



**Canada Rare Earth
Corporation**

Integrating the Process To Build the Future



Supply • Separation Refining • Demand

canadarareearth.com
TSX.V: LL



Forward looking statements

Forward-Looking Statements – Certain statements included in this presentation are forward-looking statements which are made pursuant to the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. They include estimates and statements that describe the Company’s future plans, objectives and goals, including words to the effect that the Company or management expects a stated condition or result to occur. When used herein, words such as “estimate”, “expect”, “believe”, “intend”, “budget”, “plan”, “projection”, “progressing”, “strategy”, “outlook”, “will”, and other similar expressions are intended to identify forward-looking statements. In particular statements relating to the estimated future metal prices, cash flows, expenses, capital costs, ore production, mine life, financing, construction and commissioning are forward-looking statements. Such forward-looking statements involve inherent risks and uncertainties and are subject to factors, many of which are beyond our control, that may cause actual results or performance to differ materially from those currently anticipated in such statements. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include among others metal price volatility, changes in the US/CDN dollar exchange rate, economic and political events affecting metal supply and demand, fluctuations in ore grade, ore tonnes milled, geological, technical, mining or processing problems, future profitability and production, availability of financing on acceptable terms and unexpected problems during the development, construction and start-up phases of the underground mine. The Company disclaims any obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise. Readers are cautioned not to put undue reliance on these forward-looking statements. Descriptions of mineral reserves and resources estimates included herein under Canadian standards may not be comparable to similar information made available by U.S. companies subject to reporting and disclosure requirements of the United States Securities and Exchange Commission. See “Mineral Reserve and Resource Estimate . Investors should always consult their investment advisors prior to making any Investment decision.



Vertical Integration





Rare Earths

- **The secret ingredients of everything**
 - are NOT uncommon in mineral form
 - Rare Earths separation capability is rare outside of China
- **Is this a supply issue? demand issue? or ...?**



Supply Push

Rare earths are not rare

They are everywhere, but.....

- need to find economic concentrations
- need to separate into 17 individual elements



Supply Push

200+ companies exploring on 700+ sites

- which will be successful?
- who will buy their concentrate?
- who will finance the mines?



Supply Push



World Wide Deposit activity
(Selected RE mines/deposits 2011)



Rare Earths

Not all are equal

Need to understand

- hosting mineralogy
- Mining economics
- composition of the individual REEs
- lights vs heavies



Focus on the Critical REEs

- **Lights**

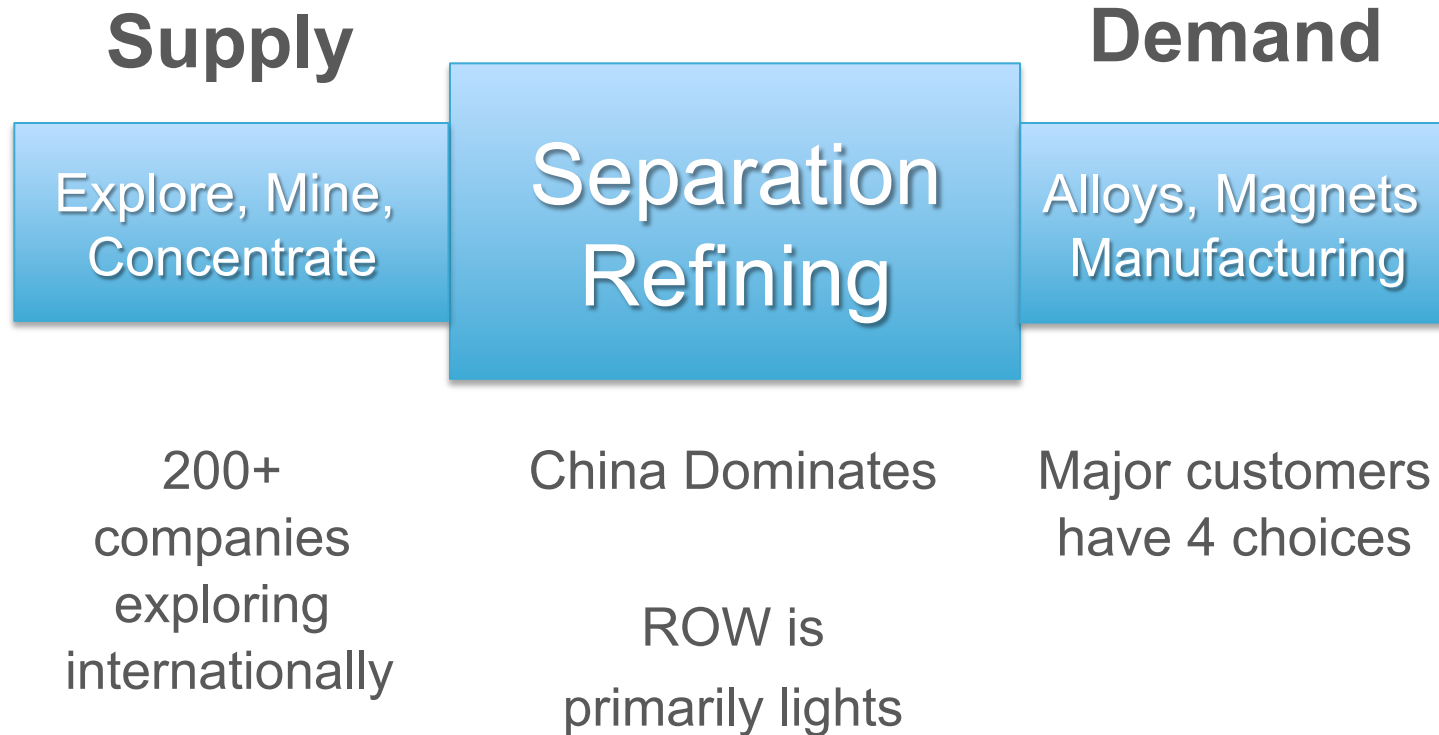
- La Ce Pr Nd
- Sm Sc Pm

- **Heavies**

- Y Eu Gd Tb Dy
- Ho Er Tm Yb Lu



Vertical Integration





Market Pull

- 200+ major international manufacturing companies and their networks require approx. 120,000 MT of separated REOs annually
- **4 choices**
 - continue to export from China
 - manufacture in China
 - engineer away from REEs
 - purchase from refinery situated outside China



