Canada Rare Earth Corporation

Integrating the Process To Build the Future

Supply • Separation Refining • Demand

May 2016

canadarareearth.com

TSX.V: LL

Forward-looking statements

During the course of this presentations, Canada Rare Earth Corporation may make statements with regard to the company's projects, resources, business plans, business strategy, products, partners, and market position which could be construed as forward-looking. Forward-looking statements are subject to risk and uncertainties that could cause results to be materially different from expectations.

The presentation has been prepared by Canada Rare Earth Corporation and does not represent a recommendation to buy or sell its securities. Investors should always consult their investment advisors prior to making any investment decision.

Vertical Integration

Supply

Explore, Mine, Concentrate

200+ companies exploring

700+ locations

Separation Refining

China dominates

Rest of world will separate primarily light rare earths

Canada Rare Earth Corp refineries will produce all critical rare earths

Oxides, Metals and Alloys

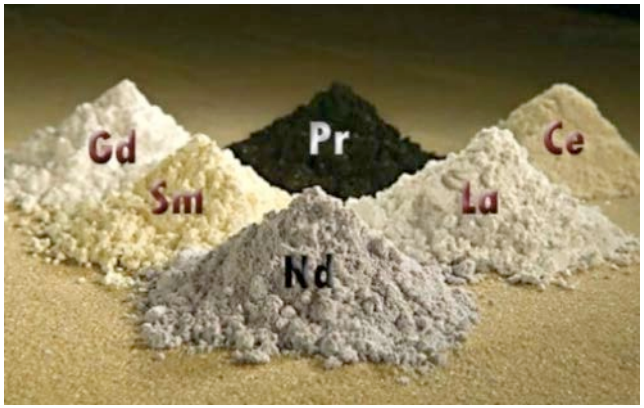
Demand

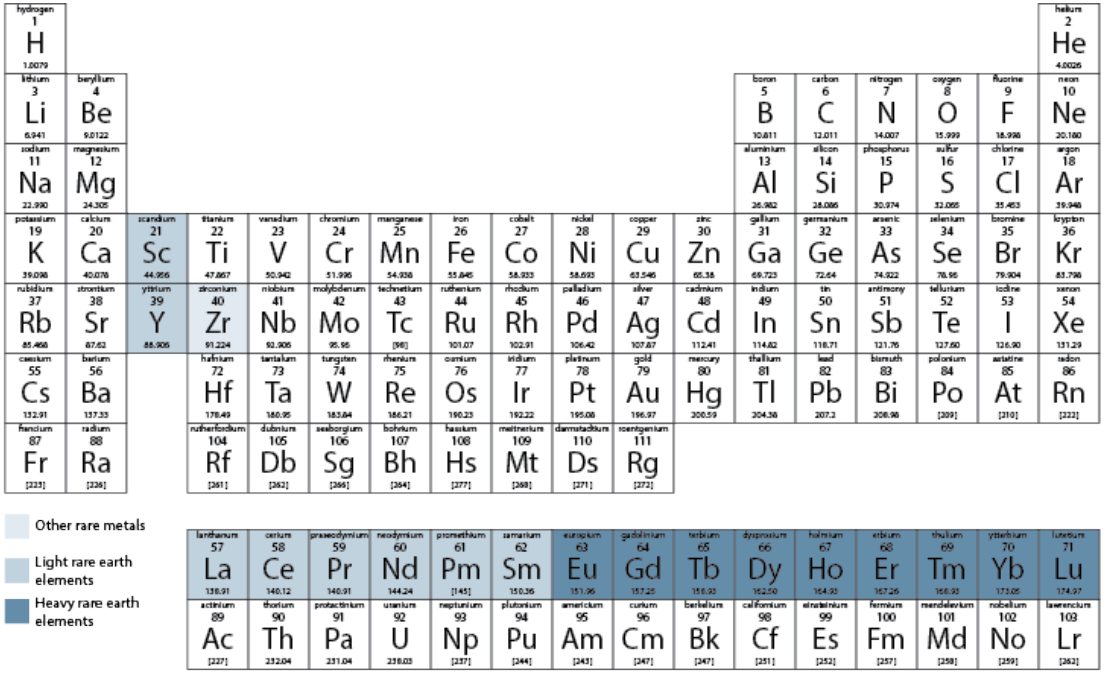
Major customers have 4 choices

- Buy from China
- Manufacture in China
- Engineer away from rare earths
- ✓ Purchase rare earths from refineries outside of China

What Are Rare Earths?

