp. prepared as of April 1, 2026. This MD&A should be read together with the audited consolidated financial statements for the year ended June 30, 2025 and the unaudited condensed interim consolidated financial statements for the six months ended December 31, 2025 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 interim consolidated financial statements for the six months ended December 31, 2025 have been prepared by management in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and its interpretations.

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.sedarplus.ca.

On March 6, 2026, the British Columbia Securities Commission ("BCSC") issued a cease trade order ("CTO") as a result of the Company's failure to file its interim financial statements, management discussion and analysis, and related certifications for the six months ended December 31, 2025, by the prescribed filing deadline of March 2, 2026. Trading in the Company's common shares on the TSX Venture Exchange (the "Exchange") has been halted since January 2025, in connection with a previously proposed transaction. The CTO imposes additional restrictions on all trading in the Company's securities until the required filings have been completed and the CTO has been revoked by the BCSC. The Company was unable to complete the required filings within the prescribed timeline due to a lack of available financial resources following the non-completion of the previously proposed transaction and the resulting inability to raise capital while the company's shares remain halted from trading.

The Company is actively working to complete the required filings and intends to apply to the BCSC for revocation of the CTO upon their completion. The Company is making efforts to file the required documents as soon as practicable. Once the required filings have been filed and the CTO has been revoked by the BCSC, the Company intends to work with the Exchange toward a resumption of trading in its common shares. There can be no assurance as to the timing of the filing of the required filings, the revocation of the CTO or the resumption of trading.

The Company has not generated revenue for four consecutive quarters. The trading halt in the Company's shares, in effect since January 2025, has prevented the Company from raising capital through equity issuances, and the cease trade order issued by the BCSC on March 6, 2026 imposes additional restrictions on all trading in the Company's securities, further limiting the Company's ability to access capital markets. These conditions, combined with accumulated debt obligations including significant amounts owing to related parties, indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue operations and meet its obligations as they come due is dependent upon its ability to complete the required regulatory filings, obtain revocation of the CTO, achieve reinstatement of trading on the TSX-V, and thereafter secure additional financing. There can be no assurance that any of these conditions will be met. In the event financing cannot be obtained, the Company would need to curtail its operations and may be unable to meet its financial obligations. Management continues to actively pursue the resolution of these matters and to seek capital required for working capital and project commitments.

BUSINESS OVERVIEW

Canada Rare Earth Corp. (the "Company", "CREC" or "we") was incorporated under the laws of British Columbia on July 8, 1987. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "LL". Trading in the Company's common shares has been halted since January 2025, originally in connection with a proposed change of business and two associated transactions. The Company announced on October 3, 2025 that it will not proceed with those transactions. The trading halt remains in effect and, as of March 6, 2026, the Company is also subject to a cease trade order issued by the British Columbia Securities Commission (see "General"). The Company intends to work with the Exchange toward a resumption of trading following the revocation of the CTO and resolution of outstanding Exchange requirements. There can be no assurance as to the timing of reinstatement. The corporate office and registered and records office is 2110 - 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8.

As of the date of this MD&A, the Company has two subsidiaries: REM Metals Inc., a wholly owned Ontario corporation; and CREC South American Holdings Corp., a wholly owned British Columbia corporation. The Company also has a 20% equity interest in CREC South American Holdings (BF) Corp. which owns 100% of Canbras Bom Futuro LTDA., ("Associated Company") a Brazilian corporation that has taken assignment of an agreement dated December 11, 2019 (Definitive Purchase Agreement with Additional Leasing Clauses on the Surface Rights) known as "Bom Futuro" which are situated in close proximity to Ariquemes, Rondonia, Brazil.

BUSINESS STRATEGY

The Company operates a global essential minerals business in rare earth minerals and products. Our strategy leverages near-term positive cash flow opportunities supporting our business growth, including acquiring and developing proprietary projects, resources and processing capabilities and facilities.

More specifically our strategy is to:

1. **Focus on Proprietary Opportunities and Projects with Near-Term Production:** Canada Rare Earth Corp. is committed to executing strategic initiatives that capitalize on timely cash flow opportunities by partnering on or acquiring projects with existing or near-term production.

2. **Leverage Our Experience and Rare Earth Market Intelligence:** Canada Rare Earth Corp. is selecting projects based on their suitability for key customer requirements and that specifically encompass rare earth minerals and co-products such as tin, titanium, zircon, tungsten, tantalum, and niobium.
3. **Leverage Our Geographic / Relationship Advantages:** We strategically selects projects in regions providing a geographic or relationship advantage, building on existing Company resources and capabilities to ensure efficient operations with reduced risk.

The CREC team and its advisors have a global reach and have identified multiple opportunities. To finance the execution of such opportunities, the Company may undertake one or more financings. As the Company grows its revenue sources, it expects to fund future opportunities from cash flow and generate free cashflow to pay dividends.

SUMMARY OF RECENT DEVELOPMENTS

Corporate Matters:

- On January 7, 2025, the Company signed Memorandums of Understanding for two transactions in Laos: (1) the right to acquire 70% of a mineral processing plant, and (2) a 70/30 Joint Venture to co-develop a rare earth mining project. As outlined in the October 3, 2025 News Release, despite significant progress in conducting due diligence, structuring the transaction, arranging financing, and initiating preliminary development planning, the Company and its financiers ultimately decided not to proceed with the transaction, due to increasing geopolitical pressures surrounding rare earth investments in Southeast Asia. As a result, the Memorandum of Understanding related to the refinery transaction expired and accordingly the proposed Change of Business process initiated through the TSX Venture Exchange has been terminated. No advances were made by the Company in respect to the transaction and there are no residual liabilities or guarantees associated with the transaction.
- On May 8, 2025, the Company announced that it has appointed SCP Resource Finance LP ("SCP") to lead an offering of notes (the "Notes") for gross proceeds of up to US$3,000,000. Refer to the Company's new release dated May 8, 2025 for the key terms of the Notes. This offering was cancelled when the aforementioned transactions were cancelled (refer to News Release dated October 3, 2025).
- During the six months ended December 31, 2025, escalating geopolitical tensions between the United States and China resulted in restrictions on the export and sale of rare earth products by China, particularly materials classified as having dual-use applications. These restrictions have directly impacted the Company's ability to access certain sources of rare earth supply and to complete trading transactions that were previously available to the Company. The duration and scope of these restrictions remain uncertain and may continue to limit the Company's trading activities for the foreseeable future.

ESSENTIAL MINERAL INTERESTS

Bom Futuro Project

The Bom Futuro project, situated near Ariquemes, Rondônia, Brazil, is known to contain rare earths, cassiterite (tin), zircon, ilmenite and wolframite. Canbras Bom Futuro LTDA. directly and indirectly made 28 payments to the vendors totalling US$3,250,000 pursuant to the December 2019 agreement. Payments were postponed during the COVID-19 pandemic and more recently while the parties were negotiating new terms.

During the year ended June 30, 2025, the counterparty moved to terminate the agreement. The Company disputes the validity of the termination and intends to vigorously defend its rights under the agreement. For financial reporting purposes, the Company recognized impairment of the investment in CREC South American Holdings (BF) Corp. of $906,158 during the year ended June 30, 2025, and a further impairment of $1,153 during the six months ended December 31, 2025. The carrying value of the investment at December 31, 2025 is $nil.

Prior advancements, including bulk tests, flow sheet development, equipment selection, financial modeling, and mineral analysis compilation, are suspended pending resolution of the dispute. There can be no assurance that the Company will be successful in defending against termination or that the project will advance to production.

TRENDS

The energy transition has fueled significant interest in alternative energy technology. As such, we continue to see strong global demand for essential minerals including cassiterite, zircon, ilmenite and rare earths that are critical components of these new technologies.

The rare earth supply chain has been further disrupted by trade restrictions imposed by China on the export of rare earth products, particularly those with dual-use civilian and military applications. These restrictions, which intensified during the period, have constrained the availability of rare earth supply to non-Chinese buyers, including the Company, and have introduced significant uncertainty into the pricing and sourcing of rare earth minerals globally. While these restrictions may create longer-term opportunities for non-Chinese sources of supply, they have had a near-term adverse effect on the Company's ability to source and trade mineral products and the duration and ultimate impact of these restrictions on the Company's business remain uncertain.

