

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Sep 2, 2015) - [Canada Rare Earth Corp.](#) ("Canada Rare Earth" or the "Company") (TSX VENTURE:LL) is pleased to announce that it has entered into an agreement dated September 1, 2015 (the "Acquisition Agreement") to acquire the assets of CEC Rare Earth Corp. ("REC"), an affiliated private British Columbia company (the "Acquisition"). Peter Shearing is a director of both the Company and REC and is therefore considered to be a non-arm's length party to the transaction. As part of the Acquisition REC's management will be engaged as consultants to Canada Rare Earth and REC will no longer be directly involved in the rare earth industry.

The Acquisition of the assets of REC (the "REC Assets") will enhance the Company's ability to develop and commercialize rare earth properties with the ultimate goal of processing and refining rare earths derived from its properties and from other sources. The REC Assets include REC's expertise, connections and business arrangements including all of the assets, contracts and business arrangements owned by or entered into by REC that relate to exploring for, mining, concentrating, sourcing, treating, separating and selling rare earths in all forms and at all stages. More specifically the REC Assets include but are not limited to cash, receivables, contracts, letters of intent, memorandums of understanding, consulting arrangements and rights associated with supplying expertise to many aspects of the rare earth industry together with rights to earn interests in rare earth projects.

The consideration to be paid by the Company to REC or at the direction of REC for the REC Assets (the "Consideration") is as follows:

1. 24,178,000 common shares to be issued by the Company, subject to an escrow agreement pursuant to which shares will be released from escrow over 18 months after issuance;
1. distributions from future contract proceeds and dividends derived from the REC Assets including: (i) 5% of the first US\$70 million of non-refundable gross cash collected for the implementation and execution of contracts and business arrangements and the disposition of REC Assets; (ii) for the 12 year period following closing of the Acquisition, 5% of the non-refundable gross cash collected for the implementation and execution of contracts and business arrangements and the disposition of REC Assets plus 10% of dividends derived from REC Assets ( this second royalty may be acquired by the Company at any time during the three years following completion of the Acquisition for US\$15 million less 50% of royalties paid in this regard); and (iii) 3% of the first US\$70 million of non-refundable gross cash collected for the implementation and execution of contracts and business arrangements and the disposition of REC Assets ( this third royalty may be acquired by the Company at any time during the two years following completion of the Acquisition by the issuance of 15,712,000 common shares);
1. vesting of previously issued stock options to acquire 712,500 shares of the Company and continuing until November 8, 2017 the exercise period of another 4,287,500 previously granted stock options, all of which are exercisable at \$0.10 per share; and
1. the immediate termination without penalty of the contract for REC to provide vertical integration implementation services.

Commenting on the rare earth sector in general and on the acquisition of the REC Assets specifically, Tracy A. Moore, CEO explained, "The success in finding mineable quantities of rare earths and the ability to produce a rare earth concentrate does not in itself lead to or allow the creation of a viable business. The separation of the rare earth concentrate into the individual rare earth elements is absolutely key to commercialization. China separates approximately 90% of the world's supply of individual rare earths and therefore existing and prospective sources of rare earths must either sell their concentrate, directly or indirectly, to a small, closely connected group of purchasers within China or they must develop their own means of separation, independent of China. Unfortunately, separation is considered a lost art (and chemical science) outside of China and there are significant risks with either reinstating mothballed separation facilities or in developing new and unproven techniques and technologies at scale.

Finding and mining and even concentrating rare earths is not particularly unusual or difficult, however, the downstream processing of the ore/concentrate into oxides is problematic both technically and commercially. By and large, for the past twenty years, separation of rare earths from concentrate into individual oxides has taken place primarily within China by a limited number of closely connected separators. These separators and other very important aspects of the Chinese rare earth industry are in the midst of consolidation by six large state owned organizations which report to the Chinese Central Government in Beijing."

Mr. Moore continued, "Hence, for rare earth deposits situated outside of China there are three choices for separation: (1) sell the concentrate to the Chinese oligopoly (and lose control of the rare earths while failing to optimize the commercial potential of the rare earths); (2) refurbish a mothballed refinery with its outdated processing techniques and technology (with less than optimum processing efficiency, greater costs and lower profitability); or (3) develop one or more new separation approaches and technologies (which have all the risks of developing new technologies and simultaneously placing the mining and concentrating assets at risk). Canada Rare Earth is extremely fortunate to have arranged a fourth and viable alternative. Through the acquisition of the REC Assets and the engagement of its consultants, Canada Rare Earth is now directly connected with one of the most experienced designers, builders and operators of rare earth separation refineries in China and therefore the world."

Canada Rare Earth's strategy for over two years has been the simultaneous development of sourcing rare earths; developing

separation capabilities; approaching prospective customers for the separated, individual rare earths; and approaching financiers. The significant accomplishment of connecting Canada Rare Earth with a capable designer, builder and operator and with several of its prospective separation refineries is an important cornerstone to our business strategy and implementation

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

Tracy A. Moore, CEO & President

*"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 which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: risks related to failure to obtain adequate financing on a timely basis and on acceptable terms; risks related to the outcome of legal proceedings; political and regulatory risks associated with mining, exploration and operations; risks related to the maintenance of stock exchange listings; risks related to environmental regulation and liability; the potential for delays in exploration or development activities or the completion of feasibility studies; the uncertainty of profitability; risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; results of prefeasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks related to the price fluctuation of rare earths and other commodities; and other risks and uncertainties related to the Company's prospects, properties and business detailed elsewhere in the Company's disclosure record. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in 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.*

For more information on the Company, Investors should review the Company's filings that are available at [www.sedar.com](http://www.sedar.com).

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