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

September 6, 2017

Item 3 News Release

The news release dated September 6, 2017 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 6, 2017

Canada Rare Earth Announces Significant Progress in the Permitting of the Rare Earth Separation Refinery Situated in Southeast Asia

September 6, 2017

Canada Rare Earth Corp. ("Canada Rare Earth" or the "Company") (TSX.V: LL) is pleased to announce it has made significant advancements towards obtaining permits authorizing the commencement of operations of the completed separation facility situated in Southeast Asia (the "Refinery").

As a result of the progress, the owner of the Refinery (the "Owner") and the Company have restructured the agreement for Canada Rare Earth to purchase a majority interest in the company that owns the Refinery (the "RefineryCo"), first announced in May 2016.

Pursuant to the restructured agreement:

Canada Rare Earth will continue to take responsibility for the application for permits

If and when the permits are issued:

i) Canada Rare Earth will have earned the right of first refusal to sell concentrate to the Refinery to the full extent of the Refinery's requirements;
ii) Canada Rare Earth will have earned the right of first refusal to sell products produced by the Refinery to the full extent of production;
iii) Canada Rare Earth will have earned the right to purchase a minimum of 60% of the issued and outstanding shares of RefineryCo (the "Purchase Shares") for a price to be negotiated between the Owner, the Company and the financiers who facilitate the acquisition of the Purchase Shares based on: market conditions, capabilities of the Refinery, working capital requirements of the Refinery and the amount of funds raised by Canada Rare Earth. Shareholders of the Refinery will be required to contribute to the Refinery's working capital requirements in proportion to their respective equity holdings; and
iv) Canada Rare Earth and its financiers will have six months from the receipt of Final Operating Permits to complete negotiations for the purchase of the Purchase Shares, to pay for the Purchase Shares and to contribute to the working capital requirements.

Tracy A. Moore CEO of Canada Rare Earth explained, "Simultaneous with our permitting efforts, we will seek to raise between US$50 million and US$110 million to purchase RefineryCo equity and contribute to the working capital requirements through a special purpose vehicle ("SPV") so as not to dilute shareholders of Canada Rare Earth. Our goal is to control the SPV and thereby own a majority interest in RefineryCo and the Refinery."

Mr. Moore continued, "We have identified a suitable source of concentrate for the Refinery and are working towards a second source. We are also reinvigorating discussions with prospective purchasers of the final products of the Refinery."

The parties will cooperate with each other to accumulate and exchange information appropriate for prospective financiers and to structure the acquisition of the Purchase Shares in a manner that maximizes tax efficiencies. Specific details of the agreement with the Owner remain subject to negotiation.

Peter Shearing, COO of Canada Rare Earth underlined the importance of the permitting progress to the Company, "The successful permitting of the Refinery is a fundamental step in our strategic plan to establish an independent rare earth supply network. Once permitted and operating, the Refinery will provide the full spectrum of rare earth products to companies looking to balance their primary source of rare earth products with an independent second source."

On behalf of the Board

Tracy A. Moore, CEO and Peter Shearing, COO

ABOUT CANADA RARE EARTH CORP.

Canada Rare Earth is developing an international integrated business within the global rare earth industry. Our immediate key focus is to generate revenues and positive cash flow from a variety of profit centres 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 organization

"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. No assurance that the funding to purchase the Purchase Shares will be raised on reasonable terms or at all and there is no assurance that the permits will be issued in a timely manner or at all."

In addition to risks associated with forward looking statements there are risks associated with the proposed acquisition of the Purchase Shares including risks relating to the ability of the Company to raise sufficient funds required to acquire the Purchase Shares and to finance the SPV. Further, there can be no certainty that the required permits will be obtained to enable the Refinery to commence operations as well as risks associated with carrying on business and owning assets in a non-Western country in Southeast Asia.

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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