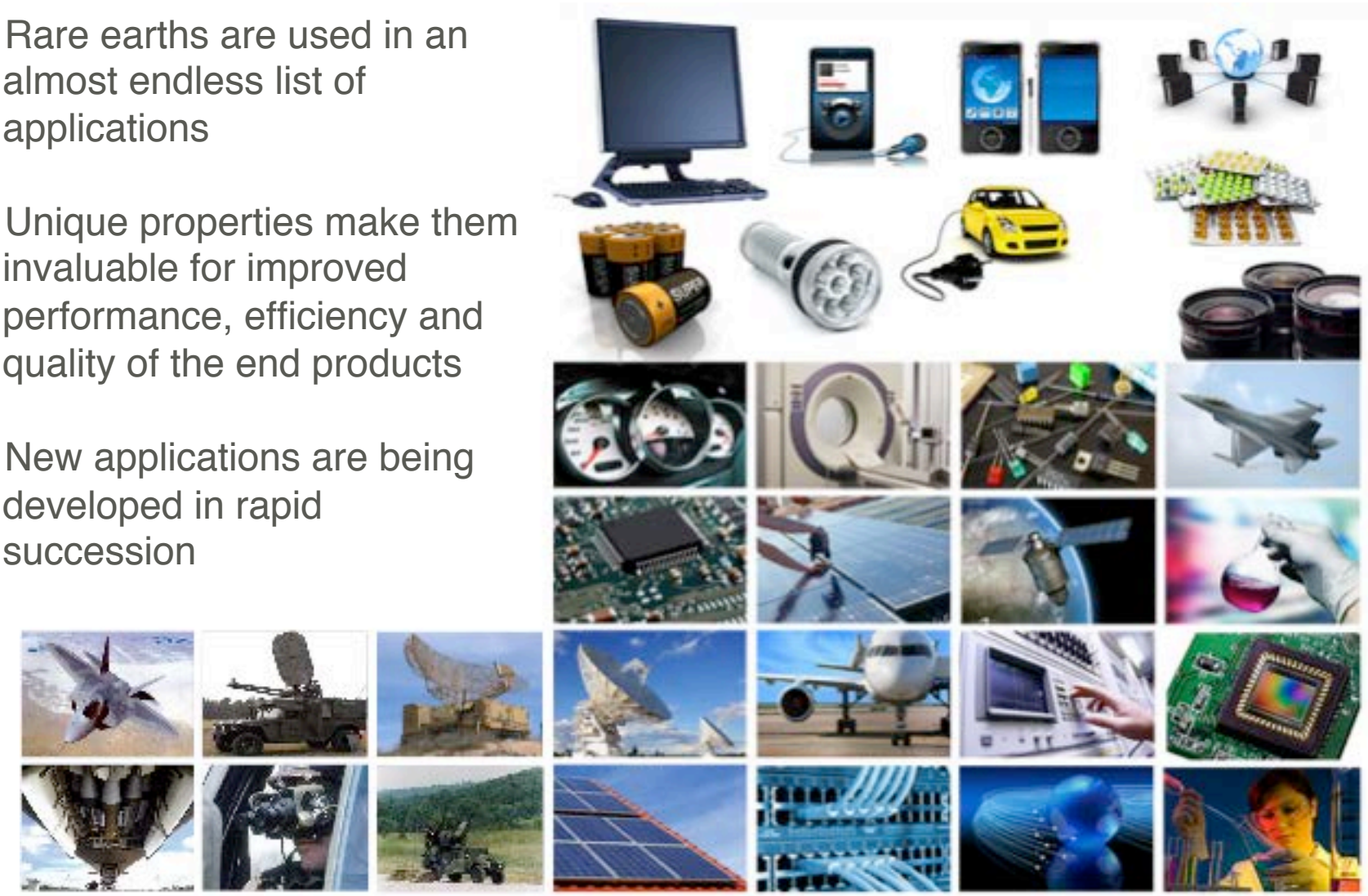
- 17 elements used for improved performance and quality
- Found combined together in mineral deposits
- Rare earths are of little industrial value unless separated





Rare Earth Applications

- Rare earths are used in an almost endless list of applications
- Unique properties make them invaluable for improved performance, efficiency and quality of the end products
- New applications are being developed in rapid succession



Economic Benefit Potential

From a report by the American Chemistry Council in April 2014:

"each job in the rare earth industry generates an additional 5.0 jobs elsewhere in the North American economy"

"the industry generates a total of $1.9 billion in economic output in North America"

"The rare earth industry is supportive of $329.6 billion in economic output in "downstream" end-market products and technologies that employ 618,800 workers (with a combined payroll of $37.6 billion) in the United States and Canada"

