



**Notice of Annual Meeting of Shareholders**

**and**

**Management Information and Proxy Circular**



**RARE ELEMENT RESOURCES LTD.**

P.O. Box 271049  
Littleton, Colorado 80127

Dear Shareholder:

In 2022, Rare Element Resources Ltd. (“we,” “us,” “our” or the “Company”) successfully advanced our plans to construct a demonstration-scale rare earth separation and extraction plant in Upton, Wyoming, that will incorporate our proprietary technology (the “Demonstration Plant”). With the General Atomics-led consortium, whose affiliate Synchron is the majority shareholder in the Company, we completed detailed engineering, advanced and/or acquired the necessary licenses and permits and ordered long-lead time items. The work continues with final licenses and permits expected in the summer of 2023 and construction anticipated to begin in late 2023. Operations to process and separate the rare earth elements from the stockpiled material from the Bear Lodge Rare Earth Elements Project (the “Bear Lodge REE Project”) are expected to follow the completion of the Demonstration Plant’s construction for an additional eight-to-ten-month period, with operations commencing in the second half of 2024.

To support the engineering, construction and operation of the Demonstration Plant, the General Atomics-led consortium, which includes the Company, secured a \$21.9 million financial award from the U.S. Department of Energy (the “DOE”) in late 2021. As part of the DOE financial award, the Company is responsible for 50% of the costs of the Demonstration Plant. Additionally, in November 2022, the Company received notice that it had been awarded a \$4.4 million grant from the Wyoming Energy Authority (“WEA”) to be used toward the advancement of the Demonstration Plant. The WEA grant is a cost-reimbursement award that will be available to the Company to meet its portion of future Demonstration Plant expenses.

In December 2022, the Demonstration Plant achieved its final engineering design milestone marking the completion of the DOE’s first go/no-go decision point. The completion of this milestone was a gating event for the DOE’s continued funding of the Demonstration Plant as provided for in the 2021 financial award. Future gating milestones include the expected completion of the U.S. Nuclear Regulatory Commission (NRC) licensing and DOE’s National Environmental Policy Act (NEPA) review in the second half of 2023 as well as the completion of the Plant’s construction anticipated to be in the second half of 2024.

Over the last few years, there has been growing public awareness of the risks represented by the monopoly China has on the rare earth industry and the importance of rare earth elements (“REE”) in evolving technology, especially those critical to the United States meeting its carbon reduction goals and national security needs. These issues are cornerstones to General Atomics’ relationship with the Company. Being a leader in evolving technology, General Atomics was aware of the high risk to the REE supply chain and took affirmative action to address these issues through its equity interest in the Company. With the large, well-known mineral deposit at the Bear Lodge REE Project, its high concentration of the essential magnet materials and the Company’s proprietary technology, General Atomics’ saw an opportunity to be instrumental in creating a foundation of a secure, domestic rare earth supply chain. General Atomics led the effort in securing the DOE funds and continues to work with the Company to advance development of the Demonstration Plant.

Given our continued progress in 2022 and the first half of 2023, we believe that the Company and its partners are well positioned to become a secure domestic supply of critical rare earths.

At the annual meeting of shareholders, the Board of Directors recommends that you vote affirmatively:

- to elect our Board of Directors;
- to appoint Haynie & Company to serve as the independent registered public accounting firm of the Company until the next annual meeting of shareholders of the Company at an amount of remuneration to be fixed by the directors;
- to approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in the enclosed management information and proxy circular;
- on a non-binding advisory basis, to hold future advisory votes on the compensation of the Company’s named executive officers every three years; and
- to transact such other business that properly comes before the annual meeting or any adjournment or postponement thereof.

**Your affirmative vote will continue positioning the Company for future success.**

**We encourage you to attend this year's annual meeting of shareholders. We will host the annual meeting of shareholders in-person at the offices of General Atomics affiliates, 7800 East Dorado Place, 2nd Floor Conference Room, Greenwood Village, Colorado 80111 on Tuesday, August 22, 2023 at 2:00 p.m. (Mountain Daylight Time).**

While we intend to hold our annual meeting of shareholders in person, with the ability of shareholders to participate (but not vote) via teleconference, we are sensitive to the public health and travel concerns our shareholders may have. As a result, we may impose procedures or limitations to assure the safety of meeting attendees. Shareholders who prefer not to attend in person are encouraged to join the meeting in real-time by calling 866-895-5510 (U.S. or Canada) or +1-858-384-5500 (International/Toll) and passcode 891739. Shareholders joining the meeting by phone will not be able to vote their shares during the call. Registered holders can vote their shares in advance of the meeting by Internet, toll-free telephone, or mail. If your common 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 describing how to vote your common shares. Shareholders may vote in person at the meeting subject to public health restrictions. If changes to our current plan become advisable, we will disclose the updated plan on our proxy website (<http://www.proxyvote.com>) and our company website ([www.rarelementresources.com](http://www.rarelementresources.com)). We encourage you to check one of these websites prior to the meeting if you plan to attend in person.

**It is important that you retain a copy of the control number found on the proxy card, voting instruction form or notice of meeting, as such number will be required in order for shareholders to dial in to listen to the meeting.**

Only shareholders of record at the close of business on June 28, 2023 are entitled to notice of, and to vote at, the annual meeting.

Respectfully,

A handwritten signature in black ink, appearing to read "Brent D. Berg", with a long horizontal flourish extending to the right.

BRENT D. BERG  
*President, Chief Executive Officer and Director*

Littleton, Colorado  
July 10, 2023

**RARE ELEMENT RESOURCES LTD.**

P.O. Box 271049  
Littleton, Colorado 80127

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual meeting of shareholders of Rare Element Resources Ltd. ("Rare Element," "we," "us," "our" or the "Company") will be held at the offices of General Atomics affiliates, 7800 East Dorado Place, 2<sup>nd</sup> Floor Conference Room, Greenwood Village, Colorado 80111 on Tuesday, August 22, 2023 at 2:00 p.m. (Mountain Daylight Time) (the "Meeting"). At the Meeting, shareholders will receive the audited financial statements for the fiscal year ended December 31, 2022, together with the independent registered public accounting firm's report thereon, and will be asked to consider resolutions to:

1. elect directors of the Company to serve until our next annual meeting of shareholders, or until their successors are duly elected or appointed;
2. appoint Haynie & Company to serve as the independent registered public accounting firm of the Company until the next annual meeting of shareholders of the Company at an amount of remuneration to be fixed by the directors;
3. approve, on a non-binding advisory basis, the compensation of the Company's named executive officers as disclosed in the enclosed management information and proxy circular;
4. on a non-binding advisory basis, to hold future advisory votes on the compensation of the Company's named executive officers every three years; and
5. transact such other business as may properly be put before the Meeting or any adjournment or postponement thereof.

Nominees for directors to be elected at the Meeting are set forth in the enclosed management information and proxy circular.

Only shareholders of record at the close of business on June 28, 2023, 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 Availability of Proxy Materials for the Meeting to be Held on August 22, 2023**

Our management information and proxy circular is attached. Financial and other information concerning Rare Element Resources Ltd. is contained in our 2022 annual report to shareholders. You may access the management information and proxy circular and 2022 annual report to shareholders at <http://materials.proxyvote.com/75381M>.

We 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 for the fiscal year ended December 31, 2022 (or annual information form), together with any document, or the pertinent pages of any document, incorporated therein by reference;
- (b) the financial statements and management's discussion and analysis of the Company for the fiscal year ended December 31, 2022 in respect of which such financial statements have been issued, together with the report of the independent registered public accounting firm thereon; and
- (c) the management information and proxy 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 P.O. Box 271049, Littleton, Colorado 80127 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 financial statements and management's discussion and analysis for the fiscal year ended December 31, 2022. 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).**

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 common 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 common shares.

While we intend to hold the Meeting in person, with the ability of shareholders to participate (but not vote) via teleconference, we are sensitive to the public health and travel concerns our shareholders may have. As a result, we may impose procedures or limitations to assure the safety of meeting attendees. Shareholders who prefer not to attend in person are encouraged to join the Meeting in real-time by calling 866-895-5510 (U.S. or Canada) or +1-858-384-5500 (International/Toll) and passcode 891739. Shareholders joining the Meeting by phone will not be able to vote their shares during the call. As noted above, shareholders will be able to vote their shares in advance of the Meeting, depending on how their common shares are held, or in person at the Meeting subject to public health restrictions. If changes to our current plan become advisable, we will disclose the updated plan on our proxy website (<http://www.proxyvote.com>) and our company website ([www.rarelementresources.com](http://www.rarelementresources.com)). We encourage you to check one of these websites prior to the Meeting if you plan to attend in person.

**It is important that you retain a copy of the control number found on the proxy card, voting instruction form or notice of meeting, as such number will be required in order for shareholders to dial in to listen to the Meeting.**

By order of the Board of Directors,



BRENT D. BERG  
*President, Chief Executive Officer and Director*

Littleton, Colorado  
July 10, 2023

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**RARE ELEMENT RESOURCES LTD.**

P.O. Box 271049  
Littleton, Colorado 80127

**MANAGEMENT INFORMATION AND PROXY CIRCULAR**  
(as at December 31, 2022 except as otherwise indicated)

**SOLICITATION OF PROXIES**

This management information and proxy circular (the “Circular”) is provided in connection with the solicitation of proxies by management and the board of directors (the “Board”) of Rare Element Resources Ltd. (“Rare Element,” “we,” “us,” “our” or the “Company”). The form of proxy which accompanies this Circular (the “Proxy”) is for use at the annual meeting of shareholders of the Company to be held on Tuesday, August 22, 2023 (the “Meeting”), at the time and place set out in the accompanying notice of annual meeting of shareholders (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 July 10, 2023.

The corporate headquarters and executive offices of the Company are located at P.O. Box 271049, Littleton, Colorado 80127, 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 July 10, 2023.

**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 4:59 p.m. (Mountain Daylight Time) on 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 4:59 p.m. (Mountain Daylight Time) on the last business day before the day set for the Meeting;
- (c) signing and dating a written notice of revocation and providing it before the start of 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, her or it. **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 Common 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 Common Shares. A person is not a registered shareholder (a “Non-Registered Holder”) in respect of Common 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 Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc., or CDS, in Canada and the Depository Trust Company, or 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 U.S. federal securities laws 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.” 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 (including the costs associated therewith), 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 Common 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 securities on your behalf. By choosing to send these materials to you directly, the Company

(and not the Intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper VIF. Please return your VIF 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, her or its Common 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 Common 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, her or its 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, her or its 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 fiscal year ended December 31, 2022, together with the independent registered public accounting firm's report on those statements (the "Financial Statements"), are included in these proxy materials and will be presented to the shareholders at the Meeting.

**A copy of the Company's Annual Report on Form 10-K, 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 fiscal year ended December 31, 2022 may be obtained by any registered or beneficial owner of the Common Shares, determined as of June 28, 2023, 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.  
P.O. Box 271049  
Littleton, Colorado 80127  
E-mail: [info@rareelementresources.com](mailto:info@rareelementresources.com)

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

As at June 28, 2023, the Company's authorized capital consists of an unlimited number of Common Shares without par value of which 212,613,451 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 June 28, 2023 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 June 28, 2023 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, her or its Common Shares voted at the Meeting. Shareholders who prefer not to attend in person are encouraged to join the Meeting in real-time by calling 866-895-5510 (U.S. or Canada) or +1-858-384-5500 (International/Toll) and passcode 891739. Shareholders joining the Meeting by phone will not be able to vote their shares during the call.

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

### **Broker Non-Votes, Abstentions and Voting Requirements**

Brokers and other 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) (the "BCA"), brokers and other Intermediaries 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 or other Intermediary has not received written voting instructions from a Non-Registered Holder is referred to as a "broker non-vote."

The directors must be elected by an affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Meeting on the matter. Plurality voting means that the seven directors receiving the greatest number of “FOR” votes will be elected to the Board. 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. Therefore, any Common Shares represented at the Meeting but not voted (whether by abstention, broker non-vote or otherwise) will have no impact on the election of directors.

The appointment of the independent registered public accounting firm requires an affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Meeting on the matter. Therefore, any Common Shares represented at the Meeting but not voted (whether by abstention, broker non-vote or otherwise) will have no impact on the proposal to appoint the independent public accounting firm.

The advisory resolution regarding the compensation of the Company’s named executive officers will be approved if passed by an affirmative vote of a majority of the votes cast, either in person or by proxy, at the Meeting on the matter. Therefore, any Common Shares represented at the Meeting but not voted (whether by abstention, broker non-vote or otherwise) will have no impact on the advisory resolution regarding the compensation of the Company’s named executive officers.

The option of voting on the compensation of the Company’s named executive officers every three years, two years or one year that is passed by an affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Meeting will be the frequency for the advisory vote on the compensation of our named executive officers that has been selected by shareholders. Therefore, any shares represented at the Meeting but not voted (whether by abstention, broker non-vote or otherwise) will have no impact on the advisory resolution regarding the frequency of future advisory votes on the compensation of the Company’s named executive officers.

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

The following table sets forth information (as of the date indicated) as to all persons or groups known to the Company to beneficially own, control or direct, directly or indirectly, 5% or more of the issued and outstanding Common Shares of the Company as of July 7, 2023:

<b>Name and Address of Beneficial Holder</b>	<b>Common Shares Beneficially Owned (1)</b>	<b>Percentage of Class (2)</b>
Synchron, 3550 General Atomics Court, San Diego, California 92121-1122		
General Atomic Technologies Corporation, 3550 General Atomics Court, San Diego, California 92121-1122		
Tenaya Corporation, P.O. Box 910304, San Diego, California, 92191-0304	116,356,925	54.73%

(1) This information is based on a Schedule 13D/A filed on December 23, 2021 by Synchron, General Atomic Technologies Corporation and Tenaya Corporation. Synchron has sole voting and dispositive power over the Common Shares listed.

(2) Calculated based on 212,613,451 Common Shares outstanding as of July 7, 2023.

## **PROPOSAL NO. 1: ELECTION OF DIRECTORS**

### **Director and Nominee Experience and Qualifications**

The Board, through its Nominating, Corporate Governance and Compensation Committee (the “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 comprised of two independent directors and one non-independent director.

The Board believes that, as a whole, it should possess a combination of skills, professional experience and diversity 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 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, including gender diversity, 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 professional or technical skills or financial acumen that demonstrates an understanding of the financial and operational aspects of a rare earth exploration, development, mining and processing company.

In evaluating director candidates and considering incumbent directors for re-nomination, 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. The Board determines the Chairman among the Company’s directors following the election of directors at the annual meeting of shareholders.

Pursuant to and subject to the terms and conditions of the Investment Agreement dated October 2, 2017 between the Company and Synchron (the “Investment Agreement”), as long as Synchron’s fully diluted ownership in the Company is at least 33.0%, Synchron has the right to designate two directors for appointment or election to the Board, where the Board is comprised of six or seven directors following such appointment or election. Mr. Roberts was identified by Synchron as one of its two designees and has served on the Board since November 17, 2017. On October 16, 2019, the Company issued to Synchron an additional 24,175,000 Common Shares in connection with the exercise by Synchron of its common share purchase option dated October 2, 2017 (the “Option”). As a result, Synchron’s ownership of outstanding Common Shares increased from approximately 33.5% to approximately 49.0%. With Synchron’s exercise of the Option, Synchron obtained the right to designate one additional director for appointment or election to the Board. Barton S. Brundage, Synchron’s additional designee, was elected to the Board at the annual meeting of shareholders held on December 18, 2019. As a result of Synchron’s participation in the Company’s rights offering completed in December 2021, Synchron’s ownership of outstanding Common Shares increased from approximately 49.0% to approximately 54.8%. Ms. Champine was appointed to the Board on March 31, 2022, replacing a prior designee of Synchron.

Seven directors are to be elected at the Meeting, representing no change in Board size from the current Board. Each Board member will serve until the next annual general meeting of shareholders or until his or her successor is duly elected or appointed. Except for Mr. Shonk, all incumbent directors will be standing for re-election 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. Executed Proxies received will, on any poll, be voted as directed, or, if there is no direction, 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>Unless otherwise indicated below, served as director since</b>
<b>GERALD W. GRANDEY, 77 (1)(2)</b> Colorado, USA <i>Director</i> <i>Former Chief Executive Officer,</i> <i>Cameco Corporation</i>	August 2, 2013
<b>BRENT D. BERG, 51</b> Wyoming, USA <i>Director</i> <i>President and Chief Executive Officer, Rare Element Resources Ltd.</i>	November 8, 2022
<b>BARTON S. BRUNDAGE, 61 (1)</b> Colorado, USA <i>Director</i> <i>President, Cordillera Corporation</i>	December 18, 2019
<b>NICOLE J. CHAMPINE, 52 (3)</b> Colorado, USA <i>Director</i> <i>Vice President and General Counsel, Cordillera Corporation</i>	March 31, 2022
<b>PAUL J. HICKEY, 73</b> Wyoming, USA <i>Director Nominee</i> <i>Attorney</i>	—
<b>KELLI C. KAST, 56 (3)</b> Colorado, USA <i>Director</i> <i>Consultant, Rare Element Resources, Inc.</i>	August 23, 2022
<b>DAVID I. ROBERTS, 85 (3)</b> California, USA <i>Director</i> <i>President and CEO, General Atomics Uranium Resources LLC</i>	November 17, 2017

- (1) Current member of the Company's Audit Committee, of which Lowell A. Shonk is the chair. Mr. Shonk will not be standing for re-election as a director of the Company at the Meeting.
- (2) Gerald W. Grandey was elected Chairman of the Board on June 10, 2015.
- (3) Current member of the NCG&C Committee, of which Nicole Champine is the chair.

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

*Gerald W. Grandey* has over 40 years of executive leadership in the mining industry. He is the former Chief Executive Officer of Canadian-based Cameco Corporation, one of the world's largest uranium producers. 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 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 the Vice Chairman of the Board of Governors of the Colorado School of Mines Foundation and is Chairman Emeritus for the London-based World Nuclear Association. Mr. Grandey is a former board member of Nutrien Ltd. (2018–2019), Potash Corporation of Saskatchewan (2011–2018), Cameco Corporation (1999–2011), Centerra Gold Inc. (2004–2010), Inmet Mining Corporation (2012–2013), Sandspring Resources Ltd. (2010–2015), Bruce Power Corporation (2002–2011) and Canadian Oil Sands Limited (2011–2016). 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 re-elected to serve on the Board.

*Brent D. Berg* currently serves as President and Chief Executive Officer (“CEO”) of the Company. Mr. Berg has over 25 years’ experience in the mining and mineral processing industry, including 16 years in mine management roles and over 11 years working for in-situ recovery operations. From April 2020 to October 2022, he served as General Manager of Florence Copper Inc. From January 2019 to April 2020, Mr. Berg served as Vice President of Sustainability, Health & Safety for Excelsior Mining Corp. In addition, he spent over 21 years at Canadian-based Cameco Corporation in various roles, including as President of Cameco Resources, where he was responsible for oversight of the company’s U.S. operations in Wyoming and Nebraska (2013–2018), General Manager of Cameco Corporation’s Smith Ranch – Highland Operation (2011–2013), and Director of Environmental Leadership (2010–2011). Mr. Berg is a Professional Engineer with a B.A.Sc. in Regional Environmental Systems Engineering from the University of Regina and an MBA from the University of Regina.

Mr. Berg’s background in the mining and mineral processing industry 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. Berg should be elected to serve on the Board.

*Barton S. Brundage* has served since May 2021 as President of Cordillera Corporation (“Cordillera”), an affiliate of General Atomics and Synchron. In his current role and prior position of Executive Vice President (June 2007–May 2021), Mr. Brundage is and has been responsible for the day-to-day management of Cordillera’s real estate operations in Colorado, Utah, and California. Since June 2007, he has served as Chairman of the board of directors of JetCenters, Inc. (“JCI”), an aviation fueling company and a subsidiary of Cordillera. Since January 2021, Mr. Brundage has served as Chairman of the board of directors of Ohio Gas Company, a regulated gas utility company based in Bryan, Ohio, that is affiliated with Cordillera. Since 2007, Mr. Brundage has also served as a director and/or executive officer for several other Cordillera-affiliated companies, including San Miguel Valley Corporation, Silver Cliff Land And Cattle Company, Colorado Barns Corporation, First City Investment Corporation, Lamartine Consolidated Mines Corporation, Boston Commons, Inc., Oceanic Exploration Company, Oceanic International Properties Corporation, and Sorrento West Properties, Inc. Prior to his current position with Cordillera and its affiliates, Mr. Brundage served as the Chief Financial Officer of JCI (July 1996–May 2007). Prior to his position with JCI, Mr. Brundage was employed by Brundage & Company (June 1985–July 1996), a regional investment banking firm specializing in mergers and acquisitions and long-term corporate financing. At Brundage & Company, he was employed in various capacities in the family-managed business, including Vice President, Senior Financial Analyst, and Analyst. He continues to serve as a member of Brundage & Company’s board of directors (since 1980). Mr. Brundage received his Bachelor of Arts degree in Business Administration from Fort Lewis College and his Master of Business Administration from the University of Denver.

Mr. Brundage’s extensive experience in financial resource acquisition and complex financial transactions, specifically in valuation and integration, brings to the Board additional depth in financial resource management. Accordingly, the Board believes that Mr. Brundage should be re-elected to serve on the Board.

*Nicole J. Champine* has served as Vice President and General Counsel of Cordillera, an affiliate of General Atomics, since July 2007, and previously served as Cordillera’s Legal Counsel (July 2001–July 2007). She has served as the President and a director of San Miguel Valley Corporation, a subsidiary of Cordillera, since June 2007 and July 2009, respectively. In addition, since May 2010, Ms. Champine has served as the President and a director of Oceanic Exploration Company, an oil and gas exploration company affiliated with Cordillera. From May 1998 to June 2001, she was a real estate and land development lawyer at the law firm of Otten, Johnson, Robinson, Neff & Ragonetti, P.C. From June 1993 to August 1995, Ms. Champine served as a project engineer for Peter Kiewit & Sons in Utah and Colorado on heavy-highway projects. She received her Bachelor of Science in Structural Engineering from the University of Texas at Austin and her Juris Doctorate from the University of Denver.

Ms. Champine has a wide range of legal, corporate and technical expertise that she has applied in various industries, including real estate investment and development, civil and structural engineering and natural resources. Accordingly, the Board believes that Ms. Champine should be re-elected to serve on the Board.

*Paul J. Hickey* is a Wyoming attorney whose practice has focused on energy and natural resource issues. Mr. Hickey practiced law from 1975 until his retirement in 2022. From 1976 to 2022, he was a partner with the law firm of Rooney & Horiskey, which later became Hickey & Evans, LLP. Since June 2022, he has served as a consultant to Rare Element Resources, Inc., a subsidiary of the Company. Over the years of his practice, Mr. Hickey was a leading energy law attorney in the Rocky Mountain region. He represented regulated utilities in Wyoming, Utah and Idaho. In addition, he has represented natural gas producers, interstate natural gas pipelines, renewable energy projects and interstate transmission projects. Mr. Hickey represented the State of Wyoming before the Federal Energy Regulatory Commission (FERC) in the certification proceedings for the Kern River Interstate natural gas pipeline. During his career, Mr. Hickey served numerous leadership roles in state and local bar associations. He has served on the University of Wyoming Law School Advisory Committee since 2002 and was Chairman of that Committee until 2022. Mr. Hickey helped develop the Summer Trial Institute at the University of Wyoming College of Law and continues to teach at this Institute. In 2009, Mr. Hickey was made an Honorary Member of the Order of the Coif by the Faculty of the University of Wyoming College of Law. From 1997 to 1998, he served as President of the Wyoming Bar Association. In 2021, the Wyoming Bar presented Mr. Hickey the Gerald R. Mason Professionalism Award. In 2019, he

was recognized as a Distinguished Alumni of the University of Wyoming College of Law. Mr. Hickey also was recognized by the American College of Trial Lawyers for his service as a Regent on its National Board of Regents. Following his graduation from the University of Wyoming College of Law, Mr. Hickey served as a Law Clerk to the Honorable James E. Barrett, United States Court of Appeal Tenth Circuit. He has served as the Wyoming Representative on the Tenth Circuit Court of Appeals' Advisory Committee. He also served as a Director and President of the Historical Society of the Tenth Circuit Court of Appeals. Mr. Hickey graduated from the University of Wyoming with a BA in History in 1972 and a Juris Doctorate in 1975.

Mr. Hickey has served in leadership positions on numerous local and state boards. Among these are the Wyoming Water Development Commission and Wyoming Natural Gas Pipeline Authority. Mr. Hickey has extensive experience in representing energy and natural resource projects before regulatory agencies and state and federal courts. In addition, he has served on energy and natural resource boards and commissions. Accordingly, the Board believes that Mr. Hickey should be elected to serve on the Board.

*Kelli C. Kast* has over 25 years of in-house legal experience, including seven years as a top legal officer in the precious metals industry, and 10 years in the rare earth industry. She has served as a consultant of Rare Element Resources, Inc., a subsidiary of the Company, since June 2015. From July 2012 to May 2015, Ms. Kast served as the Vice President, General Counsel, Chief Administrative Officer and Corporate Secretary of the Company. She served as Coeur d'Alene Mine Corporation's Vice President, General Counsel and Corporate Secretary from May 2005 to March 2009 and as its Chief Administrative Officer from March 2009 to December 2011. From 2004 to 2005, Ms. Kast served as Corporate Counsel for HealtheTech Inc. From 1997 to 2003, she served as the Assistant General Counsel and Corporate Secretary for Global Water Technologies Inc. and Psychrometric Systems, Inc. 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.

Ms. Kast has been a legal professional in the natural resources and engineering and construction industries for more than 20 years. Her in-house legal and transactional acumen counseling mining companies, experience managing mining companies' human resources, safety, and environmental and social responsibility programs and work as a Corporate Secretary for publicly traded companies are valuable to the Board's oversight of the Bear Lodge Project and the Demonstration Plant, corporate governance functions of the Board, and the execution of the Company's business plan. Accordingly, the Board believes that Ms. Kast should be elected to serve on the Board.

*David I. Roberts* is the President and Chief Executive Officer of General Atomics Uranium Resources LLC (since August 2007), which owns the stock of several General Atomics affiliated uranium companies. These affiliates include Rio Grande Resources Corporation and Nuclear Fuels Corporation, which have uranium properties in the United States and market uranium worldwide; Baywood Holdings Inc., which owns the Australian uranium mining and exploration companies Heathgate Resources Pty Ltd and Quasar Resources Pty Ltd; and General Atomics Energy Services, Inc., which is a partner in ConverDyn. Mr. Roberts holds the following positions at the indicated privately held companies, all of which are affiliates of General Atomics: President of Systems Integration, LLC (since September 2017), General Atomics Global Corporation (since December 2019), and General Atomics Aeronautical UK Ltd (since December 2011); Senior Vice President of General Atomics (since August 2016); and Director of Sequoyah Fuels International Corp. (since July 2016), Diazyme Laboratories Inc. (since July 2016), Aeronautical Systems Inc. (since July 2018) and Synchron (since September 2017). His previous positions at General Atomics include 19 years as Senior Vice President of the Advanced Technologies Group of General Atomics (June 1988–August 2007), where he was responsible for divisions involved in the development and application of advanced technologies for defense, energy and transport applications. Previously, he held staff positions performing research and development in support of advanced nuclear reactor programs (June 1968–June 1988). Prior to joining General Atomics, Mr. Roberts was associated with the General Electric Company (May 1967–May 1968), where he was involved in development and manufacture of military re-entry vehicles, and with Rolls Royce and Associates (U.K.) supporting design and construction of nuclear submarine reactors for the Royal Navy. Mr. Roberts was educated at London University and received an MIM (Materials Engineering) in 1960. He is a registered professional engineer in California, a chartered engineer (U.K.), and a member of numerous professional associations.

Mr. Roberts' extensive, high-level executive engineering and mining experience as well as business acumen are valuable to the Board. His background and understanding of government and commercial contracting and services brings a unique perspective to the Board. His technical expertise in both rare earths and the related uranium industry in the United States and throughout the world is an asset to the Board. Accordingly, the Board believes that Mr. Roberts should be re-elected 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 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.

Based upon his position as an executive officer of the Company, the Board determined that Mr. Berg is not independent. Based upon her work as a consultant of a subsidiary of the Company, the Board determined that Ms. Kast is not independent. Based upon his and his former law firm’s work providing legal services to General Atomics (an affiliate of Synchron) and certain of its affiliates, the Board determined that Mr. Hickey is not independent.

The Board has concluded that each of Ms. Champine and Messrs. Grandey, Brundage and Roberts are independent. As a result of these analyses, the Board has determined that the proposed seven-member Board would be comprised of a majority of independent directors, as required 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 for (i) the director and executive officer of the Company acting solely in such capacity (Mr. Berg) and (ii) the Synchron designees on the Board (Ms. Champine and Messrs. Brundage and Roberts) pursuant to the Investment Agreement and the exercise of the Option described below between the Company and Synchron.

Pursuant to and subject to the terms and conditions of the Investment Agreement, as long as Synchron’s fully diluted ownership in the Company is at least 33.0%, Synchron has the right to designate two directors for appointment or election to the Board, where the Board is comprised of six or seven directors following such appointment or election. Mr. Roberts was identified by Synchron as one of its two designees and has served on the Board since November 17, 2017. On October 16, 2019, the Company issued to Synchron an additional 24,175,000 Common Shares in connection with the exercise by Synchron of the Option. As a result, Synchron’s ownership of outstanding Common Shares increased from approximately 33.5% to approximately 49.0%. With Synchron’s exercise of the Option, Synchron obtained the right to designate one additional director for appointment or election to the Board. Mr. Brundage, Synchron’s additional designee, was elected to the Board at the annual meeting of shareholders held on December 18, 2019. As a result of Synchron’s participation in the Company’s rights offering completed in December 2021, Synchron’s ownership of outstanding Common Shares increased from approximately 49.0% to approximately 54.8%. Ms. Champine was appointed to the Board on March 31, 2022, replacing a prior designee of Synchron.

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

To the knowledge of the Company, no 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 or she 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 or she ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while he or she was acting in that capacity.

To the knowledge of the Company, no 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 or her 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 (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, (ii) entered into a settlement agreement with a securities regulatory authority or (iii) 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 or in making an investment decision.

**Vote Required for Approval**

The election of each director nominee pursuant to this Proposal No. 1 will require the affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Meeting on the matter, assuming that a quorum exists.

If you fail to vote or submit a Proxy, fail to instruct your broker to vote, or vote to “abstain,” it will have no effect on the election of director nominees pursuant to this Proposal No. 1, assuming that a quorum exists.

**Board Recommendation**

The Board recommends that shareholders vote “FOR” each of the nominees for director.

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

The Audit Committee, which consists entirely of independent directors, intends to nominate Haynie & Company (Salt Lake City, UT, PCAOB ID#457), (“Haynie”) for appointment as the independent registered public accounting firm of the Company.

As disclosed in the Company’s Current Report on Form 8-K filed with the SEC on August 4, 2022, the Company accepted the resignation of BDO USA, LLP (“BDO”) as the independent registered public accounting firm of the Company to be effective immediately following the filing of the Company’s quarterly report on Form 10-Q for the quarter ending September 30, 2022. As disclosed in the Company’s Current Report on Form 8-K filed with the SEC on September 29, 2022, the Company engaged Haynie as the new independent registered public accounting firm of the Company on September 27, 2022 and its engagement commenced for the quarter ending September 30, 2022. Each of the Company’s Current Reports on Form 8-K filed with the SEC on August 4, 2022 and September 29, 2022 are available under the Company’s profile at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml) and are available free of charge upon request to the Company.

During the two most recent fiscal years ended December 31, 2021 and 2020 and through the subsequent interim period preceding Haynie’s engagement, the Company did not consult with Haynie regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s financial statements by Haynie, in either case where written or oral advice provided by Haynie would be an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any other matter that was either the subject of a disagreement between the Company and its former auditor (as defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event with the Company’s former independent registered public accounting firm (as described in Item 304(a)(1)(v) of Regulation S-K). To be clear, there was no such disagreement or reportable event during the fiscal years or interim period referenced above.

A resolution will be presented at the Meeting to appoint Haynie to serve as the independent registered public accounting firm of the Company until the next annual meeting of shareholders of the Company at an amount of remuneration to be fixed by the directors.

Executed Proxies received will, on any poll, be voted as directed, or, if there is no direction, will be voted “FOR” the appointment of Haynie as the independent registered public accounting firm of the Company until the next annual meeting of shareholders of the Company at an amount of remuneration to be fixed by the directors.

Representatives of Haynie are expected to be present via teleconference 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.

**Vote Required for Approval**

Approval of Proposal No. 2 will require the affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Meeting on the matter, assuming that a quorum exists.

If you fail to vote or submit a Proxy, fail to instruct your broker or other Intermediary to vote or vote to “abstain,” it will have no effect on the outcome of the vote on Proposal No. 2, assuming that a quorum exists.

**Board Recommendation**

The Board recommends that shareholders vote “FOR” the appointment of Haynie & Company as the independent registered public accounting firm of the Company until the next annual meeting of shareholders of the Company at an amount of remuneration to be fixed by the directors.

**PROPOSAL NO. 3:  
ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION**

At the annual meeting of shareholders held on May 24, 2018, the Company's shareholders approved, on an advisory basis, holding a shareholder advisory vote regarding executive compensation of the Company's named executive officer(s) every three years. The Board adopted this practice after the advisory vote. Accordingly, we are asking shareholders to vote at this Meeting on an advisory resolution to approve our executive compensation as reported in this Circular. The NCG&C Committee has structured our executive compensation program to have the following key qualities:

- Performance-based – The program rewards companywide results in addition to recognizing individual performance, focusing on objectives that are directly under the control of an executive.
- Market-competitive – We benchmark compensation levels to companies in the rare earth, precious and base metals and mining industries and target total compensation near the market median in order to attract, motivate and retain high-caliber talent in a competitive environment.
- Aligned with shareholders – The program provides a significant portion of incentive compensation to an executive in the form of equity-based and/or cash-based awards. Award values fluctuate based on company performance and/or shareholder return, thus aligning executive officer and shareholder interests.
- Transparent – We clearly communicate the desired results and the incentive pay programs used to reward the achievement of these results.

The executive compensation program established by the NCG&C Committee is intended to motivate each executive, including the named executive officers listed in the Summary Compensation Table of this Circular, to achieve goals consistent with our key business strategies and that create shareholder value, while continuing to conserve the Company's financial resources. Consequently, much of our executive officers' compensation opportunities are considered at-risk incentives that reward performance. Our executive compensation program has a number of features designed to promote these objectives:

- Base salary provides a level of cash compensation that targets the market median of our peer group. Annual adjustments are based on an individual's current and expected contributions and actual pay positioning relative to the market.
- Annual incentive payments reward an executive for achievement of annual corporate goals, including those in the areas of safety, environmental compliance, financing, permitting, and for the achievement of individual executive goals. Payments are based on companywide performance and individual performance.
- Long-term incentives align an executive's interests with those of shareholders, reward an executive for the creation of long-term shareholder value and help attract and retain talented executives. Grants or awards pursuant to the Company's approved equity incentive plan generally vest over a 12- to 24-month period or are tied to the timing of key milestones or achievements.
- Benefits and perquisites are extremely limited and are set to attract and retain talented executives through participation in medical and retirement plans on the same terms as all employees. At the present time, the Company does not offer any medical or retirement plans to any executive.

We urge our shareholders to read the Summary Compensation Table and other related compensation tables and narrative, which provide detailed information on the compensation of our named executive officers. The NCG&C Committee and the Board believe that the executive compensation program is effective in achieving our goals and that the compensation of our named executive officers reported in this Circular reflects and supports our compensation policies and procedures.

The NCG&C Committee and the Board considered the support of shareholders in approving the advisory vote on executive compensation at the 2018 annual meeting of shareholders in establishing the compensation program and making subsequent executive compensation decisions. Additionally, we continued to make strategic refinements in our approach to executive pay in subsequent years, including further aligning compensation to performance-driven incentive programs. The intent of these changes is to emphasize competitive base pay relative to peers, while continuing to focus on achieving key business metrics. We continue to emphasize achievement of our long-term objectives, which are tied directly to the creation of shareholder value. An example of these objectives is the licensing, permitting, construction and operation of our rare earth processing and separation Demonstration Plant utilizing the Company's proprietary process technology as we consider the advancement of the Bear Lodge REE Project. We continue to be conscious of the need to prioritize preservation of cash for future project development and judiciously safeguard cash compensation in the form of base salary not tied to milestone achievement.

In accordance with Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the Meeting:

**RESOLVED**, that the shareholders of Rare Element Resources Ltd. (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers disclosed in the Summary Compensation Table and the

related compensation tables, notes and narrative in the Circular for the Company's 2023 annual meeting of shareholders.

This advisory resolution, commonly referred to as a "say-on-pay" resolution, is non-binding on the Board. Although non-binding, the Board and the NCG&C Committee will review and consider the voting results when making future decisions regarding our executive compensation program.

Unless otherwise instructed, the Proxies given pursuant to this solicitation will be voted "FOR" the resolution approving the compensation of our named executive officers as disclosed in this Circular. Under U.S. securities laws, brokers are generally prohibited from giving Proxies to vote on executive compensation matters unless the beneficial owner of such shares has given voting instructions on the matter. This means that if your broker is the record holder of your Common Shares, you must give voting instructions to your broker with respect to this proposal if you want your broker to vote your Common Shares on the matter.

### **Vote Required for Approval**

Approval of Proposal No. 3 will require the affirmative vote of a majority of the votes cast, either in person or by proxy, at the Meeting on the matter, assuming that a quorum exists.

If you fail to vote or submit a Proxy, fail to instruct your broker or other Intermediary to vote or vote to "abstain," it will have no effect on the outcome of the vote on Proposal No. 3, assuming that a quorum exists.

### **Board Recommendation**

The Board recommends that shareholders vote "FOR" the advisory resolution to approve executive compensation.

**PROPOSAL NO. 4:  
ADVISORY RESOLUTION ON THE FREQUENCY OF  
FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, public companies are generally required to include in their proxy solicitations at least once every six years an advisory, non-binding vote on whether an advisory vote on executive compensation should occur every one, two or three years. **It is management's belief, and the Board's recommendation, that this advisory vote should occur every three years.**

The Company believes it has effective executive compensation practices, as described in more detail elsewhere in this Circular. The Board believes that providing the Company's shareholders with an advisory vote on executive compensation every three years will encourage a long-term approach to evaluating the Company's executive compensation policies and practices, consistent with the Board's and the NCG&C Committee's long-term philosophy on executive compensation. In contrast, focusing on executive compensation over an annual or biennial period would focus on short-term results rather than long-term value creation, which is inconsistent with the Company's current compensation philosophy.

Moreover, the Board does not believe that a short review cycle will allow for a meaningful evaluation of the Company's performance against its compensation practices, as any adjustment in pay practices would take time to implement and be reflected in the Company's financial performance and in the price of the Company's shares. As a result, an advisory vote on executive compensation more frequently than every three years would not, in the Board's judgment, allow shareholders to compare executive compensation to the Company's performance.

