Canada Rare Earth Corporation

NEWS RELEASE

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CANADA RARE EARTH COMPLETES THE SALE OF THE MANITOUWADGE PROPERTY

February 2, 2015

VANCOUVER, BRITISH COLUMBIA - Canada Rare Earth Corporation ("Canada Rare Earth" or the "Company") (TSX.V: LL) is pleased to announce that it has completed the sale of the Manitouwadge graphite property two months ahead of schedule on terms set out in the news release dated September 11, 2014.

Canada Rare Earth received a total of $159,000 for the sale of the property and was granted a 2% gross production royalty based on the graphite produced form the property. The purchaser may acquire half of this royalty for $250,000.

Separately, regarding the optioning out of the Hinton coal property, Canada Rare Earth received an initial deposit of $20,000 when the option for the Hinton coal property was announced on September 11, 2014 and recently received a further deposit of $10,000 as non-refundable advance in consideration of extending the due diligence period until March 7, 2015. The $10,000 is to be applied against the $200,000 payment due upon successful conclusion of the due diligence being undertaken by the optionee. The optionee may then make further payments of $400,000 and $400,000, 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 $400,000 payments are due 12 months after the $200,000 payment and then a further 12 months thereafter. 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

Tracy A. Moore, CEO and President of Canada Rare Earth explained, "we are very pleased with the divestiture of the Manitouwadge graphite property as the sale provides us with some cash and a revenue sharing opportunity and allows us to focus even more so on developing our vertical integration strategy within the rare earth industry."

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

Tracy A. Moore, CEO & President

Canada Rare Earth Corporation

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:

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