

Canada Rare Earth Arranges Long Term Supply of Rare Earth Concentrate from Brazilian Joint Venture Project

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Sep 22, 2014) - [Canada Rare Earth Corp.](#) ("Canada Rare Earth" or the "Company") (TSX VENTURE:LL) is pleased to announce that it has entered into a long term rights agreement to purchase all of the rare earth concentrate to be produced from a property, known as the Mata Azul property, situated in Tocantins, Brazil. The mineral rights are owned by Mineracao Mata Azul S.A. ("Mata Azul"). The Mata Azul property is of significant interest to Canada Rare Earth as discussed in the news release dated February, 2014. In particular the property has been the subject of several exploration programs including sampling, regional mapping, drilling wells, trenching, auger drilling, chemical and petrographic analyzes, mineralogy and beneficiation tests.

Canada Rare Earth and Mata Azul are continuing to work collaboratively to establish a funded rare earth business which will focus on advancing exploration, mining and concentrating various minerals on the Mata Azul property. The two parties are in the process of negotiating a Definitive Joint Venture Agreement to extend and supersede the joint venture letter of intent announced in February, 2014.

Pursuant to the long term supply/sales agreement Canada Rare Earth has the rights but not the obligation to purchase all of the rare earth concentrate produced from the Mata Azul property for a base price plus a percentage of the difference between the base price and fair market value. The duration of the arrangement is for 20 years plus automatic extensions under certain situations.

The arrangement benefits the Mata Azul mining and concentrating project and enhances the ability to finance the project by providing an off-take customer. In turn, Canada Rare Earth will have secured an excellent source of rare earth concentrate for any future refinery projects CREC becomes involved in including a separation refinery proposed to be built on the Mata Azul site. Additionally, Canada Rare Earth may arrange for follow on buyers to purchase any volumes not required for Canada Rare Earth's own purposes. As per the Company's news release of February 2014 the Company is planning, pursuant to its joint venture with Mata Azul, to design and build a 6,000 metric ton per annum refinery.

The long term supply/sales arrangement is subject to the commencement of Mata Azul's mining and concentrating operations which, in turn, is subject to a number of factors including financing, regulatory approvals and viable operations.

Tracy A. Moore, CEO and President of Canada Rare Earth commented: "We are very pleased to have entered into the long term supply arrangement with Mata Azul. The Mata Azul property has excellent potential to host significant quantities of critical rare earth elements contained within workable mineralogy (monazite and xenotime). The property has the potential to support a large separation refinery business in Brazil and complements our global business strategy of establishing multiple refineries in various globally significant locations. The Company is currently in advanced negotiations with several potential investors to finance up to a 10,000 metric ton refinery in Brazil. Whether negotiations are successful with those particular potential investors the Company believes that having secured a potential long term supply of rare earths will result in end users or other conventional commercial lenders being willing to provide project financing. If financing is obtained and a concentration facility is completed the Mata Azul project will represent a rich source of rare earth concentrate well suited to our proposed refineries, in volumes that enable planning for large scale operations producing a full spectrum of rare earth oxides on a long term basis and at an advantageous price."

Canada Rare Earth cautions investors that the proposed Mata Azul project is in the conceptual stage and there is no assurance that results of exploration of the property and associated metallurgy will be sufficiently successful to warrant development or that rare earth concentrate will be produced to the standards and

volumes that would be required to make the project commercially viable.

CEC Rare Earth Corp. was instrumental in facilitating this purchase agreement and, as a result, 712,500 options have become fully vested leaving a further 2,137,500 options available for vesting with the delivery of future long term contracts.

ABOUT CANADA RARE EARTH CORP.

[Canada Rare Earth Corp.](#) is developing a vertically integrated business within the global rare earth industry by focusing on establishing rare earth separation refineries. This initiative is undertaken in conjunction with CEC Rare Earth Corporation, which has access to personnel experienced with designing, building and operating rare earth separation refineries. Additionally, the Company has several exploration properties exhibiting multi element potential including rare earths. Information concerning the Company is contained in documents filed by the Company with securities regulators, available under the Company's profile at www.sedar.com. For more information, please visit the [Canada Rare Earth Corp.](http://www.canadarareearth.com) web site at www.canadarareearth.com.

ON BEHALF OF THE BOARD OF DIRECTORS OF [Canada Rare Earth Corp.](#):

Tracy A. Moore, CEO & President

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For more information on the Company, Investors should review the Company's filings that are available at www.sedar.com.

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