



September 7, 2011

Rare Earth Industries Seeks to Expand Land Position Surrounding Its Mount Bisson Project

VANCOUVER, BC – September 7, 2011 – Rare Earth Industries Ltd (“RND” or the “Company”), is pleased to announce that it has entered into a memorandum of understanding (“MOU”) with a vendor (the “Vendor”), pursuant to which the Vendor granted the Company an option to acquire a 100% interest in a rare earth element exploration property, known as the Cobra Project (the “Cobra Project”), located immediately surrounding the Company’s Mount Bisson Project where samples grading up to 10.86% TREO were recently announced. Please see RND’s news release dated August 22, 2011 for further details of the Phase I exploration program results at the Mount Bisson Project.

The Cobra Project is situated immediately to the east, the south, and the northwest of the Company’s Mount Bisson Project, comprising 48 contiguous claim blocks, and is 52,514 acres (21,252 hectares) in area. The Cobra is approximately 50 kilometres northwest of Mackenzie, BC, lies within the Rocky Mountain rare metal belt, and is readily accessible by forestry service and logging roads. Based on previous exploration work conducted on the Cobra, it is thought that the various rare earth element occurrences comprise part of the three-kilometre-by-nine-kilometre Wolverine pegmatite field. Specifically, the M-12000 Road occurrence, returned elevated total REE contents. Epidote, titanite and vesuvianite reveal enrichment in Y₂O₃ up to 3.5%. The close geochemical similarity of yttrium with the HREE group (Samson and Wood 2005) suggests that exploration potential exists in the immediate area of this occurrence for such elements. Please refer to the NI 43-101 Technical Report dated November 28, 2010 and filed on SEDAR for further details on the M-12000 Road occurrence.

Pursuant to the terms of the MOU, subject to completion of satisfactory technical and legal due diligence, the Company seeks to enter into an option to acquire a 100% interest in the Cobra property by making aggregate payments of \$125,000 in cash and issuing 1.6 million common shares of the Company over the course of a four-year period of the MOU. The Vendor will retain a 2% net smelter returns royalty, one half of which can be purchased from the Vendor for \$1 million. The Company and the Vendor will seek to execute a definitive option agreement with respect to the Cobra Project in this regard. A finder’s fee will be payable in accordance with the policies of the TSX Venture Exchange. The acquisition is subject to regulatory approval.

The technical information contained in this press release has been reviewed by Frederick W. Breaks, PhD, PGeo, a qualified person for the purpose of National Instrument 43-101 and a consulting geologist to the company.

ABOUT RARE EARTH INDUSTRIES:

Rare Earth Industries Ltd (“RND”) is a mineral exploration company with the objective of building an industrial enterprise focused on the high-value processing and separations of rare earth elements and rare metals. The Company was formed by executives from the fields of specialized rare earths geology, mine development, chemical processing, and marketing and distribution of finished rare earths products. RND is focused on developing an environmentally sustainable supply chain for rare earths and rare metals sourced entirely outside of China. Rare earth elements are used in magnets for electric vehicles, display screens for electronics, rechargeable batteries and other high-demand products. RND is publicly

traded on the TSX Venture Exchange under the symbol RND. For more information, visit www.rareearthindustries.com.

Media Contacts:

Chief Executive Officer

Rob Smith

Phone: (604) 558-0022

Fax: (604) 608-3282

E-mail: rsmith@rareearthindustries.com

Investor Relations

Dan Sutton

Phone: (604) 558-0022

Cell : (604) 218-8371

Fax: (604) 608-3282

E-mail: info@rareearthindustries.com

Stock Exchange Information:

TSX Venture Exchange Symbol: RND

Frankfurt – 3CK1 (WKN: A1JHA3)

Safe Harbor Statement

This news release includes forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements.