

RARE ELEMENT RESOURCES LTD  
Form DEF 14A  
April 28, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to § 240.14a-12

**RARE ELEMENT RESOURCES LTD.**

(Name of Registrant as Specified in its Charter)

NOT APPLICABLE

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
    - (1) Title of each class of securities to which transaction applies:
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    - (4) Proposed maximum aggregate value of transaction:
    - (5) Total fee paid:
  - Fee paid previously with preliminary materials.
  - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
-

**Notice of Annual Meeting of Shareholders**

**and**

**Management Information Circular**

**2015**

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**RARE ELEMENT RESOURCES LTD.**

225 Union Boulevard, Suite 250

Lakewood, Colorado, 80228

Dear Shareholder:

In 2014, we continued to advance the Bear Lodge Critical Rare Earth Project toward production. The many accomplishments during the year were, however, challenged by difficult market conditions. Despite delivering a strong preliminary feasibility study ( PFS ) and continuing to advance one of the premier projects in the rare earth space, the mining sector remained out of favor as noted by most junior mining stocks experiencing significant selling pressure during the year. Rare earth prices continued to languish, even in the face of solid demand growth. This was juxtaposed against rising awareness of the need for new sources for rare earths and the value they represent in our day-to-day lives. The PFS completed during the year demonstrated strong project economics with a 29% after-tax internal rate of return and a 45-year project life with only \$290 million in initial capital. We subsequently undertook bench-scale testing on further enhancements to our patent-pending processing technology, resulting in a 99+% pure, thorium-free concentrate. We continue testing our innovative elemental separation with a goal of improving returns by moving up the rare earth value chain.

In early 2015, the Bear Lodge Project received strong statements of support from the Wyoming state legislature, in the form of a unanimous joint resolution, and from the Governor's office through the Wyoming Business Council. We believe that our activities in 2014 and our plans for 2015 support our goal, pending timely permitting and financing, of commissioning the Bear Lodge Project as early as mid-2017. We strive to become a cornerstone for the re-establishment of a North American rare earth supply chain.

At this year's Annual Meeting of Shareholders, the Board of Directors recommends you vote promptly on the following proposals that will continue positioning your Company for the future:

.  
Elect our Board of Directors;

.  
Ratify the appointment of EKS&H, LLLP, Certified Public Accountants, as our independent registered public accounting firm; and

.  
Transact such other business that properly comes before the Annual Meeting.

**We hope you will attend this year's Annual Meeting of Shareholders, to be held at the Sheraton Denver West, 360 Union Boulevard, Lakewood, Colorado 80228 at 2:00 p.m., local time, on June 10, 2015.**

Only shareholders of record at the close of business on April 16, 2015 are entitled to notice of, and to vote at, the Annual Meeting.

Respectfully,

RANDALL J. SCOTT  
*President, Chief Executive Officer  
and Director*

Lakewood, Colorado  
April 30, 2015

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**RARE ELEMENT RESOURCES LTD.**

225 Union Boulevard, Suite 250

Lakewood, Colorado, 80228

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders of Rare Element Resources Ltd. (the Company ) will be held at the Sheraton Denver West, 360 Union Boulevard, Lakewood, Colorado 80228 on Wednesday, June 10, 2015 at 2:00 p.m. (Mountain Standard Time) (the Meeting ). At the Meeting, shareholders will receive the audited financial statements for the year ended December 31, 2014, together with the auditor's report thereon, and consider resolutions to:

1.

Elect directors of the Company to serve until our next annual meeting, or until their successors are duly elected or appointed;

2.

Ratify the appointment of EKS&H, LLLP, Certified Public Accountants, as auditor of the Company for the ensuing year; and

3.

Transact such other business as may properly be put before the Meeting.

Nominees for directors to be elected at the Meeting are set forth in the enclosed Information and Proxy Circular.

Only shareholders of record at the close of business on April 16, 2015, the record date for the Meeting fixed by the Board of Directors, are entitled to notice of, and to vote at, the Meeting.

**YOUR VOTE IS IMPORTANT**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 10, 2015. OUR INFORMATION AND PROXY CIRCULAR IS ATTACHED. FINANCIAL AND OTHER INFORMATION CONCERNING RARE ELEMENT RESOURCES LTD. IS CONTAINED IN OUR 2014 REPORT TO SHAREHOLDERS. YOU MAY ACCESS THIS PROXY STATEMENT AND OUR 2014 ANNUAL REPORT TO SHAREHOLDERS AT <http://materials.proxyvote.com/75381M>.**

Whether or not you plan to attend the Meeting, we urge you to vote and submit your proxy in order to ensure the presence of a quorum.

*Registered holders may vote:*

1.

By Internet: go to <http://www.proxyvote.com>

2.

By toll-free telephone: call 1-800-690-6903; or

3.

By mail (if you received a paper copy of the proxy materials by mail): mark, sign, date and promptly mail the enclosed proxy card in the postage-paid envelope.



*Beneficial Shareholders.* If your shares are held in the name of a broker, bank or other holder of record, follow the voting instructions you receive from the holder of record to vote your shares.

By order of the Board of Directors,

RANDALL J. SCOTT  
*President, Chief Executive Officer and Director*

Lakewood, Colorado  
April 30, 2015

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**RARE ELEMENT RESOURCES LTD.**

225 Union Boulevard, Suite 250

Lakewood, Colorado, 80228

**INFORMATION AND PROXY CIRCULAR**  
(as at April 30, 2015, except as otherwise indicated)

**SOLICITATION OF PROXIES**

This information and proxy circular (the **Circular** ) is provided in connection with the solicitation of proxies by the management and board of directors (the **Board** ) of Rare Element Resources Ltd. (the **Company** ). The form of proxy which accompanies this Circular (the **Proxy** ) is for use at the annual meeting of the shareholders of the Company to be held on Wednesday, June 10, 2015 (the **Meeting** ), at the time and place set out in the accompanying notice of meeting (the **Notice of Meeting** ).

The solicitation of proxies by management and the Board of the Company will be made primarily by notice and access to electronic materials on the Internet or by mail, but solicitation may be made by telephone or in person with the cost of such solicitation to be borne by the Company.

It is anticipated that this Circular and the accompanying Proxy will be first mailed to shareholders on or about April 30, 2015.

The corporate headquarters and executive offices of the Company are located at 225 Union Boulevard, Suite 250, Lakewood, Colorado 80228, and its telephone number is (720) 278-2460.

All references to currency in this Circular are in U.S. dollars, unless otherwise indicated.

**APPOINTMENT AND REVOCATION OF PROXY**

Appointment of Proxy

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder has the right to designate a person or company (which need not be a shareholder) other than the persons named in the Proxy to represent the shareholder at the Meeting. A registered shareholder who wishes to appoint some other person or company to serve as his, her or its representative at the Meeting may do so by striking out the printed names and inserting the desired person's name in the blank space provided in the Proxy.** The instrument appointing a proxyholder must be in writing and signed by the registered shareholder or such registered shareholder's attorney authorized in writing, or if the registered shareholder is a corporation, by a duly authorized officer or attorney of such corporation. An undated but executed proxy will be deemed to be dated the date of the mailing of the proxy by the Company or its agent.

If you received a paper copy of the proxy materials by mail and wish to vote your proxy by mail, mark your vote on the enclosed proxy card; then follow the directions on the card. To vote your proxy using the Internet or by telephone, see the instructions set forth on the Notice of Meeting included with this Circular or the Notice of Internet Availability of Proxy Materials mailed to our shareholders on or about April 30, 2015.

#### Revocation of Proxy

A registered shareholder may revoke the Proxy by:

(a)

signing a Proxy with a later date and delivering it to the registered office of the Company at any time up to and including the last business day before the day set for the Meeting;

(b)

signing and dating a written notice of revocation and delivering it to the registered office of the Company at any time up to and including the last business day before the day set for the Meeting;

(c)

signing and dating a written notice of revocation and providing it at the Meeting to the chair of the Meeting; or

(d)

attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

### **Provisions Relating to Voting of Proxies**

**The common shares of the Company (the Common Shares ) represented by Proxy in the enclosed form will be voted or withheld from voting by the designated proxyholder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those Common Shares for which management and the Board are the designated proxyholders will be voted in accordance with the Board's recommendation for such matter or matters, as described under each such proposal in this Circular.**

### **Exercise of Discretion by Proxyholders**

**The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting, subject to any limitation imposed by applicable law. At the time of printing of this Circular, management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting. If any amendment or variation or other matter comes before the Meeting, the persons named in the proxy will vote in accordance with their best judgment on such amendment, variation or other matter, subject to any limitation imposed by applicable law.**

### **Non-Registered Holders**

**The information set out in this section is important to many shareholders, as a substantial number of shareholders do not hold their Common Shares in their own name.**

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are non-registered shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.

A person is not a registered shareholder (a Non-Registered Holder ) in respect of shares which are held either (a) in the name of an intermediary (an Intermediary ) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans ( RRSPs ), registered retirement income funds ( RRIFs ), registered education savings plans ( RESPs ) and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ( CDS ) in Canada and the Depository Trust Company ( DTC ) in the United States), of which the Intermediary is a participant.

The Company has elected to use the notice and access rules ( Notice and Access ) established by United States federal securities laws and as permitted under National Instrument 54-101--*Communication with Beneficial Owners of Securities of a Reporting Issuer* ( NI 54-101 ) in respect of the provision of the Notice of Meeting, this Circular and the Proxy (collectively, the Meeting Materials ) to its registered shareholders and Non-Registered Holders. The Notice and Access rules allow an issuer to post electronic versions of its proxy-related materials, rather than mailing paper copies to its shareholders, and provide instructions on how shareholders may access the Meeting Materials electronically or request a paper copy of the Meeting Materials.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as Non-Objecting Beneficial Owners, or NOBOs. Those Non-Registered Holders who have objected to their Intermediary disclosing to the Company ownership information about themselves are referred to as Objecting Beneficial Owners, or OBOs. In accordance with the requirements of NI 54-101, the Company has elected to send the applicable Meeting Materials prescribed by the Notice and Access rules directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or

their service companies) are responsible for forwarding the applicable Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Intermediaries will frequently use service companies to forward the meeting materials to the OBOs. Generally, an OBO who has not waived the right to receive meeting materials will either:

(a)

be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Computershare, the Company's transfer agent; or

(b)

more typically, be given a voting instruction form ( VIF ) which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

If you are a Non-Registered Holder, and the Company or its agent has sent the applicable Meeting Materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instruction.

The applicable Meeting Materials sent to NOBOs who have not waived the right to receive meeting materials are accompanied by a VIF, instead of a Proxy. By returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of his or her shares.

VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder, or his or her nominee, the right to attend and vote at the Meeting.

**Please return your voting instructions as specified in the VIF. Non-Registered Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.**

## Financial Statements

The audited financial statements of the Company for the year ended December 31, 2014, together with the auditor's report on those statements (the Financial Statements ), is included in these proxy materials and will be presented to the shareholders at the Meeting.

**A copy of the Company's Annual Report, including financial statements, required to be filed with the U.S. Securities and Exchange Commission (the SEC) pursuant to the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), for the year ended December 31, 2014 may be obtained by any beneficial owner of the Common Shares, determined as of April 16, 2015, free of charge on the Company's website ([www.rareelementresources.com](http://www.rareelementresources.com)) or by written request to:**

Corporate Secretary  
Rare Element Resources Ltd.  
225 Union Boulevard, Suite 250  
Lakewood, Colorado 80228

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at April 16, 2015, the Company's authorized capital consists of an unlimited number of Common Shares without par value of which 47,707,216 Common Shares are issued and outstanding. Each Common Share in the capital of the Company carries the right to one vote. Voting rights are not cumulative.

The Board has fixed the close of business on April 16, 2015 as the record date for the purpose of determining the shareholders entitled to receive notice of and to vote at the Meeting, but failure of any shareholder to receive notice of the Meeting does not deprive such shareholder of the entitlement to vote at the Meeting. Only shareholders of record at the close of business on April 16, 2015 who either personally attend the Meeting or who have completed and delivered a Proxy in the manner and subject to the provisions described herein will be entitled to vote or to have his or her Common Shares voted at the Meeting.

Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

### **Broker Non-Votes and Abstention**

Brokers and intermediaries, holding Common Shares in street name for their customers, are required to vote the Common Shares in the manner directed by their clients. Under the *Business Corporations Act* (British Columbia), brokers are not entitled to vote shares held in street name for their customers where they have not received written voting instructions from the Non-Registered Holders of those shares. Under applicable U.S. rules, brokers are prohibited from giving proxies to vote on non-routine matters (including, but not limited to, director elections and executive compensation matters) unless the beneficial owner of such shares has given voting instructions on the matter. The absence of a vote on a matter where the broker has not received written voting instructions from a Non-Registered Holder is referred to as a broker non-vote.

In accordance with the Company's new majority voting policy for directors, the directors must be elected by an affirmative vote of a majority of the shares represented in person or by proxy, at the Meeting. Majority voting means that each of the seven directors must receive a majority of votes cast to be elected to the Board. Because each director must be elected by an affirmative vote of a majority of the shares represented in person or by proxy, any shares represented at the Meeting but not voted (whether by abstention, broker non-vote or otherwise) will have the same impact as a vote against the proposal relating to the election of such director.

The ratification of the appointment of the independent registered public accounting firm requires a plurality vote. Therefore, any shares represented at the Meeting but not voted (whether by abstention, broker non-vote or otherwise) will have no impact on the proposal to ratify the appointment of the independent public accounting firm.

### **Ownership of Common Shares by Certain Beneficial Owners**

To the knowledge of the directors and executive officers of the Company, based on the absence of Schedule 13 filings with the SEC, there is no person who beneficially owns, controls or directs, directly or indirectly, 5% or more of the issued and outstanding Common Shares of the Company as of April 16, 2015.





PROPOSAL NO. 1:  
ELECTION OF DIRECTORS

**Director and Nominee Experience and Qualifications**

The Board believes that, as a whole, it should possess a combination of skills, professional experience and diversity of viewpoints necessary to oversee the Company's business. In addition, the Board believes that there are certain attributes that every director should possess, as reflected in the Board's membership criteria (further described below).

Accordingly, the Board and the Nominating, Corporate Governance and Compensation Committee ( NCG&C Committee ) consider the qualifications of director and director candidates individually and in the broader context of the Board's overall composition and the Company's current and future needs.

