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

February 22, 2018

Item 3 News Release

The news release dated February 22, 2018 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

February 22, 2018

Canada Rare Earth Announces Financial Results for the Nine Months Ended December 31, 2017

February 22, 2018

VANCOUVER, BRITISH COLUMBIA - Canada Rare Earth Corp. ("**Canada Rare Earth**" or the "**Company**") (TSX.V: LL) is pleased to announce the filing of the unaudited financial statements and related management discussion and analysis for the nine months ended December 31, 2017.

The financials and analysis can be found on our website (www.canadarareearth.com) and on SEDAR.com. They are summarized and highlighted as follows:

Canada Rare Earth generated revenues of $1,569,000 during the nine months ended December 31, 2017, a 10-fold increase over revenues generated during the entire year ended March 31, 2017 and a 14-fold increase over revenues generated in the comparable nine month period.

Salil Dhaumya, Chief Financial Officer of Canada Rare Earth explained: "With increasing levels of sales, maintaining margins and strict attention to controlling costs and cash expenditures we have improved our loss from operations by $81,000 compared to the nine-month period ended December 31, 2016. By setting aside three non-cash expenses (share based compensation, unrealized foreign exchange loss and amortization) our adjusted net loss for the nine months was $80,000 compared to an adjusted loss of $214,000 for the comparable nine month period."

Mr. Dhaumya continued: "Subsequent to the December 31, 2017 quarter-end, we completed a convertible loan with Talaxis Limited as a component of the strategic partnership between the two companies which significantly enhanced the financial status of the Company. As a result of the convertible loan, $1,500,000 of cash has been injected into the Company of which $800,000 is repayable in January 2019 and $700,000 is repayable in January 2020 unless the loan is converted into shares and warrants. If the loan is fully converted and all warrants are exercised then a minimum additional amount of $900,000 would be injected into the Company."

The Company used net cash of $35,000 from operating activities in the nine months ended December 31, 2017 an improvement of $270,000 from the nine months ended December 31, 2016.

A summary of the revenues and expenses for the nine months ended December 31, 2017 compared to nine months ended December 31, 2016 respectively is as follows:

Nine Months Ended	**December 31, 2017**	**December 31, 2016**	**Comment**
Revenues	$ 1,569,000	$ 110,000	
Expenses			
Cost of sales	1,435,000	38,000	
Operating expenses	332,000	350,000	
Other expenses (income), net	97,000	(64,000)	Impact of fluctuating US and Canadian dollar exchange rate CAD on long term assets
Net loss (includes non-cash expenses totaling $214,000 in the current period)	$ (294,000)	$ (214,000)	

A summary of the balance sheets as at December 31, 2017 and March 31, 2017 respectively is as follows:

	December 31, 2017	**March 31, 2017**
Assets		

Current Assets	$234,000	$309,000
Non-current assets	1,799,000	1,886,000
Total	**2,033,000**	**2,195,000**
Liabilities and Equity		
Accounts payable and accruals		
Insiders	88,000	59,000
External	92,000	85,000
Trade finance loans		
Insiders	112,000	94,000
External	63,000	66,000
Shareholders' equity	1,678,000	1,890,000
Total	**$ 2,033,000**	**$ 2,195,000**

Tracy A. Moore, CEO of Canada Rare Earth explained, “Our recently announced financing and strategic relationship with Talaxis Limited is designed to augment our developing trading platform and provide the basis for cooperation in the development of supply chains in the rare earth industry. The terms and conditions include sourcing, processing and delivering rare earths, refinery facilities, financing capital expenditures and trade finance support.”

On behalf of the Board

Tracy A. Moore, CEO and Peter Shearing, COO

"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.”

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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