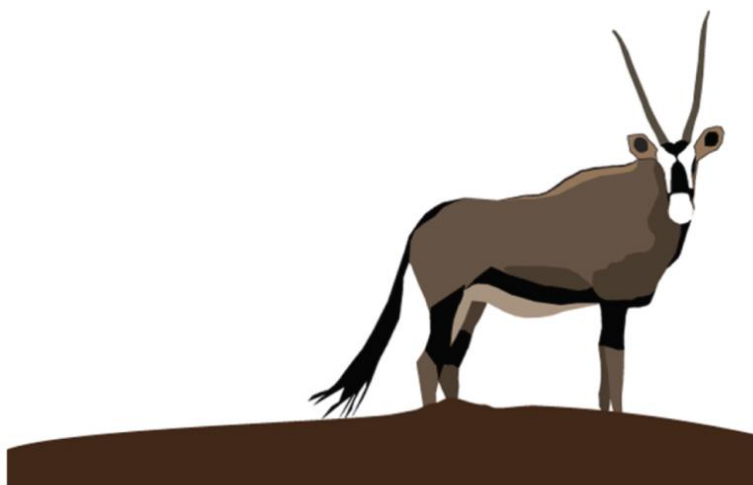


NAMIBIA RARE EARTHS INC.



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Notice of Annual Meeting of Shareholders & Management Information Circular

MEETING TO BE HELD MAY 26, 2015

NAMIBIA RARE EARTHS INