

Canada Rare Earth Enters Into Joint Venture Agreement for the Exploration and Development of the Mata Azul Rare Earth Property in Brazil

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov 3, 2014) - [Canada Rare Earth Corp.](#) ("Canada Rare Earth" or the "Company") (TSX VENTURE:LL) is pleased to announce that it has entered into a joint venture agreement with Mineracao Mata Azul S.A. ("Mata Azul") to advance exploration and establish and operate mining and concentration operations for rare earth and other mineral rights owned by Mata Azul (the "Joint Venture"). This business arrangement allows Canada Rare Earth to control the exploration and development of the Mata Azul property and ratifies the previously announced agreement between the Company and Mata Azul which provides the Company with the right to purchase all of the rare earth concentrate from the project.

Pursuant to the Joint Venture Agreement Canada Rare Earth will hold 80% and Mata Azul will hold, on a non-dilutive basis, 20% of the issued capital of a newly formed company (the "Joint Venture Company"). Canada Rare Earth has the right to appoint three of four directors and Mata Azul may appoint the fourth director. Mr. Tracy A. Moore, CEO of Canada Rare Earth will be appointed the chairman of the Joint Venture Company. The Joint Venture Company has until November, 2015 to raise US\$5 million of equity capital in order to acquire all of the rare earth and other mineral rights owned by Mata Azul for nominal consideration. The US\$5 million of equity capital will remain to the credit of the Joint Venture Company after it receives the transfer of the Mata Azul mineral rights.

In order to arrange this transaction and secure services for planned activities, Canada Rare Earth has agreed to redistribute to Mata Azul 50% of dividends in excess of US\$2 million each year which, Canada Rare Earth would otherwise be entitled to receive from this business division (the "Dividend Redistribution") up to a specified maximum. The Company has also allocated to a third party who has been integral in facilitating the transaction with Mata Azul and with whom the Company will continue to collaborate with in arranging financing for the project, 30% of the Company's initial 80% equity position in the Joint Venture Company, net of the Dividend Redistribution. Additionally the Company has allocated 5% of the Company's initial 80% equity interest, net of the Dividend Redistribution, to CEC Rare Earth Corporation ("REC") on the condition that it discounts its future professional fees regarding the Mata Azul project by \$250,000. Canada Rare Earth has the option for three years to acquire REC's 5 % interest for \$750,000.

Tracy A. Moore, CEO and President of Canada Rare Earth explained: "Mata Azul and Canada Rare Earth have discussed and developed our going forward strategy for nearly one year to ensure that our views of developing the business are compatible. We have spoken with prospective financiers and prospective customers to understand how best to plan and execute our business."

"Canada Rare Earth has embarked on a rather unique strategy with four simultaneous facets in order to establish our vertically integrated business within the rare earth industry," Mr. Moore added. "Many participants in the industry apply a sequential approach such as exploration leading to mining leading to concentration leading to separation and then leading to sales. In contrast, we have focused on what is the key to the industry - separation of rare earths into their individual elements with a high degree of purity - from 99.9% to 99.999% pure oxides. The four main aspects of this business strategy that must come together in unison include: (1) establishing a long term, consistent supply of concentrate containing a significant proportion of critical and heavy rare earth elements; (2) developing or accessing a refinery to produce high quality, individual rare earth oxides including critical heavy elements; (3) securing three to seven international customers to purchase 60-80% of the separated elements on a long term basis; and (4) arranging suitable financing for the project."

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.

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.](#) 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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