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TSX.V: LL

Canada Rare Earth Enters into Hedged Contracts to Purchase and Sell Rare Earth Concentrate

September 8, 2016

Canada Rare Earth Corporation ("Canada Rare Earth" or the "Company") (TSX.V: LL) is pleased to announce that it has entered into agreements for the purchase and corresponding sale of 16,500 metric tons of rare earth concentrate over a three year period.

The initial shipment of 50 metric tons will commence within 30 days and thereafter shipment volumes will increase steadily over a six-month period to 500 metric tons per month and remain at this monthly amount for a further 30 months. The seller, Canada Rare Earth and the buyer are receptive to increasing volumes above 500 metric tons per month.

The purchase and sale prices of the inventory are specified for the duration of the contracts. Price adjustments may be requested based on demonstrable and reasonable changes in direct costs and subject to the ability to recover higher costs in the sale to the ultimate customer.

Tracy A. Moore, Chief Executive Officer of Canada Rare Earth commented, "We are very pleased to enter into these hedged contracts between a capable supplier and a customer that has selected our product offering in place of existing supply. The transaction demonstrates our ability to generate revenues despite a challenging market for rare earths. We are working with the selling group to extend product sales beyond this first customer to separation refinery projects we are developing."

Peter Shearing, Chief Operating Officer of Canada Rare Earth added, "Our team worked very hard to negotiate a hedged transaction, matching the interests and concerns of both the selling party and our customer, while acting in the commercial best interests of Canada Rare Earth."

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



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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.

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