The Board believes that conducting an advisory vote on executive compensation every three years would provide the Company adequate time to compile meaningful input from shareholders on its pay practices and respond appropriately. This would be more difficult to do on an annual or biennial basis, and the Board believes that both the Company and its shareholders would benefit from having more time for a thoughtful and constructive analysis and review of the Company's compensation policy.

For the above reasons, the Board recommends that shareholders vote to hold future advisory votes on executive compensation every three years.

You may cast your vote on your preferred voting frequency by choosing the option of three years, two years, or one year when you vote in response to the resolution set forth below.

**RESOLVED**, that the option of once every three years, two years, or one year that is passed by an affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Company's 2023 annual meeting of shareholders will be determined to be the shareholders' preferred frequency with which Rare Element Resources Ltd. is to hold a shareholder advisory vote regarding the executive compensation of the Company's named executive officers, as disclosed pursuant to the SEC's compensation disclosure rules.

The vote on this proposal is only advisory in nature and is not binding on the Board or the Company. The Board and the NCG&C Committee will take into account the outcome of the vote; however, the Board may decide that it is in the best interests of the Company's shareholders and the Company to hold future advisory votes on the compensation of the Company's named executive officers more or less frequently than the option approved by shareholders.

Unless otherwise instructed, the Proxies given pursuant to this solicitation will be voted to hold future advisory votes on the compensation of our named executive officers every three years. Under U.S. securities laws, brokers are generally prohibited from giving Proxies to vote on executive compensation matters unless the beneficial owner of such shares has given voting instructions on the matter. This means that if your broker is the record holder of your shares, you must give voting instructions to your broker with respect to this proposal if you want your broker to vote your shares on the matter.

**Vote Required for Approval**

The option of voting every three years, two years or one year that is passed by an affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Meeting will be the frequency for the advisory vote on the compensation of our named executive officers that has been selected by shareholders, assuming that a quorum exists.

If you fail to vote or submit a Proxy, fail to instruct your broker or other Intermediary to vote or vote to "abstain," it will have no effect on the outcome of the vote on Proposal No. 4, assuming that a quorum exists.

**Board Recommendation**

The Board recommends that shareholders vote to hold future advisory votes on the compensation of our named executive officers every three years.

## EXECUTIVE OFFICERS

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

Name, Age, Province or State and Country of Residence and Positions, current and former, if any, held in the Company	Served as officer since
<b>BRENT D. BERG, 51</b> Wyoming, USA <i>Director, President and CEO</i>	November 1, 2022
<b>WAYNE E. RICH, 58</b> Colorado, USA <i>Chief Financial Officer</i>	March 28, 2022

*Brent D. Berg.* See "Proposal No. 1—Election of Directors—Director and Nominee Experience and Qualifications" for biographical information regarding Mr. Berg.

*Wayne E. Rich* most recently served as Vice President of Finance, Treasurer and Corporate Secretary of Eden Innovations LLC from August 2017 to March 2022. He served as Chief Financial Officer of Star Mountain Resources, Inc. from November 2015 to January 2017 and as Chief Financial Officer of Northern Zinc, LLC from May 2015 to November 2015, when it was acquired by Star Mountain Resources, Inc., which filed for Chapter 11 bankruptcy protection in February 2018. Mr. Rich served in various capacities at Prospect Global Resources, Inc., a publicly traded mining company, including as Chief Financial Officer and Vice President of Finance (September 2011–December 2012) and Senior Vice President of Accounting and Treasury (December 2012–May 2014). From October 2008 to September 2011, he served as Treasurer and Director of Corporate Finance of Thompson Creek Metals Inc., a publicly traded metals and mining company. Prior to that, he served in several capacities at The Doe Run Resources Corporation, an integrated mining and metals manufacturing company, from August 1998 to October 2008, including as Treasurer (April 2007–October 2008) and Assistant Treasurer (July 2004–April 2007). Mr. Rich began his career with KPMG Peat Marwick. Mr. Rich holds a Master's in Business Administration from Illinois State University and a Bachelor of Science in Accountancy from Eastern Illinois University.

### Named Executive Officers

"Named Executive Officer" or "NEO" means (a) all individuals who served as CEO of the Company during the fiscal year ended December 31, 2022; (b) each of the two most highly compensated executive officers, or the two most highly compensated individuals acting in a similar capacity, other than the CEO, at the end of the fiscal year ended December 31, 2022; and (c) each individual who would be an NEO under clause (b) 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, 2022, the Company had three NEOs: Brent D. Berg, who was appointed as the President and CEO of the Company effective November 1, 2022; Wayne E. Rich, who was appointed as the Chief Financial Officer of the Company on March 28, 2022; and Randall J. Scott, who retired as the President and CEO of the Company on November 1, 2022.

## 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 July 7, 2023 by (i) the Company's named executive officers, directors and director nominees and (ii) the Company's current executive officers, directors and director nominees as a group.

Name and Position <sup>(1)</sup>	Amount and Nature of Beneficial Ownership *	
	Common Shares <sup>(2)</sup>	Percentage of Class <sup>(3)</sup>
Gerald W. Grandey – <i>Director and Chairman</i> <i>Saskatoon, Saskatchewan, Canada</i>	2,738,442 <sup>(4)</sup>	1.28%
Lowell A. Shonk – <i>Director</i> <i>Reno, Nevada, USA</i>	1,732,040 <sup>(5)</sup>	0.81%
Randall J. Scott – <i>Former President and CEO</i> <i>Littleton, Colorado, USA</i>	1,264,001 <sup>(6)</sup>	0.59%
Kelli C. Kast – <i>Director</i> <i>Evergreen, Colorado, USA</i>	987,500 <sup>(7)</sup>	0.46%
Wayne E. Rich – <i>Chief Financial Officer</i> <i>Highlands Ranch, Colorado, USA</i>	104,166 <sup>(8)</sup>	0.05%



<b>Name and Position <sup>(1)</sup></b>	<b>Amount and Nature of Beneficial Ownership *</b>	
	<b>Common Shares <sup>(2)</sup></b>	<b>Percentage of Class <sup>(3)</sup></b>
Paul J. Hickey – <i>Director Nominee</i> <i>Cheyenne, Wyoming, USA</i>	35,369 <sup>(9)</sup>	0.02%
David I. Roberts – <i>Director</i> <i>Solana Beach, California, USA</i>	Nil <sup>(10)</sup>	0.00%
Barton S. Brundage <i>Parker, Colorado, USA</i>	Nil <sup>(10)</sup>	0.00%
Nicole J. Champine – <i>Director</i> <i>Denver, Colorado, USA</i>	Nil <sup>(10)</sup>	0.00%
Brent D. Berg – <i>President, CEO and Director</i> <i>Casper, Wyoming, USA</i>	Nil	0.00%
<b>Current executive officers, directors and director nominees as a group</b> <b>(a total of 10 persons)</b>	<b>6,861,518</b>	<b>3.17%</b>

\* Pursuant to Rule 13d-3 under the Exchange Act, beneficial ownership includes shares as to which the individual has or shares voting power or investment power, and any shares that the individual has the right to acquire within 60 days of July 7, 2023, including through the exercise of any option, warrant, or right. For each individual who holds options, warrants or rights to acquire Common Shares, the Common Shares underlying those securities are treated as owned by that holder and as outstanding Common Shares when that holder's percentage ownership of Common Shares is calculated. Those Common Shares are not treated as outstanding when the percentage ownership of any other holder is calculated.

- (1) Mailing address for all directors and executive officers is c/o Rare Element Resources, Ltd., P.O. Box 271049, Littleton, Colorado 80127.
- (2) Includes Common Shares held as of July 7, 2023, plus Common Shares which may be acquired pursuant to the exercise of stock options exercisable within 60 days after July 7, 2023.
- (3) In accordance with Rule 13d-3(d)(1) under the Exchange Act, the applicable percentage of ownership for each person is based on 212,613,451 Common Shares outstanding as of July 7, 2023.
- (4) Includes 1,913,442 Common Shares and 825,000 Common Shares subject to options held by Mr. Grandey personally.
- (5) Includes 1,282,040 Common Shares and 450,000 Common Shares subject to options held by Mr. Shonk personally. Mr. Shonk will not be standing for re-election as a director of the Company at the Meeting.
- (6) Includes 14,001 Common Shares and 1,250,000 Common Shares subject to options held by Mr. Scott personally. This information is based on Form 4s filed by Mr. Scott on February 20, 2019, February 14, 2020, April 15, 2021, December 3, 2021, and January 7, 2022. Mr. Scott retired as the President and CEO of the Company on November 1, 2022.
- (7) Includes 987,500 Common Shares subject to options held by Ms. Kast personally.
- (8) Includes 104,166 Common Shares subject to options held by Mr. Rich personally.
- (9) Includes 10,000 Common Shares held by Mr. Hickey, 369 Common Shares held by Mr. Hickey's spouse and 25,000 Common Shares subject to options held by Mr. Hickey personally.
- (10) Excludes Common Shares owned by Synchron, of which Mr. Roberts is a director, and an affiliate of which each of Mr. Brundage and Ms. Champine is an officer. Pursuant to and subject to the terms and conditions of an Investment Agreement between the Company and Synchron, Synchron has the right to designate three directors for appointment or election to the Board, where the Board is comprised of seven directors following such appointment. Ms. Champine and Messrs. Brundage and Roberts are the three Synchron designees.

## **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 Common Shares entitled to be voted at the Meeting shall constitute a quorum.

## Dissenters' Rights of Appraisal

No action is proposed herein for which the BCA 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"). 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 Directors, Officers and Employees ("Code of Conduct"), Audit Committee Charter, Procedures for Treatment of Complaints and Concerns Regarding Accounting, Internal Accounting Controls and Auditing Matters and NCG&C 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

Disclose how the board of directors facilitates its exercise of independent supervision over management, including (i) the identity of directors that are independent, and (ii) the identity of directors who are not independent, and the basis for that determination.

The Board is, and following the Meeting will be, comprised of seven directors. Four of the directors and director nominees are independent and three are not independent, as discussed below. The Board considers Gerald W. Grandey, Barton S. Brundage, Nicole J. Champine, and David I. Roberts to be independent directors. Therefore, the majority of the Board is and will be independent within the meaning of, and as required by, NI 58-101.

The Board considers each of Brent D. Berg, Kelli C. Kast, and Paul J. Hickey to not be an independent director. Brent D. Berg is not an independent director because he is an officer of the Company. Kelli C. Kast is not an independent director because she is a consultant of a subsidiary of the Company. Paul J. Hickey is not an independent director due to his and his former law firm's work providing legal services to General Atomics (an affiliate of Synchron) and certain of its affiliates.

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 were deemed to not be independent directors. More information about each director nominee can be found in the section titled "Proposal No. 1: Election of Directors" in this Circular.

The Chairman of the Board, Gerald W. Grandey, is an independent director. The Chairman's role and responsibilities include overseeing the function and effectiveness of the Board and the exercise of independent supervision over management.

Since the beginning of the Company's fiscal year ended December 31, 2022, the Company has held three executive sessions for its independent directors without the presence of management or any non-independent director. 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. The Audit Committee is comprised entirely of independent directors. The NCG&C Committee is comprised of two independent directors and one non-independent director.

**2. Directorship**

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.

None.

**3. Attendance at Board Meetings**

Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's fiscal year ended December 31, 2022.

Total number of Board meetings held from January 1, 2022 through December 31, 2022: 10

<u>Name of Director</u>	<b>Number of Board Meetings</b>	<b>Number of Committee Meetings</b>
	<u>Attended/Held</u>	<u>Attended/Held</u>
Gerald W. Grandey	10/10	6/6
Brent Berg (1)	2/2	N/A
Barton S. Brundage	10/10	6/6
Nicole J. Champine (2)	7/7	5/5
Kelli C. Kast (3)	3/3	3/3
Kenneth J. Mushinski (4)	3/3	N/A
David I. Roberts	10/10	5/5
Paul J. Schlauch (5)	6/7	2/2
Randall J. Scott (6)	8/8	N/A
Lowell A. Shonk (7)	10/10	6/6

(1) Mr. Berg was elected as a director of the Company on November 8, 2022.

(2) Ms. Champine was appointed to the Board on March 31, 2022.

(3) Ms. Kast was elected to the Board on August 23, 2022.

(4) On March 31, 2022, Mr. Mushinski resigned as a director of the Company.

(5) Mr. Schlauch's term as a director of the Company ended on August 23, 2022, as he did not stand for reelection as a director of the Company at the annual meeting of shareholders held on that day.

(6) Mr. Scott resigned as a director of the Company on November 8, 2022.

(7) Mr. Shonk will not be standing for re-election as a director of the Company at the Meeting.

None of the incumbent directors of the Company who were directors in 2022 for the entire year attended fewer than 75% of the Board meetings held of which they were eligible to attend since the beginning of the fiscal year ended December 31, 2022.

**4. Orientation and Continuing Education**

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

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

When new directors are elected or 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 presentations by technical and industry consultants, to give the directors additional insight into the Company's business.

**5. 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).

**6. Nomination of Directors**

Disclose what steps, if any, are taken to identify new candidates for board nomination, including (i) who identifies new candidates and (ii) the process of identifying new candidates.

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 comprised of two independent directors and one non-independent director. The responsibilities, powers and operation of the NCG&C Committee are described elsewhere in this Circular.

**7. Compensation**

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including (i) who determines compensation and (ii) the process of determining compensation.

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

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, equity-based awards and other benefits 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 comprised of two independent directors and one non-independent director. The responsibilities, powers and operation of the NCG&C Committee are described elsewhere in this Circular.

**8. Other Board Committees**

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

The Board has only the following two standing committees:

- a) Audit Committee; and
- b) NCG&C Committee

Additional information regarding the above committees is included under the section "Company Information—Corporate Governance" on the Company's website at [www.rareelementresources.com](http://www.rareelementresources.com).

**9. Assessments**

Disclose what steps, if any, that the board takes to satisfy 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. Board self-assessment is undertaken annually, overseen by the NCG&C Committee Chair, and the majority of Board meetings include non-employee director executive sessions for further Board effectiveness discussion. The Audit Committee and the NCG&C Committee each conduct annual self-assessments with input from the Board, and results are reported to the Board.

**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 P.O. Box 271049, Littleton, Colorado 80127. All communications addressed to the Corporate Secretary will be received and reviewed by the Corporate Secretary. 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 CEO, Brent D. Berg, and Chairman of the Board, Gerald W. Grandey. Mr. Grandey is an independent director.

Mr. Grandey was appointed Chairman on June 10, 2015.

The Audit Committee is comprised entirely of independent directors, and the NCG&C Committee is comprised of two independent directors and one non-independent director. Both committees 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 CEO 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 fiscal year ended December 31, 2022. 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 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 discloses on its website 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. No waivers were granted from the requirements of the Company's Code of Conduct during the fiscal year ended December 31, 2022, or during the subsequent period through to the date of this Circular.

The Board ensures that the directors exercise independent judgment 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 currently chaired by Lowell A. Shonk. Each member of the Audit Committee is considered to be independent under Exchange Act rules. See section entitled "Audit Committee Report" 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 and third-party consultants perform ongoing internal control testing and assessments. Management also 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. At least quarterly, management and the Audit Committee review the Company's risk management program with the Board.

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 that 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 Nicole J. Champine (Chair), David I. Roberts, and Kelli C. Kast. Ms. Champine and Mr. Roberts are considered to be independent directors within the meaning of NI 58-101. Based upon her work as a consultant of a subsidiary of the Company, the Board determined that Ms. Kast is not independent. The NCG&C Committee met five times during the fiscal year ended December 31, 2022.

### **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; to develop and periodically review the effectiveness of the Board's corporate governance guidelines; and to determine and recommend to the independent members of the Board the base salaries and annual incentive awards, including cash and any equity-based incentive awards for the CEO, and where applicable, 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).

### **Board Nominating Procedures**

The NCG&C Committee believes that candidates for the Board should have (i) the ability to exercise objectivity and independence in making informed business decisions; (ii) extensive knowledge, experience and judgment; (iii) integrity; (iv) loyalty to the interests of the Company and its shareholders; (v) a willingness to devote the extensive time necessary to fulfill a director's duties; (vi) the ability to contribute to the diversity of perspectives present in board deliberations; and (vii) 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 "Proposal No. 1: 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 gender 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; however, the NCG&C Committee encourages candidate diversity, including gender diversity, in the process of identifying and vetting all candidates. 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, while also encouraging diversity.

Currently, the Company has two female Board members, and no female executives. There are two female director nominees, who if elected, would compose two of the seven members of the Board. The NCG&C Committee may consider the introduction of a formal policy regarding diversity and inclusion in the future.

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

The NCG&C Committee and the Board do not currently have a formal policy with regard to director term limits 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. 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 oversight and decision making. The NCG&C Committee believes that when selecting candidates to serve on the Board, it is in the best interests of the Company to consider the diversity of experience of the Board and review candidates who possess a range of skills, expertise, personality, education, background and other qualities for nomination. The Board strives to achieve a balance between the desirability to have a depth of experiences 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 the current size of seven members best serves 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.

Pursuant to and subject to the terms and conditions of the Investment Agreement and with the exercise of the Option, Synchron has the right to designate three directors for appointment or election to the Board, where the Board is comprised of seven directors following such appointment or election.

### **Compensation Functions**

The NCG&C Committee is responsible for reviewing and making recommendations to the Board regarding the Company's compensation policies and programs as well as salary and benefit levels for individual executives. The Board, in turn, gives final approval on compensation matters. The NCG&C Committee does not and cannot delegate its authority to determine and recommend director and executive officer compensation.

## **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. Under Canadian securities laws, the Company is required to have an audit committee comprised of not less than three directors. Each member of the Audit Committee must meet the independence requirements imposed by applicable law and must not be an employee, officer or affiliate of the Company. The Company's current Audit Committee consists of Lowell A. Shonk (Chair), Gerald W. Grandey, and Barton S. Brundage. See "Proposal No. 1—Election of Directors—Director and Nominee Experience and Qualifications" for biographical information and the experience of Messrs. Shonk, Grandey and Brundage. 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 six times during the fiscal year ended December 31, 2022.

### **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 have established; (iv) the audit, accounting and financial reporting processes generally; (v) risk management program completeness and effectiveness; and (vi) compliance by the Company with legal and regulatory requirements. The text of the Audit Committee's Charter is appended to this Circular as Appendix "A" and is also 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 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 each of Messrs. Shonk, Brundage and Grandey is "financially literate" within the meaning thereof set forth in NI 52-110.

### **Audit Committee Oversight**

Since the commencement of the fiscal year ended December 31, 2022, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

### **Audit Committee Report**

The Audit Committee has reviewed and discussed with the Company's management the Company's audited consolidated balance sheet at December 31, 2022 and consolidated statements of operations and comprehensive loss, cash flows and shareholder's equity for the fiscal year ended December 31, 2022.

The Audit Committee has discussed with Haynie & Company (“Haynie”) the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (“PCAOB”) and the SEC.

The Audit Committee has received the written disclosures and the letter from Haynie required by the applicable requirements of the PCAOB regarding Haynie’s communications with the Audit Committee concerning independence and has discussed with Haynie its independence.

Based on the financial statement review, discussions with Haynie and such other matters deemed relevant and appropriate by the Audit Committee, the Audit Committee recommended to the Board that the Company’s financial statements for the fiscal year ended December 31, 2022 and the related management’s discussion and analysis be included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

*Submitted on behalf of the Audit Committee,*

LOWELL A. SHONK (Chair)  
GERALD W. GRANDEY  
BARTON S. BRUNDAGE

### **Pre-Approval Policies and Procedures**

In accordance with the Audit Committee Charter, the Audit Committee’s responsibilities and powers include pre-approval of permitted non-audit services performed for the Company by the Company’s auditor, subject to any de minimis exception under Section 10A(i)(1)(B) of the Exchange Act any rules promulgated thereunder. Consistent with applicable laws, other than audit, review or attestation services, all other services provided by the Company’s auditor are to be pre-approved by one or more members of the Audit Committee pursuant to authority delegated by the Audit Committee, provided that the Audit Committee is informed of each particular service. All of the engagements and fees discussed below under the heading “Audit, Audit-Related, Tax, and Other Fees” for the fiscal years ended December 31, 2022 and 2021 were pre-approved by the Audit Committee.

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, Audit-Related, Tax, and Other Fees**

On July 29, 2022, BDO USA, LLP (“BDO”) resigned as the independent registered public accounting firm of the Company, with BDO’s resignation becoming effective with the filing of the Company’s quarterly report on Form 10-Q for the quarter ended June 30, 2022. As a result of this resignation, on September 27, 2022, the Company announced that it had engaged Haynie & Company (“Haynie”) as the new independent registered public accounting firm of the Company.

The following table sets forth the aggregate fees billed or expected to be billed by Haynie (Salt Lake City, UT, PCAOB ID#457) for professional services rendered in connection with the fiscal year ended December 31, 2022.

	<b>2022</b>
Audit Fees	\$70,000
Audit-Related Fees	—
Tax Fees	—
All Other Fees	—
<b>Total</b>	<b>\$70,000</b>

The following table sets forth the aggregate fees billed or expected to be billed by BDO (Spokane, WA, PCAOB ID#243) for professional services rendered in connection with the fiscal years ended December 31, 2022 and 2021.

	<b>2022</b>	<b>2021</b>
Audit Fees	\$45,000	\$79,900
Audit-Related Fees	—	—
Tax Fees	26,601	13,700
All Other Fees	5,000	15,000
<b>Total</b>	<b>\$76,601</b>	<b>\$108,600</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.

## SUMMARY COMPENSATION TABLE

Set out below is a summary of compensation paid to the Company’s NEOs during the fiscal years ended December 31, 2022 and 2021.

Name and Principal Position	Year	Salary	Bonus	Option Awards <sup>(1)</sup>	All Other Compensation <sup>(2)</sup>	Total
Brent D. Berg <sup>(3)</sup> <i>President and CEO</i>	2022	\$ 41,666	\$ 60,000	\$ 107,725	\$ 10,095	\$ 219,486
Randall J. Scott <sup>(4)</sup> <i>Former President and CEO</i>	2022	\$ 201,250	\$ -	\$ 682,490	\$ 255,065	\$ 1,138,805
	2021	\$ 230,000	\$ 75,000	\$ 556,795	\$ –	\$ 861,795
Wayne E. Rich <sup>(5)</sup> <i>Chief Financial Officer</i>	2022	\$ 164,557	\$ 50,000	\$ 142,186	\$ –	\$ 356,743

<sup>(1)</sup> The grant date fair value of option-based awards is determined by using the Black-Scholes option valuation model based on assumptions for the risk-free interest rate, expected dividend yield, expected volatility of the Common Shares, and expected life of the options set forth in Notes 3 and 8 to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC.

<sup>(2)</sup> Other compensation includes (i) the reimbursement of \$10,095 in relocation expenses for Mr. Berg and (ii) the payment of \$241,500 in severance and \$13,565 in accrued vacation benefits for Mr. Scott.

<sup>(3)</sup> Mr. Berg was appointed as the President and Chief Executive Officer of the Company on November 1, 2022.

<sup>(4)</sup> Mr. Scott retired as the President and Chief Executive Officer of the Company on November 1, 2022.

<sup>(5)</sup> Mr. Rich was appointed as the Chief Financial Officer of the Company on March 28, 2022.

## Narrative Discussion of Compensation and Plan-Based Awards

### Employment Agreements

The Company has historically maintained employment agreements with its executive officers. The material terms of prior 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 the Company’s benefit plans as are from time to time available to executive officers of the Company.

#### Brent D. Berg

Mr. Berg has had an employment agreement with the Company since November 1, 2022 (the “Berg Employment Agreement”). Pursuant to the Berg Employment Agreement, (i) Mr. Berg’s initial annual base salary is US\$250,000; (ii) Mr. Berg was paid by December 1, 2022 a one-time signing bonus of US\$60,000, which must be repaid to the Company if Mr. Berg terminates his employment for

convenience on or before November 1, 2023; (iii) Mr. Berg was reimbursed for up to US\$20,000 in certain actual, documented relocation expenses; (iv) Mr. Berg will be eligible to receive an annual performance bonus and such long-term incentive awards as may be determined by the Board; and (v) Mr. Berg will be eligible to participate in the employee benefit programs, if offered, of the Company.

Pursuant to the terms of the Berg Employment Agreement, Mr. Berg is entitled to separation benefits in the event that his employment is terminated by the Company without “cause” (as defined in the Berg Employment Agreement) or by Mr. Berg for “good reason” (as defined in the Berg Employment Agreement) due to certain reasons, including a material change in title or duties, a material reduction in compensation, a material breach of the Berg Employment Agreement by the Company or the failure by the Company to maintain reasonable directors and officers liability insurance acceptable to the Board, in each case which the Company has failed to cure. The severance payment to be received by Mr. Berg upon termination under the circumstances described above will be equal to one year of Mr. Berg’s base salary in effect on the date of termination and paid to Mr. Berg in a lump sum 60 days after the date of such termination, provided that Mr. Berg has been with the Company for at least two years. In addition, Mr. Berg’s equity incentive awards will vest as of the date of termination, provided that Mr. Berg executes a general release of claims.

#### Wayne E. Rich

Mr. Rich has had an employment agreement with the Company since March 28, 2022 (the “Rich Employment Agreement”). Pursuant to the terms of the Rich Employment Agreement, (i) Mr. Rich’s initial annual base salary was \$215,000 and is subject to adjustment at the Company’s discretion; (ii) Mr. Rich will be eligible to receive an annual performance bonus and such long-term incentive awards as may be determined by the Board; and (iii) Mr. Rich will be eligible to participate in the employee benefit programs, if offered, by the Company.

Additionally, Mr. Rich is entitled to separation benefits in the event that his employment is terminated by the Company without “cause” or by Mr. Rich for “good reason” (in each case, as defined in the Rich Employment Agreement) due to certain reasons, including a material change in title or duties, a material reduction in compensation, a material geographic relocation, or a material breach of the Rich Employment Agreement by the Company, in each case which the Company has failed to cure. The severance payment to be received by Mr. Rich upon termination under the circumstances described above will be equal to one year of Mr. Rich’s base salary in effect on the date of termination and paid to Mr. Rich in a lump sum 60 days after the date of such termination. In addition, Mr. Rich’s equity incentive awards will vest automatically upon such termination.

#### Randall J. Scott

Mr. Scott had an employment agreement with the Company from April 2013 until November 1, 2022 (the “Scott Employment Agreement”). Pursuant to the terms of the Scott Employment Agreement, (i) Mr. Scott’s annual base salary was \$241,500 as of January 1, 2022 and was subject to adjustment at the Company’s discretion; (ii) Mr. Scott was eligible to receive an annual performance bonus and such long-term incentive awards as may be determined by the Board; and (iii) Mr. Scott was eligible to participate in the employee benefit programs, if offered, by the Company. Additionally, Mr. Scott was entitled to separation benefits in the event that his employment is terminated by the Company without “cause” or by Mr. Scott for “good reason” (in each case, as defined in the Scott Employment Agreement) due to certain reasons, including a material change in title or duties, a material reduction in compensation, a material geographic relocation, or a material breach of the Scott Employment Agreement by the Company, in each case which the Company has failed to cure. The severance payment to be received by Mr. Scott upon termination under the circumstances described above was equal to one year of Mr. Scott’s base salary in effect on the date of termination and paid to Mr. Scott in a lump sum 60 days after the date of such termination. In addition, Mr. Scott’s equity incentive awards would vest automatically upon such termination.

On June 27, 2022, Rare Element Resources, Inc. entered into an amendment to the Scott Employment Agreement to provide for certain terms of Mr. Scott’s planned retirement (the “Scott Employment Agreement Amendment” and the Scott Employment Agreement, as amended by the Scott Employment Agreement Amendment, the “Amended Scott Employment Agreement”). Pursuant to the Scott Employment Agreement Amendment, Mr. Scott continued to serve as the Company’s Chief Executive Officer until November 1, 2022, the date on which Mr. Scott’s successor as Chief Executive Officer commenced employment with the Company. Until November 1, 2022, Mr. Scott performed his duties and responsibilities arising out of his position as the Chief Executive Officer as well as such succession planning and transition activities as were reasonably requested by the Board, including, without limitation, using reasonable efforts to ensure a smooth transition of his duties to the successor Chief Executive Officer or other officers of the Company. Upon the termination of Mr. Scott’s employment with the Company in accordance with the terms of the Amended Scott Employment Agreement, the Company paid to Mr. Scott any accrued vacation benefits. In addition, upon Mr. Scott’s execution of a consulting agreement with the Company and a general release of claims, the Company also paid to Mr. Scott a severance payment equal to one year of Mr. Scott’s base salary as in effect on the date of termination (or \$241,500).

In connection with the Scott Employment Agreement Amendment, the Company entered into a consulting agreement (as described below) with Mr. Scott to provide for the terms of Mr. Scott’s continued service with the Company for a certain period of time following

Mr. Scott's retirement (the "Scott Consulting Agreement"). The term of the Scott Consulting Agreement began on November 1, 2022 and will continue through December 31, 2027, unless terminated sooner in accordance with the terms of the Scott Consulting Agreement.

Pursuant to the Scott Consulting Agreement, Mr. Scott will provide consulting services to the Company on such projects as the Chairman of the Board or the Chief Executive Officer of the Company may reasonably request, and Mr. Scott will reasonably agree, related to the business of the Company, including executive transition services to the Company, periodic advice and counseling to the Chief Executive Officer of the Company and transferring knowledge with respect to legacy items, and may additionally include advising and assisting on such other matters as may be requested by the Board or the Chief Executive Officer from time to time. As consideration for the consulting services provided under the Scott Consulting Agreement, Mr. Scott received a consulting fee at a rate of \$20,125 per month for the period commencing on November 1, 2022 and ended on December 31, 2022. Thereafter, the rate of the consulting fee will be agreed between the Company and Mr. Scott. In addition, all stock options granted to Mr. Scott pursuant to the Rare Element Resources, Ltd. 10% Rolling Stock Option Plan or otherwise will remain outstanding and eligible to vest in accordance with their terms during the term of the Scott Consulting Agreement as if Mr. Scott had remained employed by the Company through the term of the Scott Consulting Agreement.

The Scott Consulting Agreement contains certain restrictive covenants, including a confidentiality covenant and a non-competition covenant restricting Mr. Scott from acquiring any interest in any mining or mill site claims, minerals, real property, royalties, or water within 20 miles from the outside boundaries of any of the properties of the Company.

The Company may terminate the Scott Consulting Agreement if Mr. Scott breaches any of the restrictive covenants set forth in the Amended Scott Employment Agreement or the Scott Consulting Agreement or Mr. Scott disparages the Company or engages in egregious conduct detrimental to the Company. Mr. Scott may terminate the Scott Consulting Agreement at any time after December 31, 2022 upon 10 days' written notice. In addition, the Scott Consulting Agreement will end upon Mr. Scott's death or disability.

### 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, 2022.

#### Outstanding Equity Awards at Fiscal Year-End

Option awards				
Name	Number of securities underlying unexercised options (exercisable)	Number of securities underlying unexercised options (unexercisable)	Option exercise price	Option expiration date
Brent D. Berg	—	250,000 <sup>(1)</sup>	\$0.45	11/01/2032
Randall J. Scott	250,000	—	\$0.07	02/18/2024
	250,000	—	\$0.83	02/13/2025
	250,000	—	\$2.25	04/13/2031
	250,000	250,000 <sup>(2)</sup>	\$1.42	01/05/2032
Wayne E. Rich	—	125,000 <sup>(3)</sup>	\$1.20	03/28/2032

<sup>(1)</sup> The options will vest and become exercisable as follows: 83,333 on November 2, 2023, 83,333 on November 1, 2024, and 83,334 on November 1, 2025.

<sup>(2)</sup> After December 31, 2022, the options vested and became exercisable as follows: 250,000 on January 5, 2023.

<sup>(3)</sup> After December 31, 2022, the options vested and became exercisable as follows: 41,666 on March 28, 2023. The options that will vest and become exercisable are as follows: 41,667 on March 28, 2024, and 41,667 on March 28, 2025.

### POTENTIAL PAYMENTS UPON TERMINATION

Pursuant to the employment agreements with Mr. Berg and Mr. Rich, each NEO is entitled to separation benefits in the event that his employment is or was terminated by the Company without "cause" or by such NEO for "good reason" (in each case, as defined in the applicable employment agreement) due to certain reasons, including a material change in title or duties, a material reduction in compensation, a material geographic relocation, or a material breach of such employment agreement by the Company, in each case which the Company has failed to cure. The separation benefits to be received by such NEO upon termination under the circumstances described above must equal such NEO's base salary in effect on the date of termination. The separation benefits are not contingent upon any change in control and are to be paid to such NEO in a lump sum 60 days after the date of such termination. In addition, such NEO's equity incentive awards vest automatically upon such termination.

The table below sets out the estimated payments due to the applicable NEO employed by the Company as of December 31, 2022 on a qualifying termination without cause, assuming termination took place pursuant to such employment agreement:

<b>Name</b>	<b>Base Salary</b>	<b>Total <sup>(1)</sup></b>
Brent D. Berg	\$0	\$0
Randall J. Scott <sup>(2)</sup>	\$241,500	\$241,500
Wayne E. Rich	\$215,000	\$215,000

- (1) Termination payments, if applicable, are made in a lump sum to the applicable NEO upon a qualifying termination. Once Mr. Berg has been with the Company for at least two years (i.e., beginning on November 1, 2024), the severance payment to be received by Mr. Berg upon a qualifying termination will be equal to one year of Mr. Berg's base salary in effect on the date of termination.
- (2) The amounts reported in the table above for Mr. Scott represent termination payments actually made to Mr. Scott in connection with his retirement.

## **PAY VERSUS PERFORMANCE DISCLOSURE**

The following pay versus performance disclosure is new this year, as required by rules recently adopted by the SEC in the fall of 2022. The disclosure required for smaller reporting companies consists of a Pay Versus Performance ("PvP") Table and reconciliation of the information reported in the table. The SEC believes this disclosure will help shareholders better evaluate the link between executive pay and performance, both for the Company on a stand-alone basis and as compared to other publicly traded companies.

The PvP Table is highly regulated and requires pay disclosures that are significantly different than what we have customarily provided in the Summary Compensation Table ("SCT") and the other executive compensation tables in prior years. The table currently provides SEC mandated compensation data for fiscal years 2021 and 2022 for our NEOs, along with certain financial performance measures. In reviewing the table, our shareholders should note the following:

- The amounts in columns (b) and (d) of the table are taken from or derived directly from the total compensation paid to the relevant NEOs as reported in this year's or prior years' SCT;
- The Compensation Actually Paid ("CAP") totals in columns (c) and (e) represent a new type of compensation disclosure mandated by the SEC, the intent of which is to try and isolate the amount of compensation earned by the relevant NEO(s) in each year. To calculate CAP, we are required to start with the totals for that year as reported in the SCT, deduct the SCT values for stock and option awards, and then add back amounts for new and previously outstanding stock and option awards in a manner mandated by the SEC. The disclosure and calculations are complex and can be confusing, and the amounts determined in accordance with the rules often bear no relation to the money or the economic value received or monetized by a particular NEO in the given year. We therefore caution that the term CAP should not be read literally and does not actually reflect the "take home" amounts received by our NEOs in a given year; and
- The SEC rules require that we include in the PvP Table information regarding our U.S. GAAP net loss results (as reported in column (g)). U.S. GAAP net loss was not a performance metric in any of our compensation programs and did not affect the compensation awarded to our NEOs for the years covered by the PvP Table. We are nonetheless required to include such information in the table, and we urge our investors to keep in mind that U.S. GAAP net loss was not a factor in the determination of the amounts of pay awarded to or realized by our NEOs and the NCG&C Committee did not consider the pay versus performance measure when making its incentive compensation decisions.

The following table sets forth information concerning the compensation of our principal executive officers, or "PEOs," and the compensation of our other non-PEO NEO, for each of the years ended December 31, 2022 and 2021, as such compensation relates to our financial performance for each year.

## Pay Versus Performance Table

Year	SCT Total for PEO (Scott)	SCT Total for PEO (Berg)	CAP to PEO (Scott)	CAP to PEO (Berg)	SCT Total for Non-PEO NEOs	CAP to Non-PEO NEOs	Value of Initial Fixed \$100 Investment Based on Total Shareholder Return	Net Loss (dollars in thousands)
(a)	(b)	(b)	(c)	(c)	(d)	(e)	(f)	(g)
2022	\$1,138,805	\$219,486	\$416,253	\$202,569	\$356,743	\$258,872	\$30.71	(\$9,426)
2021	\$861,795	\$ –	\$646,501	\$ –	\$ –	\$ –	\$116.28	(\$5,402)

1. Mr. Scott was the Company's PEO through November 1, 2022. Mr. Berg was appointed the PEO on November 1, 2022. The following table contains a reconciliation of the amounts reflected in the SCT for each of Messrs. Scott and Berg for each year covered in the PvP Table (as reported in column (b) above) as compared to the CAP to each of Messrs. Scott and Berg for each such covered year (as reported in column (c) above).

	Mr. Scott		Mr. Berg
	2022	2021	2022
<b>SCT totals for PEOs for the covered year</b>	\$1,138,805	\$861,795	\$219,486
<i>Less:</i> Stock awards as reported in the SCT for the covered year	(\$682,490)	(\$556,795)	(\$107,725)
<i>Plus:</i> Fair value of stock awards granted during the covered fiscal year - valued at year-end	\$179,119	\$291,579	\$90,808
<i>Plus (Minus):</i> Change in fair value of stock awards granted in a prior fiscal year that vested during the covered year	(\$219,182)	\$34,486	\$ –
<i>Plus (Minus):</i> Change in fair value of stock awards granted in a prior fiscal year that were unvested at the end of covered year	\$ –	\$15,455	\$ –
<b>Compensation Actually Paid to the PEOs for the covered year</b>	\$416,253	\$646,501	\$202,569

2. The following table contains a reconciliation of the amounts reflected in the SCT for the Company's non-PEO NEO for each year covered in the PvP Table above (as reported in column (d) above) as compared to the CAP to the non-PEO NEO for each such covered year (as reported in column (e) above). The Company did not have a non-PEO NEO in fiscal year 2021. The Company's non-PEO NEO whose compensation is used to calculate the amounts in the PvP Table above for fiscal year 2022 is Mr. Rich.

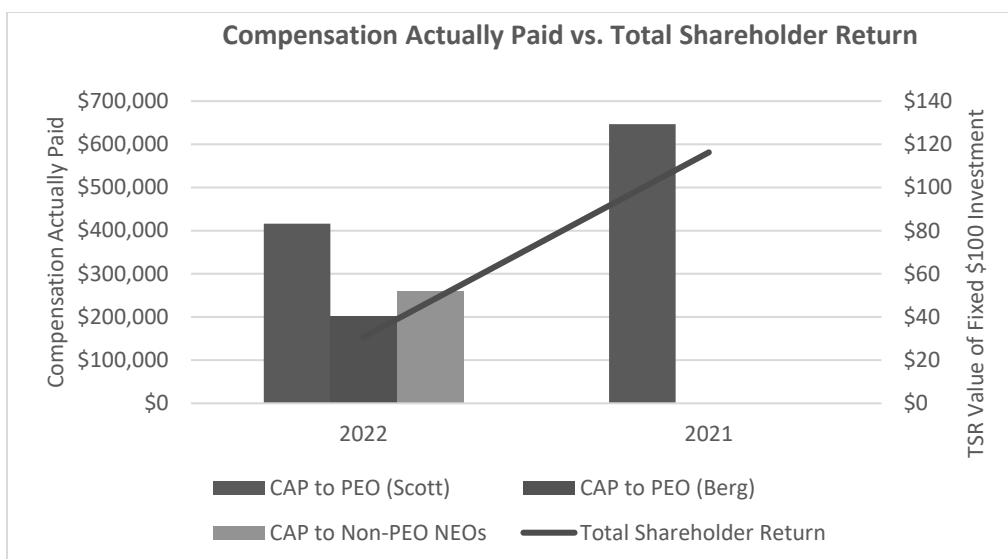
	2022
<b>SCT total for non-PEO NEO for the covered year</b>	\$356,743
<i>Less:</i> Stock awards as reported in the SCT for the covered year	(\$142,315)
<i>Plus:</i> Fair value of stock awards granted during the fiscal year - valued at year-end	\$44,315
<i>Plus (Minus):</i> Change in fair value of stock awards granted in a prior fiscal year that vested during the covered year	\$ –
<i>Plus (Minus):</i> Change in fair value of stock awards granted in a prior fiscal year that were unvested at the end of covered year	\$ –
<b>Compensation Actually Paid to the non-PEO NEO for the covered year</b>	\$258,872

## Analysis of the Information Presented in the Pay Versus Performance Table

Because we are a pre-production stage mining company, we did not generate any revenues from continuing operations during the periods presented. Consequently, we have not historically focused on net income (loss) as a performance measure for our executive compensation programs and as noted above, the NCG&C Committee does not consider the pay versus performance measure when making its incentive compensation decision.

From 2021 to 2022, our net loss increased by \$4.0 million, increasing from \$5.4 million in 2021 to \$9.4 million in 2022, due in large part to our increased spending on the Demonstration Plant. During this same period, the CAP to our PEOs decreased slightly, falling from \$646,501 in 2021 to \$618,822 in 2022.

The following chart illustrates, across the years covered in the PvP Table, the relationships between CAP to our PEOs and non-PEO NEO and total shareholder return over those same periods.



### DIRECTOR COMPENSATION

Non-employee directors other than the Chairman and the Synchron director designees receive annual compensation of \$15,000, paid pro rata on a quarterly basis. The Chairman receives annual compensation of \$37,500 per year. The non-Synchron directors of the Company are encouraged to hold Common Shares, thereby aligning their interests with those of the shareholders. In addition to the annual compensation and any stock option awards, the Company pays compensation to the Chair of the Audit Committee of \$10,000 and the Chair of the NCG&C Committee of \$6,500 per year. The Synchron director designees elected not to receive any director compensation, including stock options.

The following table sets forth information regarding the compensation received by each of the Company's non-employee directors during the fiscal year ended December 31, 2022:

#### Director Compensation

Name	Fees earned or paid in cash (\$)	Option awards (\$) <sup>(6)</sup>	All other compensation (\$)	Total (\$)
Gerald W. Grandey	37,500	409,494	—	446,994
Barton S. Brundage <sup>(1)</sup>	—	—	—	—
Nicole J. Champine <sup>(1)(2)</sup>	—	—	—	—
Kelli C. Kast <sup>(3)</sup>	5,322	—	—	5,322
Kenneth J. Mushinski <sup>(1)(2)</sup>	—	—	—	—
David I. Roberts <sup>(1)</sup>	—	—	—	—
Paul J. Schlauch <sup>(4)</sup>	13,685	272,996	—	286,681
Lowell A. Shonk <sup>(5)</sup>	25,000	272,996	—	297,996

<sup>(1)</sup> Synchron's director designees on the Board, Ms. Champine and Messrs. Brundage, Mushinski and Roberts, elected not to receive any director compensation, including stock options.

<sup>(2)</sup> On March 31, 2022, Mr. Mushinski resigned as a director of the Company and Ms. Champine replaced him on the Board.

<sup>(3)</sup> Ms. Kast was elected as a director on August 23, 2022. Ms. Kast is a consultant to Rare Element Resources, Inc., a subsidiary of the Company, and was paid \$307,750 in consulting fees during fiscal year 2022 in addition to her director's compensation.

In addition, in 2022, Ms. Kast received stock options with a grant date fair value of \$682,490 in connection with her service as a consultant to Rare Element Resources, Inc.

- (4) Mr. Schlauch's term as a director of the Company ended on August 23, 2022, as he did not stand for reelection as a director of the Company at the annual meeting of shareholders held on that day.
- (5) Mr. Shonk will not be standing for re-election as a director of the Company at the Meeting.
- (6) The amounts in this column represent the grant date fair value of option awards determined by using the Black-Scholes option valuation model based on assumptions for the risk-free interest rate, expected dividend yield, expected volatility of the Common Shares, and expected life of the options set forth in Notes 3 and 8 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC.

#### **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, nor any associate or affiliate of the foregoing persons, are or have been indebted to the Company since the beginning of the fiscal year ended December 31, 2022.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

For information with respect to securities of the Company authorized for issuance under the Company's equity compensation plans please see "Part II—Equity Compensation Plan Information" in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2022, which is available under the Company's profile at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml) and which is also available free of charge upon request to the Company.

#### **INTERESTS 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 fiscal year in matters to be acted upon at the Meeting, other than the election of directors.

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

##### **Engagement of Umwelt-und Ingenieurtechnik GmbH Dresden**

In January 2021, the Board approved \$500,000 for test work by Umwelt-und Ingenieurtechnik GmbH Dresden ("UIT"), an affiliate of Synchron, in the first half of 2021 to include optimizing of certain process steps, developing scale-up design criteria for the Demonstration Plant, and confirming operating and capital cost estimates. The three directors of Rare Element nominated by Synchron abstained from deliberating or voting on the matter because Synchron is a significant shareholder of the Company and is an affiliate of UIT. The 2021 contract work by UIT was completed in August 2021 and a report was issued with recommendations to proceed with the incorporation of the technology in the Demonstration Plant project. For the year ended December 31, 2021, the Company paid approximately \$740,000 for services rendered under the agreement with UIT. There were no amounts owed to UIT as of December 31, 2021 or December 31, 2022.

##### **Cost Share Agreement with General Atomics**

On November 30, 2021, the Company and General Atomics, a California corporation and an affiliate of Synchron ("General Atomics"), entered into a Cost Share Funding Assumption Agreement (the "Cost Share Agreement") pursuant to which the Company agreed to assume and pay for certain costs incurred by General Atomics and the consortium for the design, construction, and operation of the Demonstration Plant near the Bear Lodge REE Project in Upton, Wyoming.

In January 2021, the DoE announced that a consortium of companies, which includes the Company, led by General Atomics, an affiliate of Synchron, and certain of its affiliates, and LNV, an Ardurra Group, Inc. company, as engineering and construction subcontractor, was selected for a potential financial award in the amount of \$21.9 million for the engineering, construction and operation of the Demonstration Plant. The DoE award was finalized through a cooperative agreement dated October 1, 2021 (the "Cooperative Agreement") between General Atomics and the DoE with respect to the engineering, permitting, licensing, construction and operation

of the Demonstration Plant. The Cooperative Agreement provides that up to approximately \$43.9 million in allowable costs for the Demonstration Plant would be funded on a cost-share basis, 50% by the DoE and 50% by a non-federal entity.

Pursuant to the terms of the Cost Share Agreement, the Company is obligated to make payments totalling \$21.9 million to General Atomics, as leader of the consortium, for its share of the assumed costs for the Demonstration Plant, \$6.7 million of which had been paid through December 31, 2022.

The term of the Cost Share Agreement will continue until the date of completion of the Demonstration Plant, unless terminated earlier by either party. Either party may terminate the Cost Share Agreement immediately upon written notice to the other party if any of the following events occurs: (a) the Cooperative Agreement is terminated for any reason prior to the completion of the Demonstration Plant; (b) the other party commits a material breach of its obligations under the Cost Share Agreement and fails to cure such breach within 30 days; or (c) the other party makes an assignment for the benefit of its creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, or commences any insolvency or bankruptcy proceedings. Upon any early termination of the Cost Share Agreement, the Company must pay for all costs incurred by or on behalf of General Atomics to wind down the Demonstration Plant other than any allowable costs for such wind-down paid for by the DoE.

#### **Professional Services Agreement with Ms. Kast**

Ms. Kast is, and has been since June 2015, a consultant of Rare Element Resources, Inc., a subsidiary of the Company, and has served as a Board member since August 2023. From July 2012 to May 2015, Ms. Kast served as the Vice President, General Counsel, Chief Administrative Officer, and Corporate Secretary of the Company. On February 17, 2021, Rare Element Resources, Inc. entered into an updated professional services agreement, effective as of March 1, 2021, with Ms. Kast (the “Professional Services Agreement”) that has since been extended on an annual basis and which currently runs through December 31, 2023. Pursuant to the Professional Services Agreement, Ms. Kast performs business consulting and administrative oversight services for Rare Element Resources, Inc., and the Company. The Professional Services Agreement provides that Ms. Kast shall be paid a monthly retainer and shall be eligible for an annual performance bonus at the discretion of the Board. For the fiscal years 2022 and 2021, Ms. Kast was paid monthly retainers of \$19,250 and \$18,333, respectively, and received cash bonuses of \$75,000 each year. Ms. Kast’s monthly retainer was adjusted to \$20,208 in 2023.

Ms. Kast is also eligible for stock option grants pursuant to the Company’s equity incentive plan and as approved by the Board. On January 5, 2022 and April 13, 2021, Ms. Kast received stock option grants of 500,000 and 225,000, respectively, that vested (i) 50% each on July 5, 2022, and January 5, 2023 for the 2022 grant, and (ii) 50% each on December 15, 2021, and December 15, 2022 for the 2021 grant. On January 4, 2023, Ms. Kast received a stock option grant of 225,000, which shall vest 50% each on July 4, 2023, and January 4, 2024, respectively.

#### **Legal and Consulting Arrangements with Mr. Hickey**

In June 2022, Mr. Hickey was retained as a consultant to Rare Element Resources, Inc., a subsidiary of the Company, and was paid \$35,000 during 2022 for business and community relations services. Mr. Hickey has previously served as an advisor to affiliates to Synchron, the Company’s majority shareholder, in several capacities, including serving as registered agent in the state of Wyoming for which he receives compensation of approximately \$5,000 annually. Prior to his retirement as a partner of Hickey & Evans, LLP, he served as counsel to General Atomics (an affiliate of Synchron) and certain of its affiliates for various matters from 1980 through 2022.

### **MANAGEMENT CONTRACTS**

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.



Except for the agreements with UIT, the Cost Share Agreement with General Atomics the Professional Services Agreement with Ms. Kast, and the legal and consulting services arrangements with Mr. Hickey referenced above, there are no material interests, direct or indirect, of any other director nominee or any of the current directors, executive officers, or any shareholder that 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, 2021, 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, including director nominees, 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 of shareholders. 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 2024 annual meeting of shareholders of the Company, shareholder proposals prepared in accordance with applicable laws must be received at the Company's registered office on or before May 22, 2024.

### **Advance Notice Policy**

The Board adopted an advance notice policy (the "Advance Notice Policy") on November 7, 2012. The purpose of the Advance Notice 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 Advance Notice 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 Advance Notice 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 15th day following the day on which the first public announcement of the date of the special meeting was made. The full text of the Advance Notice Policy is available under the Company's profile at [www.sedar.com](http://www.sedar.com).

## **DELINQUENT SECTION 16(a) REPORTS**

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 for the fiscal years ended December 31, 2021 and December 31, 2022, all required reports were filed on a timely basis under Section 16(a), except that Mr. Shonk filed an amended Form 4 on June 22, 2023 in connection with one transaction that occurred on December 13, 2021 and that any other late reports were previously disclosed in the Company's management information and proxy circular filed on July 7, 2022.

## **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 Common 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 fiscal year ended December 31, 2022, the shareholder may receive copies by contacting the Corporate Secretary of the Company at P.O. Box 271049, Littleton, Colorado 80127. 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 Common 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.

DATED at Littleton, Colorado, the 10th day of July, 2023.

## **ON BEHALF OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Brent D. Berg', with a long horizontal stroke extending to the right.

**BRENT D. BERG**

*President, Chief Executive Officer and Director*

## **APPENDIX “A”**

### **Audit Committee Charter**

#### **RARE ELEMENT RESOURCES LTD.**

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#### **AUDIT COMMITTEE CHARTER (As Confirmed March 15, 2016)**

There shall be a committee of the Board of Directors (the “Board”) of Rare Element Resources Ltd., a corporation incorporated under the laws of British Columbia, Canada (“Rare Element”), to be known as the Audit Committee (the “Committee”), whose membership, authority and responsibilities shall be as set out in this Charter.