The NCG&C Committee reviews and makes recommendations regarding the composition and size of the Board in order to ensure that the Board has the requisite expertise and its membership consists of persons with sufficiently diverse and independent backgrounds. Board membership criteria include items relating to ethics, integrity and values, sound business judgment, professional experience, industry knowledge, and diversity of viewpoints, all in the context of an assessment of the perceived needs of the Board at that point in time. The Board, as a whole, should possess a variety of skills, occupational and personal backgrounds, experiences and perspectives necessary to oversee the Company's business. In addition, Board members generally should have relevant technical skills or financial acumen that demonstrates an understanding of the financial and operational aspects of a rare earth mining exploration and development company.

In evaluating director candidates and considering incumbent directors for renomination, the Board and the NCG&C Committee have not formulated any specific minimum qualifications, but, rather, consider a variety of factors. These include each nominee's independence, financial acumen, personal accomplishments, career specialization, and experience in light of the needs of the Company. For incumbent directors, the factors also include past performance on the Board.

Seven directors are to be elected at the Meeting, each to serve until the next annual general meeting of the shareholders or until their successors are duly elected or appointed. Former director and Chairman of the Board, Patrick James notified the Board on February 24, 2015 of his resignation from the Board due to personal reasons and on February 25, 2015, the Board appointed director Lowell A. Shonk as interim Chairman and reduced the size of the Board from eight to seven members. The Board will undertake a Chairman designation among the directors following the election of directors at the Meeting.

Each of the Board and the NCG&C Committee proposes to nominate the persons listed below for election as directors of the Company. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the management and Board will be voted FOR the nominees listed in this Circular. The Board and the NCG&C Committee do not contemplate that any of the nominees will be unable or unwilling to serve as a director.

The following table sets out the names and ages of the nominees for election as directors; their provinces or states and country of residence; the offices they hold within the Company, if any; their occupations; and the dates since which they have served as directors of the Company:



<b>Name, Age, Province or State and Country of Residence and Current Positions, if any, held in the Company</b>	<b>Served as director since</b>
<b>RANDALL J. SCOTT</b> , 63 <sup>(1)</sup>	February 3, 2012

Colorado, USA

*Director*

*President & Chief Executive Officer,*

*Rare Element Resources*

<b>M. NORMAN ANDERSON</b> , 84 <sup>(2)</sup>	July 13, 2003
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British Columbia, Canada

*Director*

*Former Chief Executive Officer, Cominco  
(Teck Resources)*

<b>NORMAN W. BURMEISTER</b> , 75 <sup>(2)</sup>	July 17, 2003
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Wyoming, USA

*Director*

*Former Chief Executive Officer, Saratoga  
Gold Company Ltd.*

<b>GERALD W. GRANDEY</b> , 68 <sup>(1)(3)</sup>	August 2, 2013
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Saskatchewan, Canada

*Director*

*Former Chief Executive Officer,*

*Cameco Corporation*

<b>F. STEVEN MOONEY</b> , 80 <sup>(2)</sup>	October 17, 2013
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Colorado, USA

*Director*

*Former Chairman and Chief Executive  
Officer, Thompson Creek Metals  
Company*

<b>PAUL J. SCHLAUCH</b> , 72 <sup>(2)(3)</sup>	July 5, 2011
--	--------------

Colorado, USA  
*Director*

*Retired Partner, Holland & Hart LLP*

**LOWELL A. SHONK**, 65 <sup>(1)(3)(4)</sup>

April 23, 2013

Arizona, USA

*Director*

*Vice Chairman, Cupric Canyon Capital  
LP/LLC*

(1)

Current member of the Finance Committee. Lowell A. Shonk is the chair of the Finance Committee.

(2)

Current member of the Nominating, Corporate Governance and Compensation Committee. Paul J. Schlauch is the chair of the Nominating, Corporate Governance and Compensation Committee.

(3)

Current member of the Company's Audit Committee. Lowell A. Shonk is the chair of the Audit Committee.

(4)

Lowell A. Shonk was elected interim Chairman of the Board on February 25, 2015.

The following are brief biographies of the Company's directors and director nominees for election to the Board:

*Randall J. Scott* currently serves as President and Chief Executive Officer of the Company. Mr. Scott is a metallurgical engineer with over 35 years of experience in the industry. His experience includes leading performance teams in operations, administration, project development, program management, business development and major improvement initiatives. Mr. Scott was appointed as a director of the Company in February 2012 and as President and Chief Executive Officer in December 2011. Mr. Scott previously worked for Thompson Creek Metals Company Inc. as Vice President, Corporate Responsibility and Strategy from May 2011 to November 2011, as Director, Strategic Management from August 2010 to May 2011 and as Project Sponsor, Enterprise Resource Planning Implementation from January 2010 to August 2010. Prior to that, he served as Vice President of Metals Norwest Corporation during January 2010. From 2002 until 2009, he served as the Principal Real Estate Agent and Team Leader for Scott Home and Land Real Estate Team. Mr. Scott held senior management positions with Cyprus Amax Coal Company and RAG American Coal Company from 1995 to 2001,



and prior to that Mr. Scott held senior management positions with Cyprus Metals Company from 1989 until 1995. Mr. Scott received his Bachelor of Science degree in metallurgical engineering from the Colorado School of Mines and his Masters of Business Administration from the University of Arizona.

Mr. Scott's background in metallurgical engineering at operating mines and extensive high-level executive experience with producing mining companies are valuable assets to the Board. His understanding of mining operations, including production elements, key operating metrics, corporate responsibility and safety, presents a unique contribution to the Board. Accordingly, the Board believes that Mr. Scott should once again serve on the Board.

*M. Norman Anderson* worked with Cominco, now Teck Resources, for over 34 years. In 1978, he became President and Chief Operating Officer of Cominco, and in 1980 he assumed complete responsibility for Cominco's business as Chairman and Chief Executive Officer. In an interim period during his tenure with Cominco, between 1970 and 1974, Mr. Anderson left Cominco and spent a four-year period in an executive position with Amax Lead Zinc Inc. Mr. Anderson left Cominco in 1986 and has been a director and consultant to the mining industry since that time. He is a current director of Barkerville Gold Mines Ltd. (since June 2012). Mr. Anderson has also been a director of other mining companies including Cia de Minas Bonaventura SA (February 1995-March 2011), Hudbay Minerals Ltd. (December 2004-March 2009), and Anatolia Mineral Development Ltd. (January 2004-April 2008). Mr. Anderson obtained a Bachelor of Science degree in Geological Engineering from the University of Manitoba, became a Professional Mining Engineer in 1961 and became a fellow of the Institute of Materials, Minerals and Mining in 1989.

Mr. Anderson's experience as a high-level executive officer in the resource sector, combined with his experience as a board member for several other resource companies, brings a key perspective to the Board's role in directing the management of the Company's projects. Further, his degree, his registration as a Professional Mining Engineer, and his experience as a fellow of the Institute of Materials, Minerals and Mining bring an expertise to the Board in relation to the analysis and understanding of the Company's mineral resources. As the Company's Bear Lodge property is an exploration stage property that the Company is moving towards future development, Mr. Anderson's experience within the resource sector and his understanding of the Company's resource position are valuable to the implementation of the Company's current business plan. Accordingly, the Board believes that Mr. Anderson should once again serve on the Board.

*Norman W. Burmeister* has over 50 years of experience in the mining industry. He was Chief Geologist for Silver Standard Resources from 1965 to 1978, responsible for two grass root discoveries, the Minto copper deposit in Yukon and the Mill Creek gold deposit in Nevada, both of which became producing ore bodies. In 1980, he founded Bull Run Corporation and served as its Chairman and CEO until 1992. During that period, Bull Run successfully found, explored and developed a significant gold mine in Elko County, Nevada. From 2003 to 2007, he was the President and Chief Executive Officer as well as a director of Bayswater Uranium Corp. In 1998, Mr. Burmeister identified the Bear Lodge opportunity and was responsible for its acquisition. From 2003 to 2005, he was the President and Chief Executive Officer of the Company and its predecessor companies. From March 2006 until May 2012, Mr. Burmeister was the President, Chief Executive Officer and a director of Saratoga Gold Company Ltd. Mr. Burmeister graduated from the Colorado School of Mines in Mining Geology in 1961.

Mr. Burmeister has extensive experience as a chief geologist and high-level executive in the mining industry. Further, Mr. Burmeister's degree in Mining Geology permits him to bring valuable insight to the Board on the geology of the Company's Bear Lodge property. Mr. Burmeister aided the Company in the identification of the Bear Lodge property and was the former President and Chief Executive Officer of the Company. Mr. Burmeister's past experience in running the Company, along with his knowledge of the Company's key property and his extensive experience as a geologist and executive of the resource sector, are valuable to the Company's current business plan. Accordingly, the

Board believes that Mr. Burmeister should once again serve on the Board.

*Gerald W. Grandey* has over 30 years of executive leadership in the mining industry. He is the former Chief Executive Officer and past member of the board of directors of Canadian-based Cameco Corporation, one of the world's largest uranium producers accounting for 20% of global production. In 2010, Harvard Business Review recognized Mr. Grandey as being one of the Top 100 CEOs in the world because of the value created for



shareholders through the growth in market capitalization during his tenure at Cameco. After 18 years with Cameco, he retired as Chief Executive Officer and as a director in 2011. Previously, he held senior executive positions with Concord Services and Energy Fuels Nuclear. Mr. Grandey was recognized in 2014 for leadership in the nuclear industry with the U.S. Nuclear Energy Institutes William S. Lee award; inducted into the Canadian Mining Hall of Fame in 2013; awarded the Canadian Nuclear Association's Ian McRae Award in 2012 for his work in advancing nuclear energy in Canada; and was nominated for the 2011 Oslo Business for Peace Award in recognition of his efforts to facilitate nuclear disarmament. He is on the Colorado School of Mines Foundation, Board of Governors; the Dean's Advisory Council of the University of Saskatchewan's Edwards School of Business; the board of the Institute of Corporate Directors; the board of Saskatoon's Persephone Theater; and is Chairman Emeritus for the London-based World Nuclear Association. Currently, Mr. Grandey serves on the boards of Canadian Oil Sands Limited (2011-present), Potash Corporation of Saskatchewan (2011-present) and Sandspring Resources Ltd. (2010-present). Mr. Grandey is a former board member of Cameco Corporation (1999-2011), Centerra Gold Inc. (2004-2010) and Inmet Mining Corporation (2012-2013). He has a degree in geophysical engineering from the Colorado School of Mines and a law degree from Northwestern University.

Mr. Grandey has extensive high-level executive leadership experience in the mining industry, as well as experience and education in geophysical engineering. He brings to the Board key leadership, technical and related market expertise. Accordingly, the Board believes that Mr. Grandey should be reelected to serve on the Board.

*F. Steven Mooney* is a fifty-year veteran in the mining industry. He is the former Chairman and Chief Executive Officer of Thompson Creek Metals Company, a previously privately owned mining and metallurgical company that he founded in 1993 with the purchase of molybdenum assets from Cyprus Minerals Company and AMAX Inc. Over the next 13 years, not only did he successfully restart operations, but he also significantly expanded production with the purchase of the Endako Project in British Columbia, Canada. When sold in 2006, Thompson Creek Metals Company was the second largest primary molybdenum producer in the world. Since 2007, Mr. Mooney has been the principal of a private equity and investment firm with holdings in oil and gas, minerals and real estate. During his career, he has held executive positions with Cyprus Copper Company, a division of Cyprus Minerals, and Gulf Mineral Resources Company, a division of Gulf Oil Corporation. He has a degree in geological engineering from the Colorado School of Mines (CSM) and served on its Board of Trustees for two terms, his second one as President. In 1990, Mr. Mooney was awarded the Distinguished Achievement Medal by CSM in recognition of his significant career achievements, which were deemed to have enhanced the reputation and mission of CSM.

Mr. Mooney has extensive entrepreneurial experience as a founder of a mining company, including holding the top executive office and chairman position, as well as technical education and experience in geological engineering. He brings to the Board key leadership vision and technical and related market expertise. Accordingly, the Board believes that Mr. Mooney should be reelected to serve on the Board.

*Paul J. Schlauch* has more than 40 years of experience in legal issues relating to the mining industry. He was a practicing attorney at Holland & Hart LLP from February 1995 until his retirement as a Partner in December 2009 and as Of Counsel in July 2011. His former practice included providing legal counsel on diverse mining issues including operational and regulatory matters, litigation, arbitration, structuring and negotiation of mining related transactions, and many other legal activities associated with mining, and exploration and development activities. After retiring from Holland & Hart, Mr. Schlauch continued to provide legal consulting for the Company until July 2012. Mr. Schlauch has worked extensively on public land legal issues as they relate to location, maintenance and patenting of mining and mill site claims, land exchanges, acquisition of various property use rights and the resolution of claim conflicts. From 2000 to 2010, he served as an Adjunct Professor of Law at the University of Denver School of Law, where he taught courses on mineral law and policy. Mr. Schlauch has been active in natural resource industry

professional organizations and is the past President of the Rocky Mountain Mineral Law Foundation, as well as the past President of the International Mining Professionals Society. Mr. Schlauch graduated cum laude with an A.B. in chemistry from Colgate University in 1963 and completed a law degree in 1966 at the University of Virginia. He also holds an appointment as an Honorary Lecturer and Course Director on the Faculty of the Centre for Energy, Petroleum and Minerals Law and Policy at the University of Dundee, Scotland.

Mr. Schlauch has specialized knowledge on mining law in the United States and mineral law and policy generally.

Mr. Schlauch's experience in the legal community with a practice focused on counseling mining companies regarding a wide array of mineral law issues brings unique knowledge to the Company's Board that is valuable to the Board's oversight of its current Bear Lodge property and execution of its current business plan. Accordingly, the Board believes that Mr. Schlauch should once again serve on the Board.

*Lowell A. Shonk* has more than 35 years of experience in the mining industry in the copper, molybdenum, gold, coal, iron ore, industrial minerals and lithium extractive and processing industries, holding positions as a financial executive in the international minerals industry with manufacturing experience at operational, divisional and corporate levels.