In addition to our current business of accessing mineral supply from affiliated and third party-party organizations, we are intent on establishing our own mining, concentrating and refinery capabilities. Global inflation and high interest rates may hinder our financing efforts to advance these initiatives in the near term, but we remain hopeful that such funding is available for our projects particularly given the current constraints impacting the rare earth minerals industry. As we develop our tailings property in Brazil and expand our proprietary property portfolio to further augment our sources of supply, we are hopeful our financial condition will improve.

SELECTED QUARTERLY INFORMATION

Quarter ended:	Revenue $	Net income (loss) and comprehensive income (loss) for the period $	Income (loss) per share $
March 31, 2024	43,666	(355,495)	(0.00)
June 30, 2024	–	(636,242)	(0.00)
September 30, 2024	1,644,156	(130,529)	(0.00)
December 31, 2024	113,663	(258,837)	(0.00)
March 31, 2025	–	(318,749)	(0.00)
June 30, 2025	–	(1,811,747)	(0.01)
September 30 ,2025	–	(299,785)	(0.00)
December 31, 2025	–	(272,873)	(0.00)

Net income (loss) over the past 8 quarters fluctuated significantly which is due to the timing of recognition of revenue and expenses, including share-based compensation.

RESULTS OF OPERATIONS

Overview of three months ended December 31, 2025

We earned revenue from sale of mineral products of $nil during the three months ended December 31, 2025 ("Current Period") compared to $113,663 of revenue earned during the three months ended December 31, 2024 ("Prior Period"). The absence of revenue during the Current Period reflects, in part, restrictions imposed by the People's Republic of China on the export of rare earth materials to Western markets, driven by ongoing trade tensions with the United States and the classification of certain rare earth products as dual-use materials subject to export controls. These restrictions have reduced the Company's access to supply sources that previously supported its mineral trading operations.

Net and comprehensive loss for the Current Period was $272,873 or $0.00 loss per share compared to $258,837 or $0.00 loss per share for the Prior Period. The increase in net and comprehensive loss was primarily due to no sales of mineral made during the three months ended December 31, 2025, an increase in interest expense of $22,975, a increase in general and administrative expenses of $13,329, and offset by a decrease in consulting fees of $59,843, and a decrease in stock-based compensation of $11,991.

Overview of six months ended December 31, 2025

We earned revenue from sale of mineral products of $nil during the six months ended December 31, 2025 ("Current Period") compared to $1,757,819 of revenue earned during the six months ended December 31, 2024 ("Prior Period").

Net and comprehensive loss for the Current Period was $572,658 or $0.00 loss per share compared to $389,366 or $0.00 loss per share for the Prior Period. The increase in net and comprehensive loss was primarily due to no sales of mineral made during the six months ended December 31, 2025, an increase in interest expense of $54,232, an increase in expected credit loss expense of $8,292, and offset by a decrease in consulting fees of $94,542, and a decrease in stock-based compensation of $24,691.

Cash flows

During the Current Period, we used cash of $290,643 in operating activities compared to $709,848 of cash used in the Prior Period.

During the Current Period, we provided $10,362 (Prior Period: $912) to our Associated Company for our share of its expenditures.

Cash flows used for financing activities were $41,916 for the Current Period compared to cash flows of $318,890 provided in the Prior Period. During the Current Period, we received loans of $nil from related parties (Prior Period: loans of $216,334), $nil (Prior and made lease payments of $41,916 (Prior Period: $41,916).

Changes in financial position since June 30, 2025

Changes in our financial position since June 30, 2025 relate primarily to operations in the ordinary course.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2025, we had $168,686 of current assets: cash - $29,793; trade and other receivables - $48,115 and prepaid expenses and deposits - $90,778. We had $3,665,674 of current liabilities: including accounts payable and accrued liabilities – $611,045; due to related parties - $2,307,804; loans payable of $706,163 of which $454,236 was due to related parties; and $40,662 of lease liabilities.

In comparison, as at June 30, 2025, we had $426,049 of current assets: cash - $372,714; other receivables - $33,273 and prepaid expenses and deposits - $20,062. We had $3,128,763 of current liabilities: including accounts payable and accrued liabilities - $529,227; due to related parties - $1,815,604; loans payable of $704,679 of which $453,858 was due to related parties; and $79,253 of lease liabilities.

Historically, the Company has raised funds for business and property development, general overheads, and other expenses through the issuance of shares from treasury, debt facilities, and the generation of gross profits from the sale of mineral products.

The Company has not generated revenue for four consecutive quarters. The trading halt in the Company's shares, in effect since January 2025, has prevented the Company from raising capital through equity issuances, and the CTO issued by the BCSC on March 6, 2026 imposes additional restrictions on all trading in the Company's securities, further limiting the Company's ability to access capital markets. These conditions, combined with accumulated debt obligations including significant amounts owing to related parties, indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue operations and meet its obligations as they come due is dependent upon its ability to complete the required regulatory filings, obtain revocation of the CTO, achieve reinstatement of trading on the TSX-V, and thereafter secure additional financing. There can be no assurance that any of these conditions will be met. In the event financing cannot be obtained, the Company would need to curtail its operations and may be unable to meet its financial obligations. Management continues to actively pursue the resolution of these matters and to seek capital required for working capital and project commitments.

RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Payee	Relationship	Nature of Transaction	Six months ended December 31, 2025 $	Six months ended December 31, 2024 $
Peter Shearing (Appointed CEO October 11, 2023)	CEO and Director	Share-based compensation	642	6,622
Carberry Consulting Inc.	Company controlled by Peter Shearing	Fees	132,000	132,000
Michael Lee (Appointed CFO August 1, 2024)	CFO	Fees	72,000	40,000
Donald Anderson (Appointed CIO January 1, 2024)	CIO	Share-based compensation	8	3,898
Pemberton Asset Management Inc.	Company controlled by Donald Anderson	Fees	–	120,000
Tracy A. Moore (Resigned CEO October 11, 2023)	Director	Share-based compensation	321	4,185
Mark Peters	Director	Share-based compensation	321	3,311
Gordon J. Fretwell	Director	Share-based compensation	513	4,774
Emerald Park Capital	Company controlled by former CFO Janet Meiklejohn (resigned July 15, 2024)	Fees	–	6,688

The fees were paid or accrued to management and directors of the Company or to companies controlled by management and directors.

During the six months ended December 31, 2025, the Company recognized other income of $20,278 (2024 – $24,333) from a Director of the Company for the recovery of office rental costs. The Company has a verbal agreement with the Director to share a percentage of the lease repayments based upon space utilized.

<u>Due to related parties</u>

On December 21, 2023, the Company entered into Payment Plan Agreements with two companies controlled by Directors of the Company pursuant to which the Company agreed to repay amounts owing the related parties in eight instalments commencing April 10, 2025. At December 31, 2025, the amounts owing under these Payment Plan Agreements was $1,011,710 (June 30, 2025 – $1,011,710) of which $87,710 (June 30, 2025 – $351,710) is due beyond one year and has been presented as a long-term liability. The Payment Plan agreements are unsecured and non-interest bearing.

As at December 31, 2025, in addition to the amounts owed under the Payment Plan Agreements, the Company owes related parties a total of $1,383,804 (June 30, 2025 – $1,155,604) which consists of $1,310,596 (June 30, 2025 – $1,082,396) of fees, $25,070 of expenses (June 30, 2025 - $25,070) and $48,138 (June 30, 2025 – $48,138) of royalties owed. The amounts are unsecured, non-interest bearing and due on demand. Royalty expense payable to related parties for the six months ending December 31, 2025, of $nil (2024 – $9,801) is included in cost of sales.

<u>Loans payable – related parties</u>

As at December 31, 2025, the Company owes $125,000 of loan payable (June 30, 2025 – $125,000) to a Director of the Company, which is unsecured, bears interest at 4% per annum and is due in 30 days upon request for repayment.

As at December 31, 2025, the Company owes $101,000 of loans payable (June 30, 2025 – $101,000) to a Director of the Company, which are unsecured, non-interest bearing and were due on July 24, 2023. The parties are negotiating an extension.

As at December 31, 2025, the Company owes $82,236 (US$60,000) of loans payable (June 30, 2025 – $81,858 (US$60,000)) to a Director of the Company, which are unsecured, non-interest bearing and due on demand.

