

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

November 5, 2014

Item 3 News Release

The news release dated November 5, 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

November 5, 2014

Canada Rare Earth Enters into Letters of Intent to Sell 10,000 Metric Tons of Rare Earth Concentrate Annually for Five years

November 5, 2014

Canada Rare Earth Corporation ("Canada Rare Earth" or the "Company") (TSX.V: LL) is pleased to advise that it has entered into two letters of intent (each an "LOI"), to sell 10,000 metric tons ("MT") annually, of rare earth concentrate to two affiliated full spectrum rare earth separation refineries situated in Asia. Both refineries are interested in increasing the volume of concentrate purchased if available.

The two LOIs, each having a five year term, are hedged with Canada Rare Earth's twenty year right (but not obligation) to purchase rare earth concentrate from the Mata Azul property in Brazil (see news release dated September 22, 2014). Canada Rare Earth's selling and purchase prices fluctuate with market prices and have ceiling and floor prices such that the buy/sell transactions will, in all cases, be undertaken by CREC only if there is a favourable price differential.

A key factor to this arrangement is the commencement and continuation of production at the Mata Azul property. While studies have been undertaken an independent feasibility study has not been completed demonstrating mineral reserves and economic and technical viability of the contemplated mining and concentrating operations and therefore there is no assurance that CREC will have an opportunity to implement the LOI's.

The terms of both LOI's and the purchase contract will commence once the Mata Azul rare earth property in Brazil starts production of rare earth concentrate, zirconite and ilmenite. (see news releases dated November 3, 2014, September 29, 2014, September 22, 2014 and February 24, 2014). The sale of concentrate to one of the refineries is subject to that refinery receiving its final operating permits. The other refinery is operational and ready to take delivery.

Tracy A. Moore, Chief Executive Officer of Canada Rare Earth explained: "The back to back sales and purchase contracts provide a win-win-win situation for the two full spectrum, full size rare earth separation refineries, for the Mata Azul exploration, mining and concentrating business and for Canada Rare Earth. The refineries are capable of sourcing adequate amounts of concentrate feed from other suppliers, however, preliminary chemical analysis conducted by third parties indicates that the characteristics of the Mata Azul rare earths appear particularly attractive for the refineries' separating needs and capabilities. These LOIs provide important financial and business strength to the potential of the Mata Azul property."

CEC Rare Earth Corp. was instrumental in arranging the two LOIs and accordingly 1,425,000 stock options have become fully vested leaving a balance of 725,000 options available for vesting upon the delivery of a further long term contract.

ABOUT CANADA RARE EARTH CORP.

Canada Rare Earth Corp. is developing a vertically integrated business within the global rare earth industry by focusing on establishing rare earth separation refineries. This initiative is undertaken in conjunction with CEC Rare Earth Corporation, which has access to personnel experienced with designing, building and operating rare earth separation refineries. Additionally, the Company has several exploration properties exhibiting multi element potential including rare earths. 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 Corporation web site at www.canadarareearth.com.

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." 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 the price fluctuation of rare earths and other commodities; 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:

Tracy A. Moore

CEO & President

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