51-102F3 Material Change Report [F]

Item 1 Name and Address of Company

Canada Rare Earth Corp.
700, 1199 West Hastings Street
Vancouver, BC V6E 3T5

Item 2 Date of Material Change

September 11, 2014

Item 3 News Release

The news release dated September 11, 2014 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

September 18, 2014

CANADA RARE EARTH OPTIONS TWO OF ITS PROPERTIES FOR $1,179,000 PLUS ROYALTIES

September 11, 2014

VANCOUVER, BRITISH COLUMBIA - Canada Rare Earth Corporation ("Canada Rare Earth" or the "Company") (TSX.V: LL) is pleased to announce that it has entered into separate agreements to option two of its properties: the Hinton Coal property and the Manitouwadge graphite property for a total of $1,179,000 plus royalties and reimbursement of certain expenses.

The Company has received a non-refundable deposit of $20,000 regarding the Hinton Coal property. Further, payments of $200,000, $400,000 and $400,000 are payable at the option of the optionee with a minimum of half cash and the balance in shares of a publicly traded company issued at a discount to the volume weighted adjusted price. The payments are due four months from entering this option agreement, 12 months thereafter and then a further 12 months thereafter, respectively. Canada Rare Earth has a put option on the shares it receives for $200,000 and the optionee has a call option on the shares for $1 million, on the basis that $500,000 of shares are received by Canada Rare Earth. Additionally, on closing, Canada Rare Earth will be granted a royalty of $0.15 per tonne on the first 20,000,000 tonnes of coal produced from the site. The optionee may purchase this royalty for $1 million

The Company has also received a non-refundable deposit of $10,000 regarding the Manitouwadge graphite property. A further $149,000 is due at the option of the optionee within six months from entering this option agreement. The optionee has committed to spending $15,200 to advance exploration of the property and reimburse property taxes during the term of the option. Additionally, on closing, Canada Rare Earth will be granted 2% gross production royalty. The optionee may purchase half of this royalty for $250,000.

Tracy A. Moore, CEO and President of Canada Rare Earth explained "the divestiture of these two assets allows Canada Rare Earth to continue focusing on its vertically integrated rare earth business while monetizing two non-core assets. Canada Rare Earth is studying prospective rare earth refinery sites in Brazil, several locations in southeast Asia and the Caribbean. We are still interested in establishing a refinery in the United States but recently cancelled tthe letter of intent to acquire a particular prospective site in the Pacific Northwest of the United States due primarily to ongoing environmental issues at the site. Accordingly, our entire refundable deposit of US$100,000 was returned and received."

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

Tracy A. Moore, CEO & President

"Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release."

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."

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:

Contact Information:

Tracy A. Moore
CEO & President
(604) 638-8886