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

August 7, 2019

Item 3 News Release

The news release dated August 7, 2019 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

August 7, 2019

August 7, 2019

Canada Rare Earth Completes Debt Conversion

Canada Rare Earth Corp. ("Canada Rare Earth" or the "Company") (TSX.V: LL) is pleased to announce the completion of converting $1,254,260 of debt into common shares of the Company and warrants.

Talaxis Limited in support of Canada Rare Earth has converted its entire loan principal balance of $1,200,000 and accrued interest of $53,260 into 15,612,093 common shares of the Company and 6,000,000 warrants.

Each warrant is exercisable until July 31, 2020 at the greater of (i) $0.10 and (ii) the 10-day value weighted average price of the Company's common shares on the TSX Venture Exchange less 15%

This recently concluded arrangement brings Talaxis' ownership to 21,612,093 common shares (11.2% of the Company's current issued and outstanding common share) plus 9,000,000 warrants.

Tracy A. Moore, CEO of Canada Rare Earth noted, "This debt conversion arrangement accomplishes three fundamental purposes: enhances our Shareholders' Equity by $1,253,260; reduces our liabilities by the same amount; and further demonstrates the confidence Talaxis shares with our corporate vision and business development initiatives."

ABOUT CANADA RARE EARTH CORP.

Canada Rare Earth is generating revenues and gross profits as we develop our integrated supply chain business based on the rare earth industry and with increasing attention directed to valuable by-products. Our business involves sourcing, adding value and selling rare earths and other mineral products in all stages and forms utilizing proprietary, affiliated and third-party sources and facilities.

On behalf of the Board

Tracy A. Moore, CEO and Peter Shearing, COO

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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