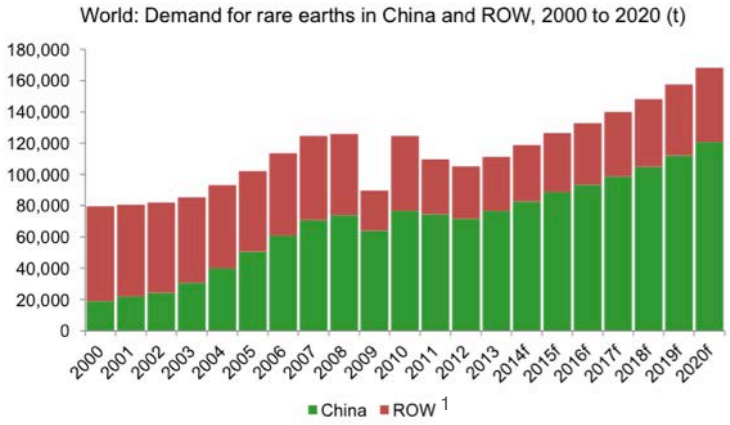
Raw Materials	Basic Rare Earth Materials	Engineered Rare Earth Materials	Components & Systems	End Market Products & Technologies
Bastnäsite Monazite Ionic Clays	Separated Rare Earth Oxides Oxylates Chlorides & Nitrates Rare Earth Mixed Oxides Rare Earth Metals	Rare Earth Alloys Magnets & Magnetic Powders Catalysts Metallurgical Additives Polishing Powders Phosphors Glass Additives Ceramics Water Purification Chemicals	Batteries Controls Drives Fabricated Metal Products Lasers Motors & Generators Sensors Transducers Other Systems & Components	Health Care Technologies Hybrid, Electric, PHEV's & Other Vehicles HVAC and Home Appliance Systems Consumer Electronics Energy Efficient Lighting Communications & Electronics Audio Equipment Defense Technologies Other Electronics Advanced Optics & Other Glass Products Oil Refining Electric Power

Future growth of RE market

- Demand growth for rare earths is strong and increasing
- Applications will continue to be developed rapidly especially if a dependable, cost effective, high quality supply is established outside of China

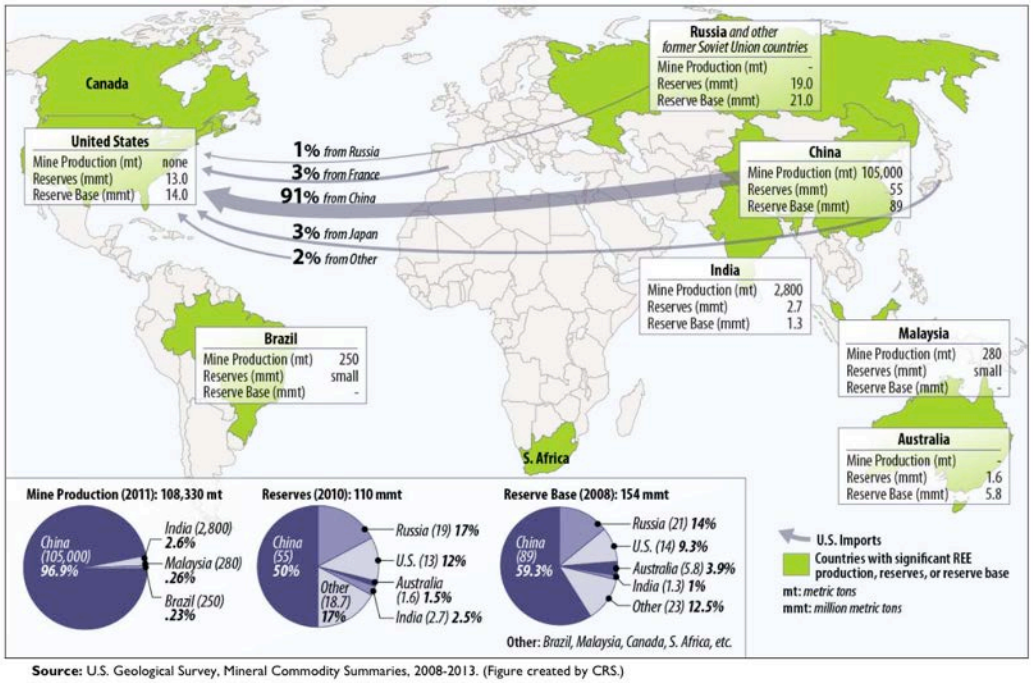
Future demand for rare earths in China and ROW[1]

- RE market could grow by 6%py between 2014 and 2020, driven by China
- Global demand could reach 168,250t REO by 2020, 120,750t REO of which could be in China



Source: Roskill

[1] Rest of World



Source: U.S. Geological Survey, Mineral Commodity Summaries, 2008-2013. (Figure created by CRS.)