As at December 31, 2025, the Company owes $7,500 of loan payable (June 30, 2025 – $7,500) to the Chief Executive Officer of the Company, which is unsecured, non-interest bearing and was due on October 3, 2024. The parties are negotiating an extension.

As at December 31, 2025, the Company owes $108,500 of loans payable (June 30, 2025 - $108,500) to the Chief Executive Officer of the Company, which are unsecured, were due on October 31, 2024, and non-interest bearing if repaid on or prior to maturity date. The parties are negotiating an extension.

As at December 31, 2025, the Company owes $30,000 of loans payable (June 30, 2025 - $30,000) with a Director of the Company, which is unsecured, bears interest at 4% per annum and due on demand.

As at December 31, 2025, accrued interest of $20,636 (June 30, 2025 – $15,839) due to related parties is included in accounts payable and accrued liabilities.

CONTRACTUAL OBLIGATIONS

Pursuant to the Company's contract for the sale of concentrate to a rare earth company in Asia, the buyer has the right to seek compensation and replacement of goods within 12 months after arrival of goods at destination if the quality, specification, or quantities are not in conformity with the contract or 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
- 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.

The Company entered into a five-year lease, which continues until June 2026, for a new corporate office and principal place of business.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Our financial instruments are exposed to certain risks, including credit risk, foreign exchange risk, liquidity risk, interest rate risk and market risk.

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.

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 December 31, 2025, the Company had cash of $29,793 to meet current financial liabilities of $3,665,674. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements, and loans. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant debt and equity funding. Liquidity risk is assessed as high.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial liabilities with fixed interest rates over a specified period of time expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does not believe it is currently subject to any significant interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Foreign currency exchange rate risk

The Company is exposed to foreign currency fluctuations as it has cash, receivables, deposits, accounts payable and accrued liabilities, loans payable, and deferred revenue denominated in US dollars, Euro and Brazilian Real. There are no exchange rate contracts in place. A 10% change in the US dollar will affect profit/loss by approximately $160,946 (June 30, 2025 – $121,605). A 10% change in the Brazilian Real will affect profit/loss by approximately $261 (June 30, 2025 – $262).

Financial instruments denominated in foreign currencies are:

At December 31, 2025	US Dollars	Brazilian Real
Assets	63,542	–
Liabilities	1,237,819	10,451
Exchange rate / $1.00 =	0.7296	3.9968

At June 30, 2025	US Dollars	Brazilian Real
Assets	242,888	–
Liabilities	1,134,670	10,451
Exchange rate / $1.00 =	0.7330	3.9952

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.

Risk management

The Company's risk management objectives and policies are consistent with those disclosed by the Company in the audited consolidated financial statements for the fifteen months period ended June 30, 2025.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following table details the share capital structure of the Company as of the date of this MD&A:

	Number
Common shares	211,587,696
Stock options	9,050,000

Stock options

We are authorized by our shareholders to grant options to our directors, officers, employees and service providers under our stock option plan.

On January 12, 2024, the Company adopted a new stock option plan for granting stock options to its directors, officers, employees, and service providers. The new stock option plan allows up to 10% of the Company's outstanding shares be granted as options. Such stock options are exercisable over periods of up to ten years. The previous stock option plan was terminated as a result of the adoption of the new plan and previously granted options carry forward. The new stock option plan was approved by TSX-V on October 23, 2025.

During the six months ended December 31, 2025, the Company recognized share-based compensation of $1,413 (2024 – $26,104) in reserves. The weighted average grant-date fair value of options granted during the six months ended December 31, 2025, was $0.01 per share (2024 – $0.02).

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.

Share unit plan

On January 12, 2024, subject to TSX.V approval, the Company established a share unit plan which allows the Company to issue share units of the Company to employees, directors and consultants (the "Participants") as compensation or incentive for future performance. Each share unit entitles the Participants to receive, subject to and in accordance with the share unit plan, one share of the Company when the vesting terms and conditions of the share unit are satisfied. The share units shall have an expiry date no later than the earlier of the date which is (i) ten years from the grant date and (ii) two years after the participant's termination date. The number of shares approved for issuance under the plan is 21,158,770 shares. At December 31, 2025, and the date of this MD&A, no share units have been issued.

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*.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains or incorporates by reference "forward-looking statements" and "forward looking information" as defined under applicable Canadian securities laws ("forward-looking statements"). Forward-looking statements and information can generally be identified by the use of terms such as "may", "will", "should", "expect", "intend", "estimate", "continue", "believe", "plans", "anticipate" or similar terms.

Forward-looking information and statements include, but are not limited to, statements with respect to the activities, events or developments that CREC expects or anticipates will or may occur in the future, including those regarding future growth and ability to create new sources of essential mineral supply, the political stability in jurisdictions that the Company operates, the development and focus of the Company, its acquisition strategy, the proposed advancement and expansion of projects; the ability to sell concentrate to its refiner and the Company's expectations regarding future revenues.

Forward-looking information and statements are based on the then current expectations, beliefs, assumptions, estimates and forecasts about CREC's 's business and the industry and markets in which it operates. Forward-looking information and statements are made based upon numerous assumptions and although the assumptions made by the Company in providing forward-looking information and statements are considered reasonable by management at the time, there can be no assurance that such assumptions will prove to be accurate. Forward-looking information and statements also involve known and unknown risks and uncertainties and other factors, which may cause actual results, performances and achievements of CREC to differ materially from any projections of results, performances and achievements of CREC including, without limitation, the inability of management to execute proposed plans for properties and businesses or to achieve planned development and production estimates and goals, risks related to the projects in which the Company holds interests, including the successful continuation of operations; risks related to development, permitting, infrastructure, operating or technical difficulties on any projects; risks related to international operations, government relations and environmental regulation; uncertainty relating to the availability and costs of financing needed in the future and the Company's ability to carry out its growth plans as well other related risks and uncertainties; the risk that the cease trade order issued by the BCSC may not be revoked on a timely basis or at all; the risk that the trading halt imposed by the TSX-V may result in the delisting of the Company's shares; the risk that the Company may not be able to raise capital while its shares are halted from trading and subject to a cease trade order; the risk that the counterparty to the Bom Futuro agreement may succeed in terminating the agreement, resulting in the loss of the Company's primary development asset; the risk that geopolitical tensions between the United States and China, including restrictions on the export of rare earth materials classified as dual-use, may continue to limit the Company's access to rare earth supply and adversely affect its trading operations; the risk that the Company may not be able to continue as a going concern; price volatility in mineral concentrate; the economic and other effects of the outbreak of mpox globally and in the eastern DRC; fluctuations in the international currency markets and in the rates of exchange of the currencies of the DRC and the United States of America (US); changes in national and local government legislation in Brazil, United States of America, the DRC or any other country in which the Company currently or may in the future conduct business; taxation; controls, regulations and political or economic developments in the countries in which the Company does or may conduct business; the speculative nature of mineral exploration and development, including the risks of obtaining and maintaining the validity and enforceability of the necessary licenses and permits and complying with the permitting requirements of each jurisdiction in which the Company operates, including, but not limited to: obtaining the necessary permits; the lack of certainty with respect to foreign legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law; the uncertainties inherent to current and future legal challenges the Company is or may become a party to; competition; loss of key employees; general economic conditions and inflation and rising costs of labour, supplies, fuel and equipment; changes in project parameters as the operation continues to be refined; accidents; labour disputes and strikes; defective title to mineral claims or property or contests over claims to mineral properties; risks, uncertainties and unanticipated delays associated with obtaining and maintaining necessary licenses, permits and authorizations, complying with permitting requirements, including those associated with the environment and risks of security related incidents which may impact the operation or safety of its people. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental events and hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and losses of processed mineral concentrate (and the risk of inadequate insurance or inability to obtain insurance to cover these risks).

For a discussion of important factors which could cause actual results to differ from forward-looking statements, refer to the audited annual consolidated financial statements for the year ended June 30, 2025 and its other publicly filed documents under its profile at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information and statements. The Company undertakes no obligation to update or reissue forward-looking information as a result of new information or events except as required by applicable securities laws.

ADDITIONAL INFORMATION

Additional information relating to the Company is available for viewing on SEDAR+ website at www.sedarplus.ca and at the company website www.candarareearth.com.