

51-102F3 Material Change Report [F]

Item 1 Name and Address of Company

Canada Rare Earth Corp.
1780, 400 Burrard Street
Vancouver, BC V6C 3A6

Item 2 Date of Material Change

September 27, 2013

Item 3 News Release

The news release dated September 27, 2013 was disseminated through Canada Stockwatch and Market News under section 7.1 of National Instrument 51-102.

Item 4 Summary of Material Change

Please refer to attached news release.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Please refer to attached news release.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

N/A

Item 8 Executive Officer

Tracy Moore, CEO, Canada Rare Earth Corp.

Item 9 Date of Report

October 7, 2013

CANADA RARE EARTH CORP. ACQUIRES INTEREST IN EXPLORATION/DEVELOPMENT COMPANY

September 27, 2013

Canada Rare Earth Corp. ("CREC" or the "Company") (TSX.V: LL) is pleased to announce that it has entered into a share purchase agreement with VCS Mining, Inc., a private Delaware company ("VCS") to acquire, subject to regulatory approval, 2,348,147 common shares of VCS for US\$1.1 million (the "Investment"). At the conclusion of this transaction the Company will have a fifteen percent equity interest in VCS. VCS owns 98% of Delta Societe Miniere S.A. ("Delta"), a company incorporated pursuant to the laws of Haiti. Delta holds the mining rights pursuant to an Exploitation Permit issued by the Bureau of Mining and Energy covering 2,500 hectares in Northern Haiti (the "Morne Bossa Property") including the rights to 31 hectares of deeded area within the Morne Bossa Property (the "Deeded Land"). A small part of the Morne Bossa Property has been the subject of a significant amount of exploration including 60 drill holes showing encouraging initial results.

As part of its agreement with VCS and Delta, the Company has been given the right to lease, for an initial period of 25 years, 15 acres within the Deeded Land on which it would be suitable to construct a rare earth refinery (the "Lease"). Pursuant to its agreement with VCS and Delta, the Investment also constitutes a pre-payment of the initial 25 year term of the Lease. The Company has also been given an option to enter into a second 25 year term at the end of the initial term.

Tracy Moore, CEO of the Company said "We are extremely excited about the merits of the Morne Bossa Property and are looking forward to VCS building on the success of the outstanding exploration results obtained to date. The acquisition of the 15 acres pursuant to the pre-paid Lease represents an extra benefit as part of the Investment and is one of the first steps in laying the groundwork for the establishment of a full spectrum rare earth refinery in Haiti."

Angelo Viard, the CEO of VCS added: "We are pleased to have CREC as an investor in our company and we look forward to developing a strong business relationship. As part of the Investment, to further develop more jobs and economic activity, Delta has granted to CREC access to part of its permitted area. This will enable CREC to build its proposed refinery, which will process material that is derived from sources outside of Haiti. Although gaining access to a potential site on which to build a refinery is an important step, CREC will have to comply with all applicable environmental laws and obtain all required permits before a refinery can be built or operated. With the support of local and national governments, the local community and access to a strong business network, VCS and CREC both have the potential to become strong contributors to economic development and the welfare of the local community through employment, training and social benefits. The gold mining Exploitation Permit is only one of two issued in our country in over 50 years. It is valid for five years and upon commercial production being achieved will be converted to a concession permit which will be renewable for up to 25 years and then in 10 year increments."

The Morne Bossa Property is ideally situated being within 2 kilometres of major roadways, 7 kilometres of an international airport, 12 kilometres of the city of Cap Haitian and 20 kilometres of the 250 hectare Caracol Industrial Park. This facility is a \$300 million industrial complex financed in part by multilateral donors and is the future home to a diverse set of industries and businesses.

ABOUT CANADA RARE EARTH CORP.

Canada Rare Earth Corp. is developing a vertically integrated business within the global rare earth industry in conjunction with CEC Rare Earth Corporation ("REC"). The relationship with REC

provides the Company with access to REC's experienced personnel as well as its business model which includes a full spectrum of the rare earth industry including the designing, building and establishment of operations for rare earth refineries outside of China as well as the ongoing sales and marketing of refined rare earths. In addition to its relationship to REC, the Company presently has several rare earth properties exhibiting multi element potential (rare earths, niobium, beryllium, zirconium and iron ore). Additional information concerning the Company is contained in documents filed by the Company with securities regulators, available under the Company's profile at www.sedar.com. For more information, please visit the Canada Rare Earth Corp. web site at www.canadarareearth.com.

ON BEHALF OF THE BOARD OF DIRECTORS OF CANADA RARE EARTH CORP:

"Tracy A. Moore"
CEO & President

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The information contained herein contains "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimates of amounts not yet determinable. Any statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: risks related to failure to obtain adequate financing on a timely basis and on acceptable terms; risks related to the outcome of legal proceedings; political and regulatory risks associated with mining, exploration and operations; risks related to the maintenance of stock exchange listings; risks related to environmental regulation and liability; the potential for delays in exploration or development activities or the completion of feasibility studies; the uncertainty of profitability; risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; results of prefeasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks related to gold price and other commodity price fluctuations; and other risks and uncertainties related to the Company's prospects, properties and business detailed elsewhere in the Company's disclosure record. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Investors are cautioned against attributing undue certainty to forward-looking statements. These forward looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Actual events or results could differ materially from the Company's expectations or projections

For more information on the Company, Investors should review the Company's filings that are available at www.sedar.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

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