51-102F3 Material Change Report [F]

Item 1 Name and Address of Company

Canada Rare Earth Corp.
15th Floor, 1040 West Georgia Street
Vancouver, BC V6E 4H1

Item 2 Date of Material Change

March 14, 2016

Item 3 News Release

The news release dated March 14, 2016 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

March 14, 2016

March 14, 2016

CANADA RARE EARTH PROVIDES CORPORATE DEVELOPMENT UPDATE

Vancouver, British Columbia - Canada Rare Earth Corporation ("**Canada Rare Earth**" or the "**Company**") (TSX.V: LL) is pleased to provide this corporate development update to shareholders, stakeholders and interested parties.

The demand for an alternative or complementary supply of rare earths that is outside of the influence of the Chinese government (i.e. non-Chinese supply) remains strong. The fundamentals and long term growth trends for many of the applications using rare earths remain significant, favorable and expanding. Although 2015 was a difficult year for the rare earth sector and the mining industry in general, the economic situation does not diminish but rather reinforces the importance to the global industrial marketplace of having an alternative to China that Canada Rare Earth is working to create.

An aspect of the rare earth industry that has not changed is the vulnerability of international businesses to a disruption in the critical and strategic supply of rare earths. The extensive list of potential affected parties includes: hundreds of major international manufacturing companies and their supply networks, governments including their military, and retail and industrial consumers.

We remain confident that our strategy of developing a vertically and horizontally integrated rare earth supply chain outside of China is sound. Our plans are strongly supported from the industry and there is concrete interest in purchasing our products. We continue to advance our capital projects in a number of geographic locations to establish the all important rare earth separation capability outside of China. These projects are fundamentally based on our access to critical knowledge, skills and experience with rare-earth separation facilities earned by over ten years of design, build and operation experience with multiple refineries that produce the full suite of rare earth elements.

The present challenges in the rare earth sector have been brought on by a broad number of factors including a hangover from the 2011 price spike driven by China's use of rare earths as an economic bargaining chip and the unauthorized or illegal production of rare earths in China. As a result of the situation, prices are presently reduced to a level where very few businesses in the supply chain are profitable. The current pricing levels have put pressure on the profitability of all aspects in the rare earth supply chain and Canada Rare Earth has assessed the economic viability of its proposed capital projects in the context of the recent pricing environment. Although impacted by the current prices the economics remain attractive albeit not to the same levels shown a few years ago when prices were at least double. Nevertheless, our refinery projects have merit and at least one of our initiatives is motivated by national interest and security rather than near-term financial returns.

To augment our focus on the aforementioned capital projects and to assist our customers with access to critical materials in advance of our projected rare earth refineries being established, we are continuing to develop our trading and supply services to generate short term revenue including:

- Sourcing rare earth concentrate from existing mining operations where rare earths are an under-appreciated bi-product of the primary mining operation. This is the case, for example, in heavy mineral sand operations where rutile, ilmenite and zircon are primary targets and rare earths contained in monazite and xenotime are bi-products.
- Selling monazite concentrate to a major user of monazite where we have a preferred supplier status.
- Selling ultra-pure and specialized rare earth oxides from our proprietary source into our exclusive territories including North and South America, Europe, Russia and India and selling into other regions on a non-exclusive basis. We are in the process of establishing a network of international sub-distributors to expedite this rollout.
- Broadening the scope of our product line to include elements that are complementary to rare earths.

The state of the capital markets and the lower prices of rare earths have given reason for Canada Rare Earth to review its strategic focus and business plans in order to validate the economic and commercial viability of proposed refineries. Having taken a close look at our business we remain very confident that our strategy for establishing an alternate rare earth supply chain outside of China is as important, if not more important than in the past and that our business strategy continues to be attractive in terms of financial return for investors and industrial partners.

On behalf of the Board
Tracy A. Moore, CEO and Peter Shearing, COO

ABOUT CANADA RARE EARTH CORP.

Canada Rare Earth Corp. is developing an international vertically and horizontally integrated business within the global rare earth industry. Our key focus is to generate revenues and positive cash flow from a variety of profit centers in the rare earth production and sales chain by sourcing, adding value and selling rare earths in all stages and forms. We are in the process of establishing our own mining, concentrating and refinery capabilities in addition to working with affiliated and third party organizations.

"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 that could cause actual events or results to differ from those reflected in the 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, interested parties should review the Company's filings that are available at www.sedar.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

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