#### **PRIMARY FUNCTION**

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through (a) overseeing the integrity of Rare Element’s financial statements and financial reporting process and Rare Element’s systems of internal accounting and financial controls; (b) overseeing the performance of the internal auditors; (c) recommending the selection of, retaining and monitoring the independence and performance of Rare Element’s outside auditors, including overseeing the work of the outside auditors who audit and prepare or issue an auditors’ report of Rare Element’s financial statements, and approving any non-audit services; and (d) facilitating communication among the outside auditors, management, internal auditors and the Board (collectively, the Committee’s “Purpose”).

#### **MEMBERSHIP**

Following each annual meeting of the shareholders of Rare Element, the Board shall elect no fewer than three directors (the “Members”) to the Committee and shall appoint one of the Members to chair the Committee. Each Member shall meet the independence requirements imposed by applicable law.

The Committee may form and delegate authority to subcommittees when and where appropriate. Any Member may be removed from office or replaced at any time by the Board and shall cease to be a Member upon ceasing to be a director. Each Member shall hold office until the close of the next annual general meeting of shareholders of Rare Element or until the Member ceases to be a director, resigns or is removed or replaced, whichever first occurs.

A Member shall be considered independent if (a) he or she is not currently and has not been during the past three years, an employee or executive officer of Rare Element or its subsidiaries, other than as allowed by applicable law; (b) he or she has not accepted, directly or indirectly, any consulting, advisory or other compensatory fee from Rare Element or its subsidiaries other than in connection with serving on the Committee, any other Board committee or as a Board member, or as part-time chair or vice-chair of the Board or any board committee; (c) he or she is not an “affiliated person” of Rare Element or any of its subsidiaries as defined by rules of the Securities and Exchange Commission (“SEC”), including Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); (d) he or she does not have a “material relationship” with Rare Element as defined by National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators; and (e) he or she meets all other requirements for independence imposed by law from time to time and any requirements imposed by any applicable body having jurisdiction over Rare Element.

No Member shall have participated in the preparation of the financial statements of Rare Element or its subsidiaries at any time during the past three years.

All Members shall, from the time of their respective appointments to the Committee, have a practical knowledge of finance and accounting and be able to read and understand fundamental financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Rare Element’s financial statements. In addition, Members may be required to participate in continuing education if required by applicable law.

At least one of the Members shall be a “financial expert” as defined by Item 407(d)(5) of Regulation S-K, unless otherwise determined by the Board. These designations do not impose on such person any duties, obligations, or liability that are greater

than the duties, obligations, and liability imposed on such person as a Member of the Committee and Board in the absence of such designation or identification; and the designation or identification of a Member as an “financial expert” does not affect the duties, obligations, or liability of any other Member or Board member.

## **MEETINGS**

The Committee shall meet as frequently as is necessary to carry out its responsibilities, but at least quarterly, at such times and location determined by the Committee chairman. The Committee is governed by the rules regarding meetings (*including meetings by conference telephone or similar communications equipment*), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the constating documents of Rare Element, or (c) applicable law.

In the absence of the Committee chairman from any meeting, the Members shall elect a chairman from those in attendance to act as chairman of that meeting.

The Committee chairman shall appoint a secretary for each meeting of the Committee and shall maintain minutes of all meetings and deliberations of the Committee.

## **REPORTING**

Following each meeting of the Committee, the Committee chairman shall report to the Board issues before the Committee and actions taken by the Committee or recommended to be taken by the Board.

## **RESPONSIBILITIES, DUTIES AND POWERS**

The Committee’s principal responsibility in furtherance of the Purpose is one of oversight. Rare Element’s management is responsible for preparing Rare Element’s financial statements, and Rare Element’s outside auditors are responsible for auditing and reviewing those financial statements. In carrying out these oversight responsibilities, the Committee is not providing any expert or special assurance as to Rare Element’s financial statements or any professional certification as to the outside auditors’ work.

The Committee’s specific responsibilities and powers are as set forth below.

1. Periodically review with management and the outside auditors the applicable law relating to the qualifications, activities, responsibilities and duties of audit committees and the Committee’s compliance therewith, and also take, or recommend that the Board take, appropriate action to comply with such law.
2. Meet separately at least annually with each of Rare Element’s senior management, including its Chief Financial Officer or Corporate Controller, and outside auditors in separate executive sessions to discuss any matters that the Committee or each of these persons believes should be discussed privately.
3. Establish procedures for: (a) the receipt, retention and treatment of complaints received by Rare Element regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of Rare Element of concerns regarding questionable business conduct, accounting or auditing matters.
4. Perform the following: (a) determine the compensation to be paid to outside auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Rare Element; (b) determine the compensation to any advisors employed by the Committee; and (c) arrange for the payment by Rare Element of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
5. Review and approve Rare Element’s hiring policies regarding partners, employees and former partners and employees of the present and former outside auditor of Rare Element.

6. Review and approve annual reports of the Committee for inclusion in the proxy circulars for Rare Element's annual meetings.
7. Investigate any matter brought to its attention related to reports of improper business conduct, financial, accounting and audit matters.
8. Undertake such additional responsibilities as from time to time may be delegated to it by the Board, required by Rare Element's constating documents or required by applicable law.

#### *Auditor Independence*

9. Be directly responsible for the recommendation to the Board of, appointment of, compensation, retention, termination and oversight, subject to the requirements of applicable law, of the work of any outside auditor engaged by Rare Element for the purpose of preparing or issuing an audit report or performing other audit, review or attest services. The outside auditors shall report directly to the Committee.
10. Receive from the outside auditors, review and discuss not less frequently than annually, a formal written statement delineating all relationships between the outside auditors and Rare Element, consistent with the Independence Standards Board, Standard No. 1, regarding relationships and services, which may impact the objectivity and independence of the outside auditors, and other applicable standards. The statement shall include a description of all services provided by the outside auditors and the related fees. The Committee shall actively discuss any disclosed relationships or services that may impact the objectivity and independence of the outside auditors and take appropriate action to satisfy itself of the independence of the auditors.
11. Pre-approve all engagement letters and fees for all auditing services (*including providing comfort letters in connection with securities underwritings*) and permitted non-audit services performed for Rare Element or any of its subsidiaries by the outside auditors, subject to any de minimus exception under Section 10A(i)(1)(B) of the Exchange Act and any rules promulgated thereunder. Preapproval authority may be delegated to a Member or a subcommittee, and any such Member or subcommittee shall report any decisions to the full Committee at its next scheduled meeting. The Committee shall not approve an engagement of outside auditors to render non-audit services that are prohibited by applicable law.
12. Obtain annual assurance from the outside auditors that they (a) have complied with Section 10A (Audit Requirements), of the Exchange Act and the rules promulgated thereunder, and (b) know of no violation of Rule 13b2-2 (Representations and Conduct in Connection with the Preparation of Required Reports and Documents) of the Exchange Act having occurred.
13. Review with the outside auditors, at least annually, the auditors' internal quality control procedures and any material issues raised by the most recent internal quality peer review of the outside auditors.

#### *Internal Control*

14. Review annually the adequacy and quality of Rare Element's financial and accounting staff, the need for and scope of internal audit reviews, and the plan, budget and the designations of responsibilities for any internal audit.
15. Review the performance and material findings of internal audit reviews.
16. Review annually, evaluate and discuss with the outside auditors, management and internal audit, management's report on internal controls over financial reporting and the related auditor's report, when and as required by Section 404 of the Sarbanes-Oxley Act. Discuss any significant deficiencies in the design or operation of Rare Element's internal controls, material weaknesses in internal controls, any fraud (*regardless of materiality*), as well as any significant changes in internal controls implemented by management during the most recent reporting period. Determine whether any internal control recommendations made by outside auditors have been implemented by management.

17. Review major financial, operating and other risk exposures and the guidelines, policies and insurance that management has put in place to govern the process of assessing, controlling, managing and reporting such exposures. Receive reports from officers responsible for oversight of particular risks within Rare Element upon change of any relevant policy, practice or circumstance within their department.
18. Review and evaluate at least annually Rare Element's policies and procedures for maintaining and investing cash funds and for hedging (*metals, foreign currency, etc.*) as detailed in the corporate treasury policy. Approve any variations from the corporate treasury policy that may be required from time to time.
19. Evaluate whether management is setting the appropriate tone at the top by communicating the importance of internal controls and ensuring that all supervisory and accounting employees understand their roles and responsibilities with respect to internal controls.

#### *Annual and Interim Financial Statements*

20. Review, evaluate and discuss with Rare Element's management and outside auditors (a) the nature and extent of any significant changes in Canadian and U.S. accounting principles, (b) the application of significant accounting and reporting principles, (c) practices and procedures applied in preparing the financial statements, (d) all critical accounting policies and practices to be used, (e) any major changes to Rare Element's accounting or reporting principles, practices or procedures, including those required or proposed by professional or regulatory pronouncements and actions, as brought to its attention by management or the outside auditors, and (f) any material written communications between the outside auditors and management, such as any management letter or schedule of unadjusted differences.
21. Review and discuss with outside auditors alternative treatments of financial information under generally accepted accounting principles, including pro forma financial information, the ramifications of each treatment and the method preferred by the outside auditors.
22. Review and discuss with outside auditors the matters required to be discussed by Statement on Auditing Standards No. 114 (The Auditor's Communication With Those Charged With Governance) relating to the conduct of the audit. Review the scope, plan and procedures to be used on the annual audit and receive confirmation from the outside auditors that no limitations have been placed on the scope or nature of their audit scope, plan or procedures.
23. Review the results of any difficulties, differences, disagreements or disputes with management encountered by the outside auditors during the course of the audit or reviews of Rare Element's financial statements or financial reporting and be responsible for overseeing the resolution of such difficulties, differences, disagreements and disputes.
24. Review, evaluate and discuss with the outside auditors and management Rare Element's audited annual financial statements and other information that is to be included in Rare Element's annual report on Form 10-K, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the results of the outside auditors' audit of Rare Element's annual financial statements, including the accompanying footnotes, and the outside auditors' report, and determine whether to recommend to the Board that the financial statements are satisfactory in form and substance to be included in Rare Element's annual report on Form 10-K for filing with the SEC.
25. Review and discuss with the outside auditors and management Rare Element's quarterly financial statements and other information to be included in Rare Element's quarterly reports on Form 10-Q, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", prior to filing such reports with the SEC. The Committee shall also discuss the results of the outside auditors' review of Rare Element's quarterly financial information conducted in accordance with Statement on Auditing Standards No. 100.

#### *Related Party Transactions*

26. Review and oversee any transaction or contract involving Rare Element and a related party exceeding or likely to exceed the lesser of \$120,000 or one percent of the average of the Rare Element's total assets at year-end for the last two

completed fiscal years. For these purposes, a “related party transaction” includes any transaction required to be disclosed pursuant to Item 404 of Regulation S-K.

#### *Financial Related Press Releases*

27. Review and discuss with management and, if appropriate, the outside auditors, prior to release, all press releases containing guidance regarding the financial position or earnings (including profit or loss) of Rare Element, any financial and/or earnings (including profit or loss) results, as well as related guidance with respect to projected economic returns from financial models for prefeasibility or feasibility studies or similar, if any, provided by Rare Element to analysts and rating agencies.
28. Satisfy itself that adequate procedures are in place for the review of Rare Element’s public disclosure of financial information extracted or derived from Rare Element’s financial statements, other than the press releases referred to in paragraph 27, and periodically assess the adequacy of those procedures.

#### *Compliance with Law and Regulations*

29. Meet at least annually with management, and as appropriate outside auditors and outside counsel, to discuss compliance matters, including compliance with applicable laws and regulations (*including those relating to insider reporting*) in all operating jurisdictions, any correspondence with, or other action by, regulators or governmental agencies, any employee complaints or published reports that raise concerns regarding Rare Element’s financial statements, the effectiveness of Rare Element’s systems for monitoring compliance with laws and regulations and the results of the investigation and follow-up (*including disciplinary action*) on any fraudulent acts or accounting irregularities.

#### *Compliance with Corporate Business Conduct or Ethics Policies*

30. Review with management, the outside auditors and legal counsel, as the Committee deems appropriate, actions taken to ensure compliance with any code of ethics or conduct for Rare Element established by the Board.
31. Review at least annually Rare Element’s Business Conduct Policy and any other code of ethics adopted to comply with Section 406 of the Sarbanes-Oxley Act.
32. Evaluate whether management is setting the appropriate tone at the top by communicating the importance of Rare Element’s ethics and conduct codes.

#### *Reporting and Review Procedures*

33. In the performance of any of its duties and responsibilities, the Committee shall have access to any and all personnel and books and records of Rare Element and its subsidiaries necessary for the execution of the Committee’s obligations and may request from the officers of Rare Element or any of its subsidiaries such records and other matters considered appropriate.
34. The Committee shall have the power and authority to conduct or authorize studies and investigations into any matter of interest or concern within the scope of its responsibilities that the Committee deems, in its sole discretion, to be appropriate and have the authority to retain independent counsel, consultants or other experts to assist in the conduct of any such study or investigation, including the authority to approve fees payable to such experts and any other terms of retention
35. Review, at least annually, the Committee’s duties, responsibilities and performance and determine if any changes in practices of the Committee or amendments to this Charter are desired or necessary.
36. Undertake such additional responsibilities as from time to time may be delegated to the Committee by the Board, required by Rare Element’s constating documents or required by applicable law.

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