SWOT Analysis of our Company

Strengths

Unique capability of separating the entire range (light and heavy) of commercially traded rare earths, coupled with extensive industry knowledge and experience from one of the world's top rare earths refiners

Weaknesses

We are a small company working amongst major customer organizations, financing companies and numerous federal and state governments

As is common in the industry, our separation process entails the use of acids (similar to the oil refining industry) and certain radioactive materials (for which there are international standards for handling)

Opportunities

200+ major international manufacturing companies are seeking a supply of separated rare earths outside of China, where an oligopoly dominated by six companies currently exists

Sources of rare earth ore exist/have been identified outside of China BUT very few outside of China have the capability of refining and separating the concentrate

Capital costs, operating costs and operations are serious questions for those without experience

Threats

China could move more aggressively into the rest of the world acquiring the best rare earth properties

Our Vision and Strategy

Vision

To be the leading producer of refined rare earth products outside of China within 5 years.

Strategy

- Organic growth with M&A activities
- Collaborate with key customers
- Collaborate with **capable** & **proven** partners
- Industry **proven** separation and refining technologies
- Produce **full range** of rare earth products
- Target **stable** geopolitical locations
- Commit to **sustainability** as a core value
- Leading environmental protection processes

Canada Rare Earth Corp Strategy

CREC Resources

Mata Azul Property portfolio

Concentrate

Monazite Mineral Sands Partner RE Mines

Alternative Sources

Light Refinery Recycling Spot Market

Factors:

- **Skewed to Critical REEs**
- **Timing**
- **Consistency**
- **Long Term Engagement**

CREC Refineries

- Globally strategic sites
- Full Spectrum of Critical Elements (heavies and lights)
- Custom designed to meet customer specifications and concentrate attributes
- Modular expansion

CREC Sales

- Strategic customers
- Long term contracts
- 50-70% of output

Other Channels

- Spot Market
- Trading

Prospective Projects and Alliances

Mineral Resources/ Concentrate Sources	Monazite Pretreatment (Hydrometallurgy)	Rare Earth Separation Facilities	Rare Earth Direct Downstream Processing	Rare Earth Secondary Downstream Processing
	Hunan China	Ganzhou Zhanhai / Hunan China	China	Europe Alloy Production
Mata Azul (Brazil)	Mata Azul (Brazil)	Mata Azul (Brazil)		
Monazite Traders	Laos	Laos	Laos Metal Making	
Ionic Clay	The Americas	JV SE Asia	SE Asia	SE Asia
Heavy Mineral Sands		TBD SE Asia		
Tin Tailings	Middle East	Middle East	Middle East	Middle East

End Customers

Prospective → In Place

Key People

Tracy A Moore – CEO & President, Director
Corporate finance experience in 20 countries

Peter Shearing – COO & Director
Broad international experience at the executive level in the electronics and high-tech manufacturing

Gordon J. Fretwell – Director, Secretary & Legal Counsel
Multiple clients and directorships in the exploration and mining industry

Bill Purcell – Director
Background in downstream oil industry

Christopher F. Goodman – Director
Commodity trading and international business development experience

Salil Dhaumya – Chief Financial Officer
Extensive experience in the resource sector

Li Family – Advisors, capability partners, and major shareholders
The Li family business owns and operates the premier rare earth engineering and design company, as well as a refinery, in China

Wencai Zhu– Advisor
An experienced chemical engineer with multiple patents and publications relating to rare earth processing. General Manager of a major refinery in China

Mike Fillipoff – Advisor
Experienced in large-scale project management

Bob Schafer – Advisor
Global exploration/mining experience

John Treleaven – Advisor
Experienced in domestic and foreign government relations

Strategic Capabilities

The Canada Rare Earth Corp team has unparalleled experience and skills in the rare earth industry.

- Successful track record of designing, building and operating rare earth separation plants inside and/or outside of China
- Proven capability and technology for the separation of ALL critical rare earth products

The foundation for Canada Rare Earth to fulfill its vertical integration strategy includes:

- Identifying and securing optimal sources of rare earth concentrate
- Design, build and operation of Canada Rare Earth full spectrum refineries
- Customer engagement and sales support
- Access to and supply from affiliate refineries

Capital Structure

	Directors and Sr. Management	Other	Basic and Fully Diluted
Issued Shares	36,373,017 (22%)	130,567,124	166,940,141
Options (shares) Range: 5¢-37¢ Average: 9¢	20,100,000	4,925,000	25,025,000
Total (shares)	56,473,017 (29%)	135,492,124	191,965,141

Trading Prices:
52 Week high/low 4.5¢-2¢

Market Capitalization: $5,008,000

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Corporate Data

Transfer Agent	Listing	Legal Counsel	Auditors
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