Refineries Outside of China

No new separation facilities operating outside of China in past 10+ years

- **Molycorp**

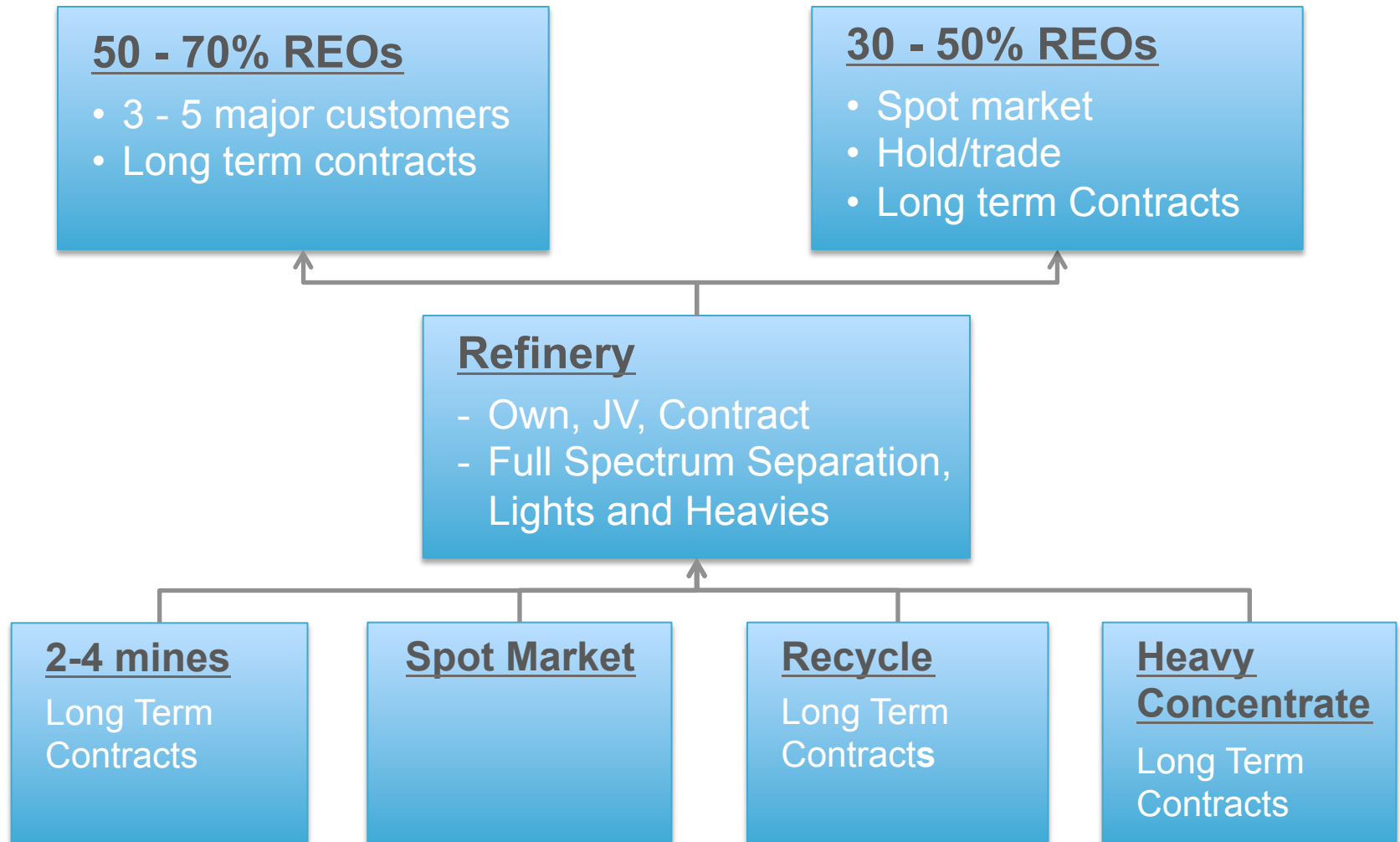
- Minimal heavies in ore (0.6%)
- Not producing separated heavies

- **Lynas**

- Little heavies in ore (2.85%)
- Not producing separated heavies



CREC Strategy





CEC Rare Earth Corp Affiliate Refinery

Mechanically Complete

- Full separation of rare earths: Lights and Heavies
- outside of China
- final approvals
- 3,000 MT





CREC Vertical Integration Team

- **CREC**

- Tracy A. Moore - building, corporate finance
- Michael Stares – exploration

- **Advisors**

- Bob Schafer - exploration/mining
- Mike Phillipoff - large scale project management
- Frank Judge - strategy, marketing, distribution, finance
- John Treleaven - gov't relations

- **CEC Rare Earth Corp**

- Rojer Li - direct contact to refinery design, build, operations
- Bill Purcell - downstream operations, exploration/supply
- Peter Shearing - technical, environmental, customer/demand



Action Plan

- Develop precise strategy, criteria, review databases and develop action plan
- Simultaneously
 - approach best exploration projects
 - negotiate with the existing refinery
 - REC to design and build expansion and/or greenfield refinery
 - approach best customer prospects
- Arrange financing directly/indirectly to support the business plan



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Thank You