Mr. Shonk currently serves as the Vice Chairman of Cupric Canyon Capital LP/LLC (Cupric), a private equity company in partnership with Barclays Capital focused on investing in early-stage copper projects worldwide, after having served as its Chief Executive Officer from February 2012 to March 2013 and its Chief Financial Officer from January 2010 to February 2012. He also serves as a director for Hana Mining Co. Ltd., an entity that Cupric acquired in 2013 and its wholly-owned Botswana affiliate Khoemacau Copper Mining that holds its feasibility-stage copper-silver project in Botswana. Mr. Shonk is also the Chairman of Eiseb Exploration and Mining, Ltd., a privately owned company 78% owned by Cupric, conducting copper and silver exploration in Namibia. Prior to his current positions, Mr. Shonk served as Vice President of Financial and Operational Analysis at Phelps Dodge Corporation and Freeport-McMorRan Copper & Gold from 1999 through 2009. Mr. Shonk has also served as Controller and/or Chief Financial Officer at various divisions of Cyprus Amax and its predecessor mining companies since he began his career in 1979. Mr. Shonk is currently the chairman of the audit committee of the Society of Mining, Metallurgy and Exploration. He also served on the board of directors and as chairman of the audit committee of Apache Nitrogen Products Inc. for eight years, from 2001 to 2009. He obtained his undergraduate degree in Economics from Indiana University, a master's degree in Mineral Economics from Colorado School of Mines and an MBA from the University of Colorado - Denver with an emphasis in Finance and Accounting.

Mr. Shonk has extensive high-level executive mining experience, specifically in the financial, strategic and valuation areas. His specialized financial background brings to the Board experience with financial and accounting statements, audit oversight and controls. He further brings to the Board a background in mining merger and acquisitions and business combinations. Accordingly, the Board believes that Mr. Shonk should be reelected to serve on the Board.

### **Executive Committee**

The Company does not currently have an executive committee of its Board.

### **Director Independence**

The Board reviewed and determined independence under Section 803A of the NYSE MKT Company Guide and under National Instrument 58-101-- *Disclosure of Corporate Governance Practices* (NI 58-101) of each current director and director nominee. In making its independence determination, the Board considered the circumstances described below. Messrs. Anderson and Schlauch each had consulting agreements with the Company within the past three years.

Mr. Anderson's consulting relationship, which was terminated in June 2012, provided for an hourly fee for engineering work performed outside his director responsibilities. No fees were paid to Mr. Anderson in the calendar year ended December 31, 2014 or calendar year ended December 31, 2013, or in the six months ended December 31,

2012. \$22,000 was paid to Mr. Anderson for consulting services in the fiscal year ended June 30, 2012.

Mr. Schlauch's consulting agreement, which was terminated in July 2012, provided for an hourly fee and expense reimbursement for legal work performed outside his director responsibilities. No fees were paid to Mr. Schlauch in the calendar year ended December 31, 2014, or calendar year ended December 31, 2013, or in the six months ended December 31, 2012. \$20,890 was paid to Mr. Schlauch for consulting services in the fiscal year ended June 30, 2012.

Based upon his position as an executive officer of the Company, the Board determined that Mr. Scott is not independent.

The Board has concluded that each of Messrs. Anderson, Burmeister, Grandey, Mooney, Schlauch and Shonk are independent.

As a result of these analyses, the Board has determined that the proposed seven directors would constitute a Board consisting of a majority of independent directors, as required under Section 803A of the NYSE MKT Company Guide and under NI 58-101.

### **Family Relationships**

There are no family relationships among any directors, officers or persons nominated to be directors of the Company.

### **Arrangements between Officers and Directors**

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company except the directors and executive officers of the Company acting solely in such capacity.

### **Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of the Company, other than the disclosure relating to Mr. Anderson below, no other director and no proposed director of the Company is, or within the 10 years prior to the date of this Circular has been, a director or executive officer of any company that (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (any of the foregoing being an order), that was issued while he was acting in the capacity of director, chief executive officer or chief financial officer of that company; or (ii) was subject to an order that was issued after he ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while he was acting in that capacity.

M. Norman Anderson, a director of the Company, is a current director of Barkerville Gold Mines Ltd. (Barkerville) (since June 2012), a publicly traded Canadian company that became subject to a cease trade order issued by the British Columbia Securities Commission, effective August 14, 2012, stating that the company had filed a technical report that was not in the required form under National Instrument 43-101. The Barkerville cease trade order was subsequently revoked as of July 15, 2013.

### **Standards of Disclosure for Mineral Projects**

To the knowledge of the Company, no other director or proposed director of the Company is, or within the 10 years prior to the date of this Circular has been, a director or executive officer of any company that (i) was bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets; or (ii) within one year of his ceasing to act in that capacity, became bankrupt, made a proposal

under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

**Individual Bankruptcies**

No director or proposed director of the Company has, within the 10 years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Penalties or Sanctions**

None of the proposed directors has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

### **Majority Voting Policy**

**The directors must be elected by an affirmative vote of a majority of the shares represented in person or by proxy at the Meeting on this matter.** Majority voting means that each of the seven directors must receive a majority of votes cast **FOR** to be elected to the Board. Pursuant to the Company's majority voting policy, in an uncontested election of directors, if a nominee for director receives a greater number of votes **withheld** from his or her election than votes **FOR** such election, then that director shall promptly tender his or her resignation to the Chairman of the Board of Directors following the meeting. In this policy, an **uncontested election** means an election where the number of nominees for director equals the number of directors to be elected. Cumulative voting (*i.e.*, a form of voting where shareholders are permitted to cast all of their aggregate votes for a single nominee) will not be permitted. The NCG&C Committee will consider the offer of resignation and, except in extenuating circumstances, will recommend that the Board accept the resignation. The Board will make its decision and announce it in a press release within 90 days following the applicable meeting, including the reasons for rejecting the resignation, if applicable. A director who tenders his or her resignation will not participate in any meeting of the Board to consider whether his or her resignation will be accepted.

**The Board recommends a vote **FOR** each of the nominees for director.**

**PROPOSAL NO. 2:  
RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**Auditor**

The Audit Committee, which consists entirely of independent directors, intends to nominate EKS&H, LLLP, Certified Public Accountants ( EKS&H ), for re-appointment as auditor of the Company.

As a matter of good corporate governance, a resolution will be presented at the Meeting to ratify the appointment by the Audit Committee of EKS&H to serve as our independent registered public accounting firm for the year ending December 31, 2015.

Proxies given pursuant to the solicitation by the management of the Company will, on any poll, be voted as directed, or, if there is no direction, will be voted **FOR** the re-appointment of EKS&H as auditor of the Company until the close of the next annual general meeting of the Company, at an amount of remuneration to be fixed by the directors. EKS&H was first appointed as auditor of the Company on February 15, 2012.

Representatives of EKS&H are expected to be present at the Meeting. The Chairman of the Meeting will provide such representatives with the opportunity to make a statement if they so desire, and such representatives are expected to be available to respond to appropriate questions.

**The auditor must be appointed by an affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Meeting on this matter.**

**The Board recommends a vote **FOR** the appointment of EKS&H as the auditor of the Company.**



## EXECUTIVE OFFICERS

The following table sets out the names and ages of the Company's current executive officers, their states and country of residence, the offices they hold within the Company, and the dates since which they have served as officers of the Company:

<b>Name, Age, Province or State and Country of Residence and Positions, current and former, if any, held in the Company</b>	<b>Served as officer since</b>
<b>RANDALL J. SCOTT, 63</b>	December 15, 2011
Colorado, USA	
<i>Director, President &amp; Chief Executive Officer</i>	
<b>PAUL H. ZINK, 60</b>	December 12, 2013
Colorado, USA	
<i>Senior Vice President and Chief Financial Officer</i>	
<b>JAYE PICKARTS, 56</b>	March 14, 2011
Colorado, USA	
<i>Chief Operating Officer</i>	
<b>KELLI KAST, 48</b>	July 2, 2012
Colorado, USA	
<i>VP, General Counsel and Chief Administrative Officer</i>	
<b>GEORGE BYERS, 68</b>	February 11, 2011
Colorado, USA	
<i>VP, Government and Community Relations</i>	

The following are brief biographies of the Company's executive officers:

*Randall J. Scott* is a metallurgical engineer with over 35 years of experience in the industry. His experience includes leading performance teams in operations, administration, project development, program management, business development and major improvement initiatives. Mr. Scott was appointed as a director of the Company in February 2012 and as President and Chief Executive Officer in December 2011. Mr. Scott previously worked for Thompson Creek Metals Company Inc. as Vice President, Corporate Responsibility and Strategy from May 2011 to

November 2011, as Director, Strategic Management from August 2010 to May 2011 and as Project Sponsor, Enterprise Resource Planning Implementation from January 2010 to August 2010. Prior to that, he served as Vice President of Metals Norwest Corporation during January 2010. From 2002 until 2009, he served as the Principal Real Estate Agent and Team Leader for Scott Home and Land Real Estate Team. Mr. Scott held senior management positions with Cyprus Amax Coal Company and RAG American Coal Company from 1995 to 2001, and prior to that Mr. Scott held senior management positions with Cyprus Metals Company from 1989 until 1995. Mr. Scott received his Bachelor of Science degree in metallurgical engineering from the Colorado School of Mines and his Masters of Business Administration from the University of Arizona.

*Paul H. Zink* has over 35 years of experience in the financial and extractive industries. He most recently served as Chief Executive Officer and Chief Investment Officer for Americas Bullion Royalty Corp. from March 2013 to November 2013. From 2012 to 2013, he served on the Board of Directors of the Company. From July 2010 to January 2013, he was President of Eurasian Capital, the royalty and merchant banking division of Eurasian Minerals Inc. He also served as president and a director of International Royalty Corporation from 2008 until its sale to Royal Gold in 2010. He has also held high-level positions with companies like Pegasus Gold, Inc. and Koch Industries with responsibilities including corporate development, credit and mergers and acquisitions. He began his career in the metals and mining industry with J.P. Morgan & Co., after receiving his BA in economics and international relations from Lehigh University. Mr. Zink is also a member of the board of directors of Atna Resources Ltd.

*Jaye Pickarts* is a metallurgical engineer with more than 25 years of project evaluation and operations experience in the metal mining industry. Prior to his appointment as Chief Operating Officer of the Company in March 2011, he was the Senior Vice President and director of Knight Piesold and Company in Denver, Colorado for 12 years, where he was responsible for successfully coordinating the completion of many feasibility studies and environmental permitting programs in the western United States as well as internationally. Mr. Pickarts obtained a Bachelor of Science degree in mineral processing engineering from the Montana College of Mineral Science and Technology and completed the Business Administration Graduate Program at the University of Nevada, Reno. He is also a registered Professional Engineer in Colorado, Nevada and Wyoming and is considered to be a Qualified Person in accordance with applicable Canadian securities laws.

*Kelli Kast* has over 18 years of in-house legal experience, including seven years as a top legal officer in the precious metals industry. Ms. Kast was appointed Vice President, General Counsel, Chief Administrative Officer and Corporate Secretary in July 2012. Prior to joining the Company, Ms. Kast served as Coeur d'Alene Mine Corporation's Vice President, General Counsel and Corporate Secretary from May 2005 to March 2009 and additionally as its Chief Administrative Officer from March 2009 to December 2011. Prior to that, Ms. Kast was Corporate Counsel for HealthTech Inc. from 2004 to 2005 and the Assistant General Counsel and Corporate Secretary for Global Water Technologies Inc. and Psychrometric Systems, Inc. from 1997 through 2003. Ms. Kast earned her Juris Doctor from the University of South Dakota School of Law and her Bachelor's degree from the University of Idaho.

*George Byers* is a 39-year mining and energy industry veteran with extensive executive experience in federal, state and local government relations. Prior to his appointment as the Vice President of Government and Community Relations of the Company in February 2011, Mr. Byers acted as a consultant to the precious metals, rare earths, copper and uranium industries on a variety of public and government issues beginning in 2003. He is the former President of the Northwest Mining Association, and presently serves on the board of directors of each of the Mountain States Legal Foundation, the Citizens Alliance for Responsible Energy (CARE) and the Mississippi Mineral Resources Institute as well as on the University of Mississippi Engineering School Advisory Board. Mr. Byers obtained a Bachelor of Arts degree in Geology from the University of Mississippi in 1969 and a Masters of Urban & Regional Planning (MURP) from the University of Mississippi in 1974.

### **Named Executive Officers**

Named Executive Officer or NEO means (a) all individuals who served as Chief Executive Officer of the Company during the fiscal year ended December 31, 2014, (b) all individuals who served as Chief Financial Officer of the Company during the fiscal year ended December 31, 2014, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed fiscal year; and (d) each individual who would be an NEO under clause (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that fiscal year.

During the fiscal year ended December 31, 2014, the Company had six NEOs, including Randall J. Scott, President and Chief Executive Officer (CEO) of the Company; Paul H. Zink, Senior Vice President and Chief Financial Officer (CFO) of the Company; Jaye T. Pickarts, Chief Operating Officer (COO) of the Company; Kelli C. Kast, Vice President, General Counsel and Chief Administrative Officer (CAO) of the Company and George Byers, Vice President of Government and Community Relations of the Company. Additionally, James Clark, former Vice President of Exploration is included as an NEO due to his tenure as an executive officer and consultancy in fiscal year 2014.



### SHARE OWNERSHIP TABLE

The following table sets forth certain information regarding beneficial ownership, control or direction, directly or indirectly, of the Company's Common Shares, as of April 25, 2015 by (i) each of the Company's executive officers and directors and (ii) the Company's executive officers and directors as a group.

Name and Position <sup>(1)</sup>	Common Shares Beneficially Owned <sup>(2)</sup>	Percentage of Class <sup>(3)</sup>
Randall J. Scott <i>Chief Executive Officer &amp; President, Director</i>  <i>Littleton, CO, USA</i>	394,000 <sup>(4)</sup>	0.8%
M. Norman Anderson <i>Director</i>  <i>Vancouver, BC, Canada</i>	291,971 <sup>(5)</sup>	0.6%
Norman W. Burmeister <i>Director</i>  <i>Dubois, WY, USA</i>	528,855 <sup>(6)</sup>	1.1%
Paul J. Schlauch <i>Director</i>  <i>Greenwood Village, CO, USA</i>	152,000 <sup>(7)</sup>	0.3%
Lowell A. Shonk <i>Director and Chairman</i>  <i>Paradise Valley, Arizona, USA</i>	107,000 <sup>(8)</sup>	0.2%
F. Steven Mooney <i>Director</i>  <i>Denver, CO, USA</i>	97,000 <sup>(9)</sup>	0.2%
Gerald W. Grandey <i>Director</i>  <i>Saskatoon, SK, Canada</i>	77,000 <sup>(10)</sup>	0.1%
Paul H. Zink <i>Senior Vice President &amp; Chief Financial Officer</i>  <i>Centennial, CO, USA</i>	115,000 <sup>(11)</sup>	0.3%
Jaye T. Pickarts <i>Chief Operating Officer</i>  <i>Littleton, CO, USA</i>	465,253 <sup>(12)</sup>	0.9%
Kelli C. Kast <i>VP, General Counsel &amp; Chief Administrative Officer</i>  <i>Evergreen, CO, USA</i>	240,000 <sup>(13)</sup>	0.5%
George G. Byers <i>VP of Government and Community Relations</i>  <i>Denver, CO, USA</i>	340,000 <sup>(14)</sup>	0.7%
James G. Clark <i>Former VP of Exploration</i>  <i>Camas, WA, USA</i>	210,000 <sup>(15)</sup>	0.4%
	3,018,079	6.0%

All executive officers and directors as a group

(1)

Mailing address for all directors and executive officers is c/o Rare Element Resources, Ltd., 225 Union Boulevard, Suite 250, Lakewood, CO 80228.

(2)

Includes Common Shares held as of April 25, 2015, plus Common Shares which may be acquired pursuant to the exercise of stock options exercisable within 60 days after April 25, 2015.

(3)

In accordance with Rule 13d-3(d)(1) under the Exchange Act, the applicable percentage of ownership for each person is based on 47,707,216 Common Shares outstanding as of April 25, 2015.

(4)

Includes 14,000 Common Shares and 380,000 Common Shares subject to options held by Mr. Scott personally.

(5)

Includes 129,971 Common Shares and 162,000 Common Shares subject to options held by Mr. Anderson personally.

(6)

Includes 366,855 Common Shares and 162,000 Common Shares subject to options held by Mr. Burmeister personally.

(7)

Includes 5,000 Common Shares and 147,000 Common Shares subject to options held by Mr. Schlauch personally.

(8)

Includes 30,000 Common Shares and 77,000 Common Shares subject to options held by Mr. Shonk personally.

(9)

Includes 20,000 Common Shares and 77,000 Common Shares subject to options held by Mr. Mooney personally.

(10)

Includes 77,000 Common Shares subject to options held by Mr. Grandey personally.

(11)

Includes 25,000 Common Shares and 90,000 Common Shares subject to options held by Mr. Zink personally.

(12)

Includes 3,253 Common Shares and 460,000 Common Shares subject to options held by Mr. Pickarts personally. Another 2,000 Common Shares are held by his spouse.

(13)

Includes 240,000 Common Shares subject to options held by Ms. Kast personally.

(14)

Includes 20,000 Common Shares and 220,000 Common Shares subject to options held by Mr. Byers personally. Another 100,000 Common Shares are held jointly with his spouse.

(15)

Includes 210,000 Common Shares subject to options held by Mr. Clark. Mr. Clark ceased to be an employee of the Company as of January 31, 2014, and the above is the Company's best estimate of his beneficial ownership based on information received from Mr. Clark.

### **Change in Control**

The Company has no knowledge of any arrangement that might result in a change in control in the future. To the Company's knowledge, there are no arrangements, including any pledge by any person of the Company's securities, the operation of which at a subsequent date may result in a change in the Company's control.

### **Quorum**

The Company's Articles provide that any two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued and outstanding shares entitled to be voted at the meeting shall constitute a quorum.

### **Dissenters' Rights of Appraisal**

No action is proposed herein for which the laws of British Columbia or the Articles of the Company provide a right of a shareholder to dissent and obtain appraisal of or payment for such shareholder's Common Shares.

## **CORPORATE GOVERNANCE DISCLOSURE**

NI 58-101 requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the Guidelines) adopted in National Policy 58-201-- *Corporate Governance Guidelines*. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board has approved and adopted a set of policies on corporate governance, which include a Code of Business Conduct and Ethics for Officers and Employees, Audit Committee Charter, Procedures for Treatment of Complaints and Concerns Regarding Accounting, Internal Accounting Controls and Auditing Matters, NCG&C Committee Charter and Finance Committee Charter, all of which are available on the Company's website. The Company's approach to corporate governance is set out below. Please note that some of the information set forth in this section serves the dual purpose of satisfying NI 58-101 as well as certain U.S. proxy statement disclosure requirements.

### **GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101**

### **COMMENTS**

#### **1. Board of Directors**

(a) Disclose the identity of the directors who are independent.

The Board currently is comprised of seven directors. Six of the directors are independent and one is not independent, as discussed below. The Board considers M. Norman Anderson, Norman W. Burmeister, Gerald W. Grandey, F. Steven Mooney, Paul J. Schlauch and Lowell A. Shonk to be independent directors. Therefore, the majority of the Board is independent within the meaning of, and as required by, NI 58-101 and Section 803A of the NYSE MKT Company Guide.



(b) Disclose the identity of the directors who are not independent, and describe the basis for that determination.

The Board considers Randall J. Scott not an independent director. Randall J. Scott is not an independent director because he is an officer of the Company.

The Board is responsible for determining whether or not each director is an independent director. To do this, the Board analyzes all the relationships of the directors with the Company and its subsidiaries. Those directors who do not meet the meaning of independence as provided in NI 58-101 or Section 803 of the NYSE MKT Company Guide were deemed to not be independent directors. More information about each director nominee can be found in the section titled Election of Directors in this Circular.

**GOVERNANCE  
DISCLOSURE  
GUIDELINE UNDER  
NI 58-101**

**COMMENTS**

(c) Disclose whether or not the chair of the board is an independent director. The interim Chairman of the Board, Lowell A. Shonk, is an independent director. The Chairman's role and responsibilities include overseeing the function and effectiveness of the Board. The Board will undertake appointment of a Chairman following the Meeting.

**2. Directorship**

The following directors currently serve on the Board of the reporting issuer(s) (or equivalent) listed below:

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a Canadian, U.S. or foreign jurisdiction, identify both the director and the other issuer.

M. Norman Anderson: Barkerville Gold Mines Ltd.

Gerald Grandey: Canadian Oil Sands Limited, Potash Corporation of Saskatchewan Inc. and Sandspring Resources Ltd.

**3. Attendance at Board Meetings**

Total number of Board meetings held: 6

Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed year ended December 31, 2014.

**Number of Board**

**Number of Committee**

**Name of Director**

**Meetings Held/Attended**

**Meetings Held/Attended**

---

M. Norman Anderson

6/6

4/4

Norman W. Burmeister

6/6

4/4

Gerald Grandey

6/6

9/9

Patrick M. James<sup>(1)</sup>

3/4

1/2

F. Steven Mooney

5/6

4/4

Donald A. Ranta<sup>(2)</sup>

3/3

2/2

Paul J. Schlauch

6/6

10/10

Randall J. Scott

6/6

3/3

Lowell A. Shonk

6/6

9/9

<sup>(1)</sup> Mr. James, former director, was appointed to the Board on April 23, 2014 and resigned on February 5, 2015.

(2) Mr. Ranta, former director, resigned on June 12, 2014.

None of the incumbent directors of the Company, who were directors in 2014 for the entire year, attended fewer than 75% of the Board meetings in the year ended December 31, 2014.

Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

During the Company's most recently completed year, the Company held three executive sessions for its independent directors. To facilitate open and candid discussion amongst its independent directors, such directors are encouraged to communicate with each other directly to discuss ongoing issues pertaining to the Company as well as to call and hold meetings of the Audit Committee and the NCG&C Committee, each of which is comprised entirely of independent directors.

#### 4. Position Descriptions

(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

No written position descriptions have been developed for the Chairman of the Board or the Chair of each of the Company's Audit Committee and NCG&C Committee at this time. The Board delineates the role and responsibilities for the Chair of each of the Company's Audit Committee and NCG&C Committee by providing such individuals with the applicable mandate and charter of each committee.

(b) Disclose whether or not the board and CEO

No written position description has been developed for the CEO of the Company at this time. The role and responsibilities for the CEO, as established by the Board, are set forth

have developed a in the CEO s amended employment agreement with the Company dated April 23, 2013,  
written position and annual performance metrics and goals are established and approved by the Board.  
description for the  
CEO. If the board and  
C E O h a v e n o t  
developed such a  
position description,  
briefly describe how the  
board delineates the  
role and responsibilities  
of the CEO.

**GOVERNANCE DISCLOSURE  
GUIDELINE UNDER NI 58-101**

**COMMENTS**

**5. Orientation and Continuing Education**

Describe what steps, if any, the board takes to orientate new board members and describe what measures, if any, the board takes to provide continuing education for directors.

Currently, the Board does not have a formal orientation or education program for its members.

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's business and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees, and presentations by technical and industry consultants, to give the directors additional insight into the Company's business.

**6. Ethical Business Conduct**

Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

The Board has adopted a Code of Conduct to encourage and promote a culture of ethical business conduct. It also promotes ethical business conduct through the nomination of Board members it considers ethical, through avoiding and minimizing conflicts of interest and by having a majority of its Board members independent of corporate matters. A copy of the Code of Conduct may be found on the Company's website at [www.rareelementresources.com](http://www.rareelementresources.com).

**7. Nomination of Directors**

Describe the process by which the board identifies new candidates for board nomination. Disclose whether or not the board has a nominating committee composed entirely of independent directors.

The Board, through its NCG&C Committee, considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The NCG&C Committee is composed entirely of independent directors.

If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process. If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The responsibilities, powers and operation of the NCG&C Committee are described elsewhere in this Circular.

**8. Compensation**

Describe the process by which the board determines the compensation for the issuer's directors and officers. Disclose whether or

The NCG&C Committee is required to review the compensation for directors and executives.

not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation. If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The NCG&C Committee reviews the adequacy and form of, and recommends to the Board, the compensation for directors and executives, which may include annual retainers, meeting fees, option grants and other benefits received by directors to ensure that the compensation received accurately reflects the risks and responsibilities involved in being an effective director or executive. For more information regarding compensation paid to directors and executives, see the sections entitled Director Compensation and Summary Compensation Table in this Circular.

The NCG&C Committee is composed entirely of independent directors. The responsibilities, powers and operation of the NCG&C Committee are described elsewhere in this Circular.

**GOVERNANCE DISCLOSURE  
GUIDELINE UNDER NI 58-101**

**COMMENTS**

**9. Other Board Committees**

The Board has three standing committees:

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

a)

Audit Committee;

b)

NCG&C Committee; and

c)

Finance Committee.

The Company's Finance Committee's primary function is to assist the Board in discharging its obligations for (i) financial policies and strategies including capital structure, (ii) financial risk management practices and activities, and (iii) financing transactions or circumstances which could materially affect the financial profile of the Company.

Additional information regarding the above committees is included under the sections Audit Committee, Nominating, Corporate Governance and Compensation Committee and Finance Committee, and are on the Company's website at [www.rareelementresources.com](http://www.rareelementresources.com).

**10. Assessments**

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

Currently, the Board takes responsibility for monitoring and assessing its own effectiveness, including reviewing the Board's decision-making processes and quality and adequacy of information provided by management, and the performance of individual directors and its committees. The majority of Board meetings include non-employee director executive sessions where the topic of Board effectiveness is undertaken. Further, the NCG&C Committee and Audit Committee each completed self-assessments for 2014 performance.



### **Communications with the Board of Directors**

Shareholders may send communications to the Board, the Chairman or one or more of the non-management directors by using the contact information provided on the Company's website at [www.rareelementresources.com](http://www.rareelementresources.com). Shareholders may also send communications by letter addressed to the Corporate Secretary of the Company at 225 Union Boulevard, Suite 250, Lakewood, Colorado 80228. All communications addressed to the Corporate Secretary will be received and reviewed by that officer. The receipt of concerns about the Company's accounting, internal controls, auditing matters or business practices will be reported to the Audit Committee. The receipt of other concerns will be reported to the appropriate Committee(s) of the Board and/or to the Board itself, when necessary.

### **Board Leadership Structure**

Currently, the Company has a separate President and Chief Executive Officer, Randall J. Scott, and interim Chairman of the Board, Lowell A. Shonk. Mr. Shonk is an independent director.

Mr. Shonk was appointed interim Chairman on February 25, 2015 upon the resignation of Mr. Patrick James, the prior Chairman. Following the Meeting, the Board will consider the appointment of a Chairman, with due consideration of the independence of the candidates for such appointment.

Both the Company's Audit Committee and NCG&C Committee are comprised entirely of independent directors, which meet regularly without management present. The Board has reviewed the Company's current Board leadership structure in light of the composition of the Board, the Company's size, the nature of the Company's business, the regulatory framework under which the Company operates, the Company's share base, the Company's peer group and other relevant factors, and has determined that a separate Chairman of the Board and Chief Executive Officer is currently the most appropriate leadership structure for the Company.

The Board believes that adequate structures and processes are in place to facilitate the functioning of the Board independently of the Company's management. The independent directors met together three times during year

ended December 31, 2014. Annual meetings of the independent directors, chaired by the independent Chairman, give the independent directors the opportunity for open and frank discussions on all matters they consider relevant, including an assessment of their own performance. Accordingly, the Board believes that there is adequate leadership of the independent directors.

### **Ethical Business Conduct**

The Board has adopted a Code of Conduct, which is based on the fundamental principles of honesty, loyalty, fairness, forthrightness and use of common sense in general. The Code of Conduct (as amended) is available on the Company's website at [www.rareelementresources.com](http://www.rareelementresources.com) and on the Canadian System for Electronic Document Analysis and Retrieval ( SEDAR ) at [www.sedar.com](http://www.sedar.com). The Code of Conduct applies to all directors, officers and employees, including the principal executive, financial and accounting officers. The Audit Committee is responsible for setting the standards of business conduct contained in the Code of Conduct, and it annually reviews the Code of Conduct.

The Board, through the NCG&C Committee, is responsible for monitoring compliance with the Code of Conduct. The Committee reviews with management any issues with respect to compliance with the Code of Conduct. The Board intends to disclose any waiver from a provision of its Code of Conduct that applies to any of its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions that relates to any element of its Code of Conduct on its website. No waivers were granted from the requirements of the Company's Code of Conduct during the year ended December 31, 2014, or during the subsequent period through to the date of this Circular.

The Board ensures that the directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Code of Conduct sets out the procedure with respect to reporting conflicts of interest. Actual or potential conflicts of interests are reported to the Chair of the NCG&C Committee. Members of the NCG&C Committee are required to be particularly vigilant in reviewing and approving conflicts of interests.

### **Board Role in Risk Oversight**

The understanding, identification and management of risk are essential elements for the successful management of the Company.

Risk oversight begins with the Board and the Audit Committee. The Audit Committee is chaired by Lowell A. Shonk. Each member of the Audit Committee is considered to be independent under NYSE MKT and Exchange Act rules. See section entitled "Audit Committee" for further description of Audit Committee independence determinations.

The Audit Committee reviews and discusses policies with respect to risk assessment and risk management. The Audit Committee also has oversight responsibility with respect to the integrity of the Company's financial reporting process and systems of internal control regarding finance and accounting, as well as its financial statements. The Audit Committee receives feedback from the external auditor with respect to certain financial accounting and internal control risks.

Management performs ongoing internal control testing and assessment, which is currently supported by a third-party company, Hein & Associates. Management provides reliable and timely information to the Board regarding the

Company's effectiveness in identifying and appropriately controlling risks. Annually, management presents to the Audit Committee a report summarizing the review of the Company's methods for identifying and managing risks.

The Company also has a comprehensive internal risk framework, which facilitates performance of risk oversight by the Board and the Audit Committee. The Company's risk management framework is designed to:

.  
provide that risks are identified, monitored, reported and quantified properly;

·  
define and communicate the types and amount of risk the Company is willing to take;

·  
communicate to the appropriate management level the type and amount of risk taken;

·  
maintain a risk management program that is independent of the risk-taking activities; and

·  
promote a strong risk management culture that encourages a focus on risk-adjusted performance.

### **NOMINATING, CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE**

The current members of the NCG&C Committee are M. Norman Anderson, Norman W. Burmeister, F. Steven Mooney, and Paul J. Schlauch (Chair). Each of the current members of the NCG&C Committee is considered to be independent within the meaning of NI 58-101 and Section 803A of the NYSE MKT Company Guide. The NCG&C Committee met four times during the year ended December 31, 2014.

#### **NCG&C Committee Charter**

The NCG&C Committee is governed by a charter which sets forth the NCG&C Committee functions, which are, among other things, to establish procedures for the director nomination process and recommend nominees for election to the Board; develop and periodically review the effectiveness of the Board's corporate governance guidelines; and determine and recommend to the independent members of the Board the base salaries and annual incentive awards, including cash and equity-based incentive awards for the CEO and, in consultation with the CEO, for other senior officers on an annual basis. The NCG&C Committee Charter is available on the Company's website at [www.rareelementresources.com](http://www.rareelementresources.com).

#### **Independence**

The Board has determined that all of the members of the Company's NCG&C Committee are independent within the meaning of Section 805(c)(1) of the NYSE MKT Company Guide.

#### **Board Nominating Procedures**

The NCG&C Committee believes that candidates for the Board should have the ability to exercise objectivity and independence in making informed business decisions; extensive knowledge, experience and judgment; the highest

integrity; loyalty to the interests of the Company and its shareholders; a willingness to devote the extensive time necessary to fulfill a director's duties; the ability to contribute to the diversity of perspectives present in board deliberations; and an appreciation of the role of the Company in society. The NCG&C Committee considers candidates meeting these criteria who are suggested by directors, management, shareholders and search firms hired to identify and evaluate qualified candidates. Please see the section captioned "Election of Directors - Director and Nominee Experience and Qualifications" for further information on board qualification criteria.

Shareholders may submit recommendations in writing by a letter addressed to the CEO of the Company or the Chair of the NCG&C Committee. The NCG&C Committee will carefully consider each shareholder recommendation, evaluating each shareholder-recommended candidate for director under the same standards as candidates identified by any other method.

### **Gender Diversity on the Board**

The NCG&C Committee and the Board do not currently have a formal policy with regard to the consideration of diversity in identifying director nominees. While the Board recognizes the benefits of diversity and inclusion at all levels within its organization, it does not currently have any targets, rules or formal policies that specifically require the identification, consideration, nomination or appointment of female board nominees or candidates for executive management positions or that would otherwise force the composition of the Board or the Company's executive management team. Board nominations and appointments are assessed solely based upon the merits of the

candidates, in the context of the skills, experience and independence which the Board requires in order to be effective.

When searching for candidates for senior management positions, the Board focuses on attracting and retaining experienced and highly skilled individuals who can add value to its business. Currently, the Company has no female Board members. The Company's executive management team is comprised of one woman (one of the five total executive management team members) holding the position of Vice President, General Counsel and Chief Administrative Officer. The NCG&C Committee is expected to consider the benefits of implementing formal policies regarding gender diversity at the Board and executive management levels in 2015.

### **Term Limits and Board Composition**

The NCG&C Committee and the Board do not currently have a formal policy with regard to director term limit or retirement age in connection with individuals nominated for election as it does not believe that such policies would be in the best interests of the Company at this time. The Company operates in a unique industry, making it difficult to find qualified directors with the appropriate background and experience, and the introduction of a director term limit or retirement policy would impose further difficulty. Notwithstanding the foregoing, the NCG&C Committee annually reviews and makes recommendations regarding the size, composition, operation, practice and tenure policies of the Board, with a view to effective decision making. The NCG&C Committee believes it is in the best interests of the Company when selecting candidates to serve on the Board to consider the experience diversity of the Board and review candidates who possess a range of skills, expertise, personality, education, personal background and other qualities for nomination. The Board strives to achieve a balance between the desirability to have a depth of experience from its members and the need for renewal and new perspectives. The NCG&C Committee assesses the effectiveness of this approach as part of its annual review of its charter.

The NCG&C Committee reviews the size of the Board annually. The Board must have enough directors to carry out its duties efficiently, while presenting a diversity of views and experience. The Board believes that its size of seven members will continue to best serve the Company's needs in the fiscal year to come. The NCG&C Committee recommended to the Board all the nominees for directors in this Circular.

### **Compensation Functions**

The NCG&C Committee is responsible for reviewing and making recommendations regarding the Company's compensation policies and programs, as well as salary and benefit levels for individual executives, to the Board. The Board, in turn, gives final approval on compensation matters. Except for delegation by the NCG&C Committee of its responsibilities to a sub-committee of the NCG&C Committee, the NCG&C Committee does not and cannot delegate its authority to determine director and executive officer compensation. For further discussion of the Committee's process for the recommendation of the Company's compensation policies and programs, as well as salary and benefit levels of individual executives, including a discussion of the role of compensation consultants in advising the NCG&C Committee, please see the section captioned Compensation Discussion and Analysis.

## **AUDIT COMMITTEE REPORT**

The Company has a separately designated, standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Company is required to have an audit committee comprised of not less than three directors, each of whom is not an officer, is independent within the meaning of Rule 10A-3 of the Exchange

Act and Section 803(B)(2) of the NYSE MKT Company Guide, is not an employee of the Company, and is not an affiliate of the Company. The Company's current Audit Committee consists of Lowell A. Shonk (Chair), Paul J. Schlauch, and Gerald W. Grandey. The Audit Committee's functions are to oversee the accounting and financial reporting process and the audit of the annual financial statements of the Company. The Audit Committee met seven times during the year ended December 31, 2014.

#### **Audit Committee Charter**

The Audit Committee, under the guidance of the Audit Committee Charter approved by the Board, assists the Board in fulfilling its oversight responsibilities by reviewing (i) the financial statements, reports and other information provided to shareholders, regulators and others; (ii) the independent auditor's qualifications, independence and

performance; (iii) the internal controls that management and the Board of Directors have established; (iv) the audit, accounting and financial reporting processes generally; and (v) compliance by the Company with legal and regulatory requirements. The text of the Audit Committee's Charter is available on the Company's website at [www.rareelementresources.com](http://www.rareelementresources.com).

### **Independence**

The Company's Board has determined that all of the members of the Company's Audit Committee are independent within the meaning of Rule 10A-3 of the Exchange Act, Section 803(B)(2) of the NYSE MKT Company Guide and National Instrument 52-110 *Audit Committees* ( NI 52-110 ).

### **Audit Committee Financial Expert**

The Company's Board has determined that Lowell A. Shonk, Chair of the Audit Committee, satisfies the requirement of an audit committee financial expert, as defined under Item 407 of the Regulation S-K, and Messrs. Shonk, Schlauch and Grandey each are financially sophisticated within the meaning of NYSE MKT Company Guide Section 803(B)(2) and financially literate within the meaning thereof set forth in NI 52-110.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board of the Company.

### **Audit Committee Report**

The Audit Committee discussed with EKS&H those matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board ( PCAOB ) in Rule 3200T. These communications and discussions are intended to assist the Audit Committee in overseeing the financial reporting and disclosure process.

The Audit Committee discussed with EKS&H the independence of EKS&H and received from EKS&H the letter required by applicable standards of the PCAOB for independent auditor communications with audit committees concerning independence as may be modified or supplemented, and concerning its independence as required under applicable independence standards for auditors of public companies. This discussion and disclosure assisted the Audit Committee in evaluating such independence.

Finally, the Audit Committee reviewed and discussed, with the Company's management and EKS&H, the Company's audited consolidated balance sheet at December 31, 2014 and consolidated statements of operations and comprehensive loss, cash flows and shareholder's equity for the year ended December 31, 2014.

Based on the discussions with EKS&H concerning the audit, the independence discussions, the financial statement review and such other matters deemed relevant and appropriate by the Audit Committee, the Audit Committee



recommended to the Board of Directors that the Company's financial statements and the related management's discussion and analysis be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

*Submitted on behalf of the Audit Committee,*

LOWELL A. SHONK (Chair)

PAUL J. SCHLAUCH

GERALD W. GRANDEY

### Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services. Consistent with applicable laws, other than audit, review or attestation services and all other services provided by the Company's auditor are to be approved by one or more members of the Audit Committee pursuant to authority delegated by the Audit Committee, provided the Audit Committee is informed of each particular service. All of the engagements and fees discussed below under the heading "Audit Fees" for the fiscal year ended December 31, 2014 and the fiscal year ended December 31, 2013 were pre-approved by the Audit Committee.

### Audit Fees

The following table sets forth the fees paid by the Company to EKS&H for services rendered in the fiscal year ended December 31, 2014 and the fiscal year ended December 31, 2013:

	<b>2014</b>	<b>2013</b>
Audit Fees	\$85,523	\$103,365
Audit-Related Fees	11,200	N/A
Tax Fees	N/A	N/A
All Other Fees	N/A	N/A
<b>Total</b>	<b>\$96,723</b>	<b>\$103,365</b>

Audit Fees represent fees for the audit of the Company's annual financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees represent fees for professional services.

Tax Fees represent fees for professional services rendered for tax compliance, tax advice and tax planning on actual or contemplated transactions.

All Other Fees consist of fees for products and services other than the services reported above.

## COMPENSATION DISCUSSION AND ANALYSIS

### 2014 Shareholder Advisory Vote on Executive Compensation

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires that the Company provide its shareholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation of the Company's named executive officers as disclosed in this Circular in accordance with applicable SEC rules.

As described in greater detail below, the Company's goal for its executive compensation program is to allow the Company to remain competitive compared to its peers in attracting experienced personnel. Please see the entire section entitled "Compensation Discussion and Analysis" and the related compensation tables for additional details about the Company's executive compensation programs, including information about the fiscal year 2014 compensation of the NEOs.

On June 12, 2014, the Company's shareholders approved, on an advisory basis, the compensation of the NEOs, as disclosed in the information and proxy circular for the 2014 annual general meeting of shareholders pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and narrative discussion. The Company's Board considered and adopted this advisory vote, and the Company will hold its next advisory vote at the annual general meeting of shareholders in 2017.

### Compensation Program Objectives

The compensation of the Company's NEOs is determined by the Company's Board which is currently composed of seven members, six of whom are independent under Section 803A of the NYSE MKT Company Guide and Canada's NI 58-101, with consideration given to the recommendations of the Company's NCG&C Committee.

The Company's compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility and to the best interests of the Company and its shareholders. In general, an NEO's compensation is comprised of three components:

(a)

Cash compensation, consisting of base salary, wages or consulting payments;

(b)

Stock option grants; and

(c)

A discretionary incentive bonus.

The Company's NCG&C Committee selected these three components due to standards in the Company's industry, the desire to maintain an effective but straightforward compensation program and the need to reward executives for past performance while still providing incentive for future performance. The committee believed that salary and stock options were sufficient to remain competitive with peers and provide incentive for future performance without adding the burden of administering complex compensation structures in a small, growing company. In addition, the equity-based compensation aligns the Company's NEOs interests with those of our shareholders. The limited discretionary incentive bonus permits the Company to reward exemplary past performance while preserving the Company's cash for project needs. The objectives and reasons for this system of compensation are generally to allow the Company to remain competitive among its peers in attracting and retaining experienced personnel.

### **Determining Executive Compensation**

Executive officers' compensation is established through the thorough review and comparison of compensation paid to executives at similar companies as established through a determined peer group as well as consideration of other market factors and performance criteria at the corporate and individual performance level. Compensation levels are typically negotiated with the candidate for a position prior to his or her final selection as an executive officer. Cash

compensation levels, comprised of base salary and discretionary incentive bonus, for executive officers are reviewed annually and adjusted to reflect external factors, such as inflation, as well as overall corporate performance and the results of internal performance reviews.

### **Role of Executive Officers in Determining Compensation**

The Company's NCG&C Committee reviews and recommends compensation policies and programs to the Board, as well as individual salary and benefit levels for its executives. At the discretion of the NCG&C Committee, the President and Chief Executive Officer provides input to the NCG&C Committee as to the compensation regarding executive officers. The NCG&C Committee, with the independent input of its compensation consultant, reviews, approves and makes a recommendation to the Board regarding the executive officer compensation.

The President and Chief Executive Officer may not be present during meetings of the NCG&C Committee at which his compensation is being discussed. The NCG&C Committee recommends to the independent members of the Board the compensation of the President and Chief Executive Officer. The independent members of the Board make decisions as to the President and Chief Executive Officer's compensation. The Board makes the final determination regarding the Company's compensation programs and practices.

### **Role of Compensation Consultant**

To assist the NCG&C Committee with its assessment of compensation levels for executive officers in the Company's industry, the Company retained Denver Compensation & Benefits, LLC (DC&B) in October 2013 to provide a report examining annual base salary, short-term incentives (including amounts, vehicles, and structures), total cash compensation (base salary plus short-term incentives), long-term incentives (including amounts, vehicles, and structures), and total direct compensation (total cash compensation plus long-term incentives), to assess the competitiveness of the current compensation package for the Company's executive officers as compared with companies of similar size and development status in the mining industry, and compared with other market surveys, and to make recommendations for setting 2014 base compensation. In November 2014, the Company continued its retainer of DC&B to conduct a similar compensation analysis to the one performed in 2013, which was considered in setting the 2015 base compensation. The November 2014 retainer was more limited, and was focused on the Chief Executive Officer position with extrapolations for the other executive officer positions given the Company's focus on limiting expenses for consultant engagements.

The NCG&C Committee determined that DC&B was independent under the standards of NYSE MKT Company Guide Section 805(c)(4) after taking into consideration all relevant factors regarding the relationship of DC&B with the Company and DC&B's internal policies and procedures. DC&B reports directly to the NCG&C Committee and provides no services to the Company other than the executive and non-employee director compensation consulting services at the discretion of the NCG&C Committee. DC&B has no other direct or indirect business or relationship with the Company or any of its affiliates and no current business or personal relationships with any member of the NCG&C Committee or the executive officers.

### **Peer Group**

In October 2013, the NCG&C Committee retained DC&B to conduct its first compensation analysis for the Company which was subsequently utilized in setting the 2013 incentive compensation awards and 2014 annual base salaries. The Company received from DC&B a comparative executive compensation survey taking into account comparable North American mining companies and a market capitalization between approximately \$18 and \$406 million (the 2013 Peer Group ). The companies in the 2013 Peer Group were initially suggested by DC&B, and were reviewed, revised and ultimately determined by the Company's NCG&C Committee based on other companies' similarity to the Company in terms of development stage, operations and size, including market capitalization, annual revenues, and total assets. At the time of the analysis, the Company ranked at approximately the 36<sup>th</sup> percentile for market capitalization and 43<sup>rd</sup> percentile for revenues compared to the 2013 Peer Group. The final 2013 Peer Group includes seven Canadian-based companies and seven U.S.-based companies for a total peer group of fourteen. The 2013 Peer Group consists of the following named companies: Atna Resources, General Moly, Inc., Gold Reserve Inc., Golden Minerals Company, Great Western Minerals Group, Ltd., Largo Resources

Ltd., MAG Silver Corp., Orbite Aluminae Inc., Paramount Gold and Silver Corp., Pershing Gold Corp., PolyMet Mining Corp., Seabridge Gold, Inc., Ucore Rare Metals, and Vista Gold Corp. As mentioned above, the data obtained from the 2013 Peer Group was utilized by the Company to determine 2013 incentive compensation awards and set 2014 base compensation. The NCG&C Committee decided to freeze base compensation for the executive team for 2014, even in light of the findings showing some upward adjustment to achieve market median compared to the 2014 Peer Group (as defined below) may be warranted.

In early January 2015, the Company received from DC&B an updated executive compensation survey and revised peer group analysis taking into account comparable mining companies with North American operations and a market capitalization between approximately \$6.5 and \$103 million (the 2014 Peer Group). The companies in the 2014 Peer Group were initially suggested by DC&B as was done the prior year, and were further reviewed, revised and ultimately determined by the Company's NCG&C Committee based on other companies' similarity to the Company in terms of development stage, operations and size, including market capitalization, annual revenues, and total assets. At the time of the analysis, the Company ranked at approximately the 35<sup>th</sup> percentile for market capitalization compared to the 2014 Peer Group. The final 2014 Peer Group includes five Canadian-based companies and eight U.S.-based companies for a total peer group of thirteen. The 2014 Peer Group consists of the following named companies: Great Western Minerals Group Ltd., Orbite Aluminae Inc., Atna Resources, Golden Minerals Company, Vista Gold Corp., General Moly Inc., Pershing Gold Corp., Ucore Rare Metals, Avalon Rare Metals, Timberline Resources Corp., Renaissance Gold Inc., Mines Management and Golden Star Resources Ltd. As mentioned above, the data obtained from the 2014 Peer Group was considered by the Company in setting 2015 base compensation.

As described above, DC&B benchmarked compensation for the Chief Executive Officer specifically, as well as extrapolated for the other executive officers from prior year's benchmarking percentages, including the Chief Financial Officer, Chief Operating Officer, Vice President of Exploration, Vice President, General Counsel and Chief Administrative Officer, as well as the Vice President of Government and Community Relations, using both the 2013 and 2014 Peer Group (collectively, the Peer Groups) as well as nationally recognized, but geographically adjusted, survey data. In establishing market levels for compensation, DC&B calculated the 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile levels of market compensation for each element of compensation for each respective position. Additionally, DC&B calculated the percentile rank of the Chief Executive Officer compared with the Peer Groups for each element of compensation in order to provide the NCG&C Committee a more accurate indication of the Company's compensation elements compared with those of the market. The NCG&C Committee utilized this information as one component of its overall review of the Company's compensation program.

### **Competitive Market Assessment and Other Factors**

In addition to industry comparables through the peer group analysis and industry compensation surveys, the NCG&C Committee considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-range interests of the Company and its shareholders, overall technical, professional and experience needs of the Company, the competitive requirements to attract and hold key employees, and the NCG&C Committee's assessment of the position requirements for each executive's role in the Company. The NCG&C Committee does not weigh any of these factors more heavily than others and does not use any formula to assess these factors, but rather considers each factor in its judgment and at its discretion. Superior performance is recognized through the Company's incentive bonus policy.

### **Compensation Components**

*Base Salary*

The NCG&C Committee reviews and approves the base salaries for the NEOs and reviews them annually. The President and CEO's base salary is recommended by the NCG&C Committee and approved by the independent members of the Board of Directors. The CEO is paid a salary that is lower than the comparative salary levels for a person of his experience and capabilities because the Company expects that stock options should constitute a significant part of the CEO's total compensation. The Company's current CFO and other executive officers of the Company except the CEO have salaries that the Board believes are competitive within the industry. The salary of



the current CFO and other executive officers do take into account the grant of stock options in considering the overall compensation paid to the executive in determining whether the salary remains competitive.

Base salaries for the NEOs for calendar year 2014 and 2013 are set forth below. The NCG&C Committee and Board of Directors, upon due consideration of the exploration stage of the Company, use of cash focused on development activities, and compensation survey data, froze executive salaries at the 2014 level for the 2015 calendar year, which was a second year of base salary freezes.

<b>Named Executive Officer</b>	<b>2013 Base Salary</b>	<b>2014 Base Salary</b>	<b>Percentage Increase</b>
Randall J. Scott	252,000	252,000	0.00%
Paul H. Zink	230,000 <sup>(1)</sup>	230,000	0.00%
Jaye T. Pickarts	238,800	238,800	0.00%
Kelli C. Kast	209,800	209,800 <sup>(2)</sup>	0.00%
George G. Byers	172,000	172,000	0.00%
James G. Clark <sup>(3)</sup>	209,000	209,000	0.00%

Note: Salaries stated are annualized salaries based upon last day of the calendar year.

(1)

Mr. Zink was appointed Senior Vice President and Chief Financial Officer on December 12, 2013.

(2)

Ms. Kast assumed a 60% work and pay schedule for September and October 2014. Actual 2014 base salary including the adjustment was \$195,813.

(3)

Mr. Clark ceased to be the Vice President of Exploration of the Company as of February 1, 2014.

#### *Option-Based Awards*

Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs.

Stock option grants are made on the basis of the number of stock options currently held by the executive, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to

closely align the personal interest of such persons to the interest of the shareholders.

The Company grants options on an annual basis pursuant to a discretionary analysis by the NCG&C Committee of the above factors. Following the year ended December 31, 2014, on January 22, 2015, the Company granted incentive stock options in the amount of 100,000 options to its CEO; 50,000 options to its CFO; 50,000 options to its COO; and 50,000 options to its Vice President of Government and Community Relations. The Company also grants options at the time it hires new executive officers to provide an immediate incentive to perform.

The exercise price of the stock options granted is determined by the market price at the time of grant.

*Incentive Bonus Program*

The Company's incentive bonus policy generally allows executive officers and management personnel to be considered for a discretionary incentive bonus payment, provided the executive officer was employed by the Company at the end of the fiscal year in which the bonus is earned. Bonus amounts are not based on a percentage of the executive's base salary and have typically been rather modest and limited, often ranging between 10% and 25% of base salary.

In considering executive incentive bonus compensation, the NCG&C Committee typically makes the determination on the basis of the following three primary factors: (1) Company cash balances and past stock-based compensation

performance; (2) achievement of overall corporate goals, which are established at the start of each year; and (3) individual performance.

The NCG&C Committee has not historically set specific corporate goals or individual performance goals. Instead, the NCG&C Committee evaluates the progress of the Company in relation to the implementation of the Company's overall plan of operations for the fiscal year and considers the individual NEO's role within the Company in implementing the plan of operations. Bonuses are awarded based on the NCG&C Committee's discretionary judgment as to whether the performance of the NEO in the fiscal year in accomplishing the tasks of his or her role within the Company's plan of operation has been to a level to warrant an incentive bonus. The amount of the bonus is also based entirely on the NCG&C Committee's subjective judgment of the contributions of the NEO.

The NCG&C Committee considered but did not grant any cash incentive bonus for the NEOs for 2014 given market conditions and the Company's cash position. The chart below compares the nil incentive bonuses for NEOs for 2014 with the prior calendar year incentive bonuses.

Named Executive Officer	2013 Incentive Bonus	2013	2014 Incentive Bonus	2014
	\$	Percent of Salary	\$	Percent of Salary
Randall J. Scott	60,000	23.8%	-	0%
Paul H. Zink <sup>(1)</sup>	N/A	N/A	-	0%
Jaye T. Pickarts	42,000	17.6%	-	0%
Kelli C. Kast	40,000	19.1%	-	0%
George Byers	31,000	18.0%	-	0%
James G. Clark <sup>(2)</sup>	40,000	17.7%	-	0%

Note: Incentive bonus amounts represent those bonuses earned during the respective calendar year and percentages are based upon actual paid base salary.

(1)

Mr. Zink was appointed Senior Vice President and Chief Financial Officer on December 12, 2013.

(2)

Mr. Clark ceased to be the Vice President of Exploration of the Company as of February 1, 2014.

In January 2015, the NCG&C Committee established specific corporate and individual performance goals for the CEO and the executive officers for 2015 performance and beyond. These benchmarks will be utilized for further compensation evaluations, including incentive bonus awards. 2015 corporate goals include the following: achieve zero lost time accidents and maintain a "safety first" culture, achieve zero environmental incidents and non-compliance orders, execute a defined financing strategy, finalize offtake partnerships, safeguard cash within budget levels, achieve environmental permitting milestones and complete defined product test work, among other business benchmarks.

*Perquisites and Other Personal Benefits*

The primary benefits for the Company's executives include participation in the Company's broad-based plans: the 401(k) plan (which includes matching Company contributions); health, dental and vision coverage; life insurance; paid time off; and paid holidays. The Company's NEOs are not generally entitled to significant perquisites or other personal benefits not offered generally to the Company's employees.

**Share Ownership Guidelines for Non-Employee Directors**

On October 16, 2014, our Board adopted share ownership guidelines for non-employee directors to align the interests of our directors with the interests of our shareholders and to promote our commitment to best practices in corporate governance. Non-employee directors are expected to beneficially own Common Shares with a value equal to two times the amount of their annual retainer. Current directors are expected to achieve compliance with these guidelines within three years of the adoption of the guidelines. New directors should achieve compliance within three years of their appointment to the Board. Compliance is evaluated once-per-year, in January of each

calendar year. As of January 1, 2015, the non-employee directors held either a sufficient number of shares to satisfy these guidelines or fell within the three year initial compliance period from the effective date of the guidelines.

### **NCG&C Committee Role in Risk**

The NCG&C Committee reviews the risk profile of our compensation programs at its annual assessment time each year. The risk assessment includes a review of the primary design feature of our compensation programs and the process for determining executive and employee compensation. The risk assessment identified several plan features which mitigate risk, including:

- structure of our executive compensation programs, which includes both fixed and variable compensation and rewards both annual and long-term performance;

- the balance between long and short-term incentives;

- the use of multiple performance metrics;

- time-based vesting for stock options; and

- effective internal controls.

### **Effects of Regulatory Requirements on Executive Compensation**

Section 409A of the U.S. Internal Revenue Code (the Code) generally affects the granting of most forms of deferred compensation which were not earned and vested prior to 2005. Our compensation program is designed to comply with the final regulations of the U.S. Internal Revenue Service and other guidance with respect to Section 409A of the Code, and we anticipate that the NCG&C Committee will continue to design and administer our compensation programs accordingly.

Various rules under current generally accepted accounting practices impact the manner in which the Company accounts for grants of stock options to employees, including executive officers, on its financial statements. While the NCG&C Committee reviews the effect of these rules (including Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (FAS 123(R))) when determining the form and timing of grants of stock options to the Company's employees, including executive officers, this analysis is not necessarily the determinative factor in any such decision regarding the form and timing of these grants.

**Nonqualified Deferred Compensation**

The Company has no plans that provide for nonqualified deferred compensation to its executive officers.

**Nominating, Corporate Governance and Compensation Committee Interlocks and Insider Participation**

None of the members of the NCG&C Committee is a current executive officer or employee of the Company or any of its subsidiaries or affiliates. Norman Burmeister was the past President and Chief Executive Officer of the Company (July 17, 2003 to June 1, 2005). No other executive officer of the Company is or has been a director or a member of the compensation committee of another entity having an executive officer who is or has been a director or a member of the NCG&C Committee of the Company.

**NOMINATING, CORPORATE GOVERNANCE  
AND COMPENSATION COMMITTEE REPORT**

The NCG&C Committee has reviewed and discussed this Compensation Discussion and Analysis with management and, based on such review and discussions, the NCG&C Committee recommended to the Board of Directors of the Company that this Compensation Discussion and Analysis be included in this Circular.

*Submitted on behalf of the Nominating, Corporate Governance and Compensation Committee,*

PAUL J. SCHLAUCH (Chair)  
M. NORMAN ANDERSON  
NORMAN W. BURMEISTER  
F. STEVEN MOONEY

*The above filed report of the Nominating, Corporate Governance and Compensation Committee will not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference in any of our filings under the United States Securities Act of 1933 or the United States Securities and Exchange Act of 1934, each as amended, except to the extent that we specifically so incorporate the same by reference.*

## SUMMARY COMPENSATION TABLE

Set out below is a summary of compensation paid to the Company's NEOs during the year ended December 31, 2014, the year ended December 31, 2013, the six-month transition period ended December 31, 2012 and fiscal year ended June 30, 2012:

Name and principal position	Year	Salary (\$)	Bonus (\$)	Option Awards <sup>(1)</sup> (\$)	All other compensation (\$) <sup>(2)</sup>	Total <sup>(2)</sup> (\$)
Randall J. Scott, President & CEO <sup>(3)</sup>	2014	252,000	-	-	10,080	262,080
	2013	252,000	60,000	49,451	10,618	372,070
	2012T	120,000	50,000	158,100	3,600	328,100
	2012	129,231	-	406,380	-	535,611
Paul H. Zink, SVP, CFO <sup>(4)</sup>	2014	230,000	-	30,734	6,133	266,867
	2013	11,353	-	32,967	-	44,320
	2014	238,800	-	-	9,404	248,204
Jaye T. Pickarts, COO <sup>(5)</sup>	2013	238,800	42,000	32,967	9,839	323,606
	2012T	115,500	45,000	93,000	4,822	253,500
	2012	225,750	30,000	263,490	3,472	519,240
Kelli Kast, VP, General Counsel and CAO <sup>(6)</sup>	2014	195,813	-	-	7,804	203,617
	2013	209,800	40,000	32,967	8,752	291,520
	2012T	100,000	20,000	460,650	-	580,650
George Byers, VP, Government and Community Relations	2014	172,000	-	-	6,880	178,880
	2013	172,000	31,000	26,374	8,120	237,494
	2012T	81,500	40,000	74,300	1,200	197,000
	2012	159,000	20,000	158,094	-	337,094
James G. Clark, Former VP, Exploration <sup>(7)</sup>	2014	35,060	-	-	208,466	243,526
	2013	209,000	37,000	19,780	7,578	273,358
	2012T	104,500	40,000	74,400	4,069	218,900
	2012	129,250	30,000	237,141	56,202	452,593



Note: 2012T refers to the transition period commencing July 1, 2012 and ended December 31, 2012.

1.

The grant date fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with certain assumptions for the risk-free interest rate, dividend yields, volatility factors of the expected market price of the Company's Common Shares and expected life of the options.

2.

All other compensation includes 401(k) matching by the Company, and in the case of Mr. Clark, payments for geological consulting fees as indicated in note 7 below.

3.

Mr. Scott was appointed Chief Executive Officer on December 15, 2011.

4.

Mr. Zink was appointed Senior Vice President and Chief Financial Officer as of December 16, 2013. Mr. Zink was a former director of the Company, and his director fees, for the period of January 1, 2013 through April 23, 2013, of \$7,500 are included in the All Other Compensation column above.

5.

Mr. Pickarts was appointed as COO in March 2011.

6.

Ms. Kast was appointed Vice President, General Counsel and CAO on July 2, 2012. Ms. Kast had an adjusted schedule and base salary of 60% in the months of September and October 2014.

7.

In years prior to the transitional period and since February 1, 2014, Applied Petrographics, a company of which Mr. Clark is President, received payments from the Company for geological consulting fees, which are included in the All other compensation column. Mr. Clark ceased to be an executive of the Company as of February 1, 2014.

#### GRANTS OF PLAN-BASED AWARDS

A summary of plan-based awards granted to the Company's NEOs during the fiscal year ended December 31, 2013, is set out in the table below.

Name	Grant date
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		<b>All other option awards: Number of securities underlying options</b>	<b>Exercise or base price of option awards</b>	<b>Grant date fair value of stock and option awards</b>
		<b>(#)</b>	<b>(\$/Sh)</b>	<b>(\$)</b>
Randall J. Scott	N/A	-	N/A	-
Paul H. Zink <sup>(1)</sup>	6/12/2014	50,000	1.23	30,734
Jaye T. Pickarts	N/A	-	N/A	-
Kelli C. Kast	N/A	-	N/A	-
George G. Byers	N/A	-	N/A	-
James G. Clark <sup>(2)</sup>	N/A	-	N/A	-

1.

Mr. Zink was appointed Senior Vice President and Chief Financial Officer on December 16, 2013, received a sign-on option award of 100,000 options to be granted in two equal installments of 50,000 options each. The first installment was granted on December 17, 2013, and the second was granted on June 12, 2014, following six months of service.

2.

Mr. Clark ceased to be the Vice President of Exploration of the Company as of February 1, 2014.

## **Narrative Discussion of Compensation and Plan-Based Awards**

### *Employment and Severance Compensation Agreements*

The Company currently has employment agreements with its executive officers, including each of the NEOs, Messrs. Scott, Zink, Pickarts and Byers and Ms. Kast ( *Employment Agreements* ). The material terms of these Employment Agreements have included (a) employment for an indefinite term unless employment is terminated as provided in the agreement; (b) severance arrangements, including upon a change in control; (c) a base salary; and (d) participation in the stock option plans of the Company (as described below), the incentive bonus, and in such of the Company's benefit plans as are from time to time available to executive officers of the Company. See section entitled *Base Salary* above for current base salary information.

In December 2012, the NCG&C Committee recommended, and the Board of Directors approved, a form of Severance Compensation Agreement to be offered to the Company's executives and certain key employees. These agreements were offered as a replacement to prior employment agreements as described above. On April 24, 2013, Messrs. Scott and Byers entered into Severance Compensation Agreements with the Company. On January 27, 2014, Ms. Kast entered into the Severance Compensation Agreement as an amendment to her prior employment

agreement. Mr. Zink entered into his Severance Compensation Agreement on June 16, 2014, following a six-month waiting period after his appointment on December 12, 2013. Mr. Pickarts did not engage in a Severance Compensation Agreement, but is subject to his employment agreement dated March 1, 2011.

The key terms of the Severance Compensation Agreement include (a) defined benefits for a qualified termination, defined as one without cause or a resignation with good reason; (b) defined benefits for a qualified termination within 12 months following a change of control; and (c) coverage under the Consolidated Omnibus Budget Reconciliation Act ( COBRA ) for 12 months following a qualifying termination. Mr. Pickarts' employment agreement has some variation in the benefits, as further set forth in the section entitled Potential Payments upon Termination or Change of Control. See that section below for a further description of the benefits upon a qualifying termination.

The Company had an additional employment agreement as of December 31, 2014 with former executive officer and NEO, Mr. James Clark, that had been in effect since 2011. Mr. Clark's employment agreement was terminated upon his departure as of February 1, 2014 without payment of severance benefits. Mr. Clark and the Company entered into a consulting arrangement effective February 1, 2014 whereby Mr. Clark would be paid a monthly retainer for a period of one year in exchange for a minimum of seven work days of service per month to the Company. Mr. Clark's consulting fee was \$18,000 per month plus expenses, which was amended to an hourly, as needed engagement as of February 1, 2015.

In addition to the executive officers, five key employees have employment agreements with the Company in a form similar to the Severance Compensation Agreement, with some differences in the defined benefits upon a qualifying termination.

### *Equity Plans*

As of the date of this Circular, stock option grants are outstanding pursuant to two stock option plans:

1.

a fixed 20% stock option plan (the Fixed Stock Option Plan ) pursuant to which there are currently 1,665,000 stock options outstanding under the Fixed Stock Option Plan representing approximately 3% of the current outstanding Common Shares of the Company. The Fixed Stock Option Plan expired upon the adoption of the 10% Rolling Stock Option Plan (as defined below), and the Company no longer grants any options under the Fixed Stock Option Plan. However, the terms of the Fixed Stock Option Plan will continue to govern all prior awards of stock options granted under that plan until such awards have been cancelled or forfeited or exercised in accordance with the terms thereof; and

2.

a rolling 10% stock option plan (the 10% Rolling Stock Option Plan ) pursuant to which there are currently 2,790,000 stock options outstanding, representing approximately 6% of the current outstanding Common Shares of the Company. Material terms of the 10% Rolling Stock Option Plan are set out below.

The NCG&C Committee may, subject to ratification from the Board, from time to time grant to directors, employees or consultants options to acquire shares of the Company under the 10% Rolling Stock Option Plan.

The maximum number of shares issuable under the 10% Rolling Stock Option Plan, together with the number of shares issuable under the Fixed Stock Option Plan, shall not in the aggregate exceed 10% of the issued and outstanding shares (calculated as at the award date of such options). The Company is prohibited from granting options (i) to any one person where the grant would result in such person holding options to acquire shares in excess of 5% of the issued and outstanding shares of the Company; or (ii) that will result in the number of shares issuable to insiders of the Company at any time being in excess of 10% of the issued and outstanding shares as at the award date or that will result in the number of shares issued to insiders of the Company within any one-year period being in excess of 10% of the issued and outstanding shares as at the award date under the 10% Rolling Stock Option Plan or when combined with all of the Company's other security-based compensation arrangements.

The exercise price of options shall be determined by the NCG&C Committee as of the award date and shall not be less than the closing price of the shares on the TSX (or NYSE MKT) on the last day immediately preceding the

award date. The NCG&C Committee retains the discretion to impose vesting periods on any options granted. The Company does not offer financial assistance in respect of the exercise of options.

The expiry date of an option shall be determined in the discretion of the NCG&C Committee and shall not exceed the tenth anniversary of the award date of such option subject to extensions in the case of a trading blackout. Unless the NCG&C Committee decides otherwise, options granted under the 10% Rolling Stock Option Plan will expire (i) one year after the option holder's death or disability, and any options which are unvested as of the date of death or disability will not vest; (ii) 90 days after an option holder who is a director ceases to be a director of the Company other than by reason of death or disability, in which case all unvested options shall immediately vest and become exercisable unless the option holder continues to be an employee or consultant, in which case the options will not so vest and the expiry date will remain unchanged; (iii) on the date the option holder ceases to be a director as the result of certain prescribed circumstances, in which case any unvested options will not vest; (iv) 90 days after the option holder ceases to be employed by the Company (other than by reason of death, disability, mandatory retirement, a change of control, termination for cause or as a result of an order of a regulatory body) unless the employee continues to be a director or consultant, in which case the expiry date remains unchanged, or unless the option holder ceases to be an employee (a) as a result of termination for cause; or (b) by order of the British Columbia Securities Commission, the Ontario Securities Commission, the TSX or any other regulatory body having jurisdiction to so order, in which case the expiry date shall be the date the option holder ceases to be an employee (all options which are not vested as of the date the employee ceases to be employed shall not vest unless the option holder continues to be a director or consultant of the Company, in which case the vesting of the options shall be unchanged; if the employee ceases to be an employee by reason of mandatory retirement, all unvested options will immediately vest and become exercisable and the expiry date will be one year from the date of retirement); (v) 90 days after an option holder who is a consultant of the Company ceases to be a consultant by reason of the completion or termination of the contract under which the consultant provides services to the Company unless the option holder continues to be engaged as a director or employee of the Company, in which case the expiry date shall be 90 days after the date the option holder ceases to be a director or employee. Any options which are unvested as of the date the option holder ceases to be a consultant will not vest unless the option holder continues to be engaged as a director or employee, in which case the vesting of the options shall be unchanged. If upon completion of the contract under which the consultant provided services to the Company the consultant is subsequently hired by the Company as an employee, the options previously granted to the consultant will flow through to the employee on the same terms and conditions as the original grant of options.

In the case of an employee or consultant (who is not also a director or officer) ceasing to be an employee or a consultant as a result of a change of control at any time within six months after the effective date of the change of control, notwithstanding the vesting provisions of the option, all unvested options of the option holder will immediately vest and become immediately exercisable and the expiry date shall be the earlier of the pre-existing expiry date and the date 90 days following the date on which the employee or consultant ceased to be such. In the case of a director or officer who ceases to be an employee, director or consultant under these circumstances, all unvested options of the option holder will immediately vest and become immediately exercisable, and the expiry date shall be the earlier of the pre-existing expiry date and the date two years following the date on which the employee, director or consultant ceased to be such. In the event that the Company enters into an agreement with another entity which may result in a change of control, or a takeover bid within the meaning of the *Securities Act* (British Columbia) is made for the Company by another entity which may result in a change of control, all unvested options of the option holders will immediately vest and become immediately exercisable as of the date of the agreement or takeover bid.

Options are non-assignable and non-transferable. Notwithstanding the foregoing, an option holder may transfer an option to a corporation which is 100% owned by the option holder provided that the transfer is permitted by, and is effected in accordance with, the applicable securities laws and the policies of the TSX.

The Board shall have the power, without shareholder approval, at any time and from time to time, either prospectively or retrospectively, to amend, suspend or terminate the 10% Rolling Stock Option Plan or any option granted under the 10% Rolling Stock Option Plan provided always that any such amendment shall not, without the consent of the option holder, alter the terms or conditions of any option or impair any right of any option holder

pursuant to any option awarded prior to such amendment in a manner materially prejudicial to such option holder. Additionally, such termination shall be subject to any necessary stock exchange, regulatory or shareholder approval.

The 10% Rolling Stock Option Plan was initially approved by shareholders of the Company at the annual and special meeting of shareholders on December 2, 2011. Under the TSX Company Manual, the TSX typically requires that unallocated options under a stock option plan which does not have a fixed number of securities reserved for issuance be approved by shareholders every three years. In 2014, the TSX confirmed that it would not require the Company to seek shareholder approval for the unallocated options under the 10% Rolling Stock Option Plan as (a) more than 75% of the trading volume and trading value of the Company's shares occurred on the NYSE MKT during the preceding six months, (b) the NYSE MKT has approved the 10% Rolling Stock Option Plan, and (c) the NYSE MKT does not require shareholder approval of the 10% Rolling Stock Option Plan until 2021.

#### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth the outstanding option awards held by the NEOs of the Company as of December 31, 2014. All grants were made under the 10% Rolling Stock Option Plan, except as noted under Note 4 below.

Name	Option awards <sup>(1)</sup>			
	Number of securities underlying unexercised options	Number of securities underlying unexercised options	Option exercise price	Option expiration date <sup>(2)</sup>
	(#) exercisable	(#) unexercisable	(\$)	
Randall J. Scott	45,000	30,000	1.24	12/17/2018
	85,000	-	3.61	12/20/2017
	200,000	-	4.14	12/15/2016
Paul H. Zink <sup>(3)</sup>	10,000	40,000	1.23	6/12/2019
	30,000	20,000	1.24	12/17/2018
	30,000	20,000	1.24	12/17/2018
Jaye T. Pickarts	50,000	-	3.61	12/20/2017
	100,000	-	5.14	12/2/2016
	250,000	-	10.53	3/16/2016
	30,000	20,000	1.24	12/17/2018
Kelli C. Kast	40,000	-	3.61	12/20/2017
	75,000	-	4.99	9/24/2016
	75,000	-	5.02	7/2/2017
	24,000	16,000	1.24	12/17/2018
George G. Byers	40,000	-	3.61	12/20/2017
	60,000	-	5.14	12/2/2016
	70,000	-	10.53	3/16/2016
	18,000	12,000	1.24	12/17/2018
James G. Clark <sup>(4)</sup>	40,000	-	3.61	12/20/2017
	90,000	-	5.14	12/2/2016
	50,000	-	10.53	3/16/2016

100,000

-

3.22

4/19/2015

1.

Messrs. Pickarts, Byers and Clark's options vesting on or before March 16, 2016 were granted under the Fixed Stock Option Plan.

2.

All options granted expire five years after the grant date. All options have the same vesting schedule: 20 percent vest after four, eight, twelve, fifteen and eighteen months after the grant date.



3.

Mr. Zink was offered 100,000 options upon joining the Company on December 16, 2013, of which 50,000 were granted on December 17, 2013 and the remaining 50,000 were granted on June 12, 2014, following six months of service.

4.

Mr. Clark's options continue unexpired following his employment termination as of February 1, 2014 due to his engagement in a consulting arrangement with the Company.

#### **OPTION EXERCISES**

There were no option exercises by any NEO during the year ended December 31, 2014.

#### **PENSION BENEFITS AND NON-QUALIFIED DEFERRED COMPENSATION**

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following or in connection with retirement. During the year ended December 31, 2014, the Company did not have any nonqualified deferred compensation.

#### **POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL**

The Company entered into Severance Compensation Agreements (the "Severance Agreements") with each of its executives, including Messrs. Scott, Zink and Byers and Ms. Kast. Mr. Pickarts has an employment agreement as further set forth in the section above entitled "Employment and Severance Compensation Agreements."

Under Mr. Pickarts' Employment Agreement, the executive is entitled to lump-sum severance payments upon termination without cause by the Company equal to six (6) months of salary if the executive has been employed by the Company for less than one year, or twelve (12) months of salary if the executive has been employed by the Company for more than one year. If a change of control occurs and a subsequent qualifying termination takes place within one year thereafter, the executive is entitled to lump sum severance payments equal to two (2) years of salary.

Under the Severance Agreements, an officer is entitled to separation benefits in the event that the officer's employment is terminated by the Company without cause or by the NEO due to certain reasons, including a material change in title or duties, a material reduction in compensation or a material geographic relocation, after the Company has had an opportunity to cure such reason for an officer's departure. The separation benefits to be received by an officer upon termination under the circumstances described above, prior to a change in control of the Company, will be equal to the officer's base salary plus the average of the officer's annual bonus amount for the past two fiscal years. If such a termination occurs within 12 months following a change in control, the separation benefits to be received by an officer will be equal to two times (i) the officer's base salary plus (ii) the average of the officer's annual bonus amount for the

past two fiscal years. In either case, the separation benefits will be paid to the officer in a lump sum 60 days after the date of such termination. In addition, the officer's equity incentive awards will vest automatically upon such termination, and the officer shall remain entitled to the election of continuation of certain benefits under COBRA.

Change in control is defined under the Severance Agreements as, subject to certain exceptions, the accumulation in any consecutive 12-month period, by any individual, entity or group of 50.1% or more of the outstanding Common Shares of the Company; a sale of all or substantially all of the assets of the Company; or the failure, during any period of 12 consecutive months, of the incumbent Board to maintain at least a majority membership on the Board.

The table below sets out the estimated payments due to each of the NEOs employed by the Company as of December 31, 2014 on a qualifying termination without cause, not associated with a change of control, assuming termination on December 31, 2014 and pursuant to the Severance Compensation Agreement or the individual's Employment Agreement, as applicable.

<b>Name</b>	<b>Base Salary</b>	<b>Bonus</b>	<b>All Other Compensation</b> <sup>(1)</sup>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Randall J. Scott	252,000	30,000	24,594	306,594
Paul H. Zink	230,000	-	24,793	254,793
Jaye T. Pickarts	238,800	-	-	238,800
Kelli C. Kast	209,800	20,000	-	229,800
George G. Byers	172,000	15,500	21,362	208,862
James G. Clark <sup>(2)</sup>	-	-	-	-

(1)

Salary and bonus payments, if applicable, are made in lump sum for each NEO upon a qualifying termination. All other compensation, if applicable, consists primarily of medical benefits for a 12-month period after termination.

(2)

Mr. Clark is no longer subject to a severance agreement due to his termination of employment effective February 1, 2014.

The table below sets out the estimated payments due to each of the NEOs employed by the Company as of December 31, 2014 upon a qualifying termination or resignation within 12 months following a change of control assuming termination or resignation on December 31, 2014.

<b>Name</b>	<b>Base Salary (x2)</b>	<b>Bonus</b>	<b>All Other Compensation</b> <sup>(1)</sup>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Randall J. Scott	504,000	60,000	24,594	588,594
Paul H. Zink	460,000	-	24,793	484,793
Jaye T. Pickarts	477,600	-	-	477,600
Kelli C. Kast	419,600	40,000	-	459,600
George G. Byers	344,000	31,000	21,362	396,362
James G. Clark <sup>(2)</sup>	-	-	-	-

(1)

Salary and bonus payments, if applicable, are made in lump sum for each NEO upon a qualifying termination. All other compensation, if applicable, consists primarily of medical benefits for a 12-month period after termination.

(2)

Mr. Clark is no longer subject to a severance agreement due to his termination of employment effective January 31, 2014.

### **DIRECTOR COMPENSATION**

Outside directors, other than the Chairman, receive annual compensation of \$10,000, paid pro-rata on a quarterly basis. The Chairman receives annual compensation of \$30,000 per year. The directors of the Company are encouraged to hold Common Shares in the Company, thereby aligning their interests with those of the shareholders. In addition to the annual compensation and stock option awards, the Company pays compensation to the chairs of each of the Audit Committee, NCG&C Committee and Finance Committee of \$5,000 per year. Director compensation did not change in the year 2014.

In addition to director compensation, former director Donald Ranta received consulting fees which are reflected in the table below under All Other Compensation.

The following table sets forth information regarding the compensation received by each of the Company's outside directors during the year ended December 31, 2014:

<b>Name</b> <sup>(1)</sup>	<b>Fees earned or paid in cash</b> <b>(\$)</b>	<b>Option awards</b> <sup>(2)</sup> <b>(\$)</b>	<b>All other compensation</b> <b>(\$)</b>	<b>Total</b> <b>(\$)</b>
Donald E. Ranta <sup>(3)</sup>	15,000	-	12,421	27,421
M. Norman Anderson	10,000	12,294	-	22,294
Norman W. Burmeister	10,000	12,294	-	22,294
Paul J. Schlauch	15,000	12,294	-	27,294
Patrick M. James <sup>(4)</sup>	17,940	59,064	-	77,004
Lowell A. Shonk	20,000	12,294	-	32,294
Gerald W. Grandey	10,000	12,294	-	22,294
F. Steven Mooney	10,000	12,294	-	22,294

(1)

Mr. Scott's director compensation is included in the NEO Summary Compensation Table.

(2)

The grant date fair value of option-based awards which are granted during the year ended December 31, 2014 is determined by the Black-Scholes Option Pricing Model with certain assumptions for the risk-free interest rate, dividend yields, volatility factors of the expected market price of the Company's Common Shares and the expected life of the options. All options granted expire five years after the grant date. All options have the same vesting schedule: 20 percent vest after four, eight, twelve, fifteen and eighteen months after the grant date until fully vested.

(3)

Mr. Ranta ceased to be a director on June 12, 2014. Mr. Ranta's other compensation consisted of earned consulting fees beyond typical director-related duties as further described in Director Independence, of which there were nil in 2014. The amount noted in All other Compensation, was the value of the option grant in June 2014 in consideration for engaging in a consulting arrangement with the Company following his resignation from the Board.

(4)

Mr. James was appointed a director on April 23, 2014 and resigned on February 24, 2015.

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at December 31, 2014:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	(a)	(b)	(c)
Equity compensation plans approved by the security holders	4,345,500	\$5.16	425,222
Equity compensation plans not approved by the security holders	-	N/A	N/A
<b>Total</b>	4,345,500	\$5.16	425,222

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the current or former directors, executive officers of the Company or the proposed nominees for election to the Board of the Company, nor any associate or affiliate of the foregoing persons, are or have been indebted to the Company since the beginning of the year ended December 31, 2014.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company or any of the Board's nominees for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

None of the persons who were directors or executive officers of the Company or a subsidiary of the Company at any time during the Company's last fiscal year, the proposed nominees for election to the Board of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares of the Company, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

### **MANAGEMENT CONTRACTS**

Mr. Ranta, a former director of the Company, had consulting agreements with the Company during the year ended December 31, 2014. For information regarding this agreement, and former director consultant engagements, please refer to the discussion of these agreements under the caption "Director Independence" and "Director Compensation Table".

Other than as disclosed herein, no management functions of the Company are, to any substantial degree, performed by a person or company other than the directors or executive officers of the Company, in their roles as such.

### **REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PARTIES**

The Company's written corporate governance policies generally discourage transactions involving a potential conflict of interest. The NCG&C Committee is generally responsible for overseeing compliance with the Company's Corporate Governance Policies, which require that transactions that could reasonably be considered to present a conflict of interest be reported to the NCG&C Committee. However, the Audit Committee is responsible for overseeing compliance with the Code of Conduct contained in the Company's Corporate Governance Policies. Specifically, the Audit Committee is responsible for reviewing and overseeing any transaction or contract exceeding or likely to exceed \$120,000 involving the Company and a related party, including transactions subject to disclosure under Item 404 of Regulation S-K. Generally, in reviewing such transactions, the Audit Committee considers the relevant facts and circumstances available and deemed relevant to each determination.

There are no material interests, direct or indirect, of any other director nominee or any of the current directors, executive officers, or any shareholder who beneficially owns, directly or indirectly, more than 5% of the outstanding Common Shares, or immediate family members of such persons, in any transaction since January 1, 2014, or in any proposed transaction in which the amount involved exceeded \$120,000.

**GENERAL MATTERS**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgment, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.



## SHAREHOLDER PROPOSALS

Under the BCA, the statute under which the Company is incorporated, shareholder proposals must be received at the registered office of the Company at least three months before the anniversary of the previous year's annual general meeting. Under Rule 14a-8(e) of Regulation 14A to the Exchange Act, subject to certain exceptions, shareholder proposals must be received at the Company's principal executive offices not less than 120 calendar days before the one-year anniversary of the Company's release to shareholders of its management information and proxy circular in connection with the previous year's annual meeting. Because the shareholder proposal deadline under the BCA is more stringent for the Company and more favourable for shareholders, the Company will abide by it. Accordingly, to be eligible for inclusion in the Company's management information and proxy circular for the 2015 annual meeting of the Company, shareholder proposals prepared in accordance with applicable laws must be received at the Company's registered office on or before March 10, 2016.

### Advance Notice Policy

The Board adopted an advance notice policy (the Policy) on November 7, 2012. The purpose of the Policy is to (i) facilitate an orderly and efficient annual general or, where the need arises, special meeting process, (ii) ensure that all shareholders receive adequate notice of the director nominations and sufficient information regarding all director nominees, and (iii) allow shareholders to register an informed vote after having been afforded reasonable time for appropriate deliberation.

The Policy, among other things, includes a provision that requires advance notice to the Company in certain circumstances where nominations of persons for election to the Board are made by shareholders of the Company. The Policy fixes a deadline by which director nominations must be submitted to the Company prior to any annual or special meeting of shareholders and sets forth the information that must be included in the notice to the Company for the notice to be in proper written form.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders, which is not also an annual meeting, called for the purpose of electing directors (whether or not called for other purposes), notice to the Company must be made not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting was made.

The full text of the Policy is available at [www.sedar.com](http://www.sedar.com).

## ADDITIONAL INFORMATION AND AVAILABILITY OF DOCUMENTS

### Important Notice Regarding the Availability of Proxy Materials for the Meeting to be Held on June 10, 2015.

The Company will provide to any person or corporation, upon request, one copy of any of the following documents:

(a)

the Company's Annual Report on Form 10-K (or annual information form), together with any document, or the pertinent pages of any document, incorporated therein by reference;

(b)

the comparative financial statements and management's discussion and analysis of the Company for the Company's most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditor thereon, and any interim financial statements and management's discussion and analysis of the Company subsequent to the financial statements for the Company's most recently completed financial year; and

(c)

this Circular.

**Copies of the foregoing documents are also available on the Company's website at [www.rareelementresources.com](http://www.rareelementresources.com)**, or copies of the above documents will be provided by the Corporate Secretary of the Company, upon request, by mail at 225 Union Boulevard, Suite 250, Lakewood, Colorado 80228 or by e-mail at [info@rareelementresources.com](mailto:info@rareelementresources.com), free of charge to shareholders of the Company. The Company may require the payment of a reasonable charge from any person or corporation that is not a shareholder of the Company and that requests a copy of any such document. Financial information relating to the Company is provided in the Company's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Additional information relating to the Company is available electronically on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

If you would like directions to the Meeting, contact the Company through the methods described above.

### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's officers and directors and persons who own more than 10% of a registered class of our equity securities to file initial reports of ownership of our equity securities on Form 3 and reports of changes in ownership on Form 4 or Form 5, as appropriate. Persons subject to Section 16 are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file. Based solely on a review of such forms furnished to the Company, we believe that one report was untimely filed, a Form 4 relating to the issuance of 65,000 options to former director Patrick James, on April 28, 2014. We believe that for the year ended December 31, 2014 all other required reports were filed on a timely basis under Section 16(a).

### **MULTIPLE SHAREHOLDERS SHARING THE SAME ADDRESS**

U.S. regulations regarding the delivery of copies of proxy materials and annual reports to shareholders permit the Company and brokerage firms to send one annual report and proxy statement to multiple shareholders who share the same address under certain circumstances. Shareholders who hold their shares through a broker may have consented to reducing the number of copies of materials delivered to their address. In the event that a shareholder wishes to revoke such a consent previously provided to a broker, the shareholder must contact the broker to revoke the consent. In any event, if a shareholder wishes to receive a separate Circular and accompanying materials for the Meeting or the Company's Annual Report on Form 10-K for year ended December 31, 2014, the shareholder may receive copies by contacting the Corporate Secretary of the Company at 225 Union Boulevard, Suite 250, Lakewood, Colorado 80228. Shareholders receiving multiple copies of these documents at the same address can request delivery of a single copy of these documents by contacting the Company in the same manner. Persons holding shares through a broker can request a single copy by contacting the broker.

### **BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the Board of Directors of the Company.

DATED at Lakewood, Colorado, the 30<sup>th</sup> day of April, 2015.

**ON BEHALF OF THE BOARD**

RANDALL J. SCOTT

*President, Chief Executive Officer and Director*

Appendix A

Form of Proxy













Appendix B

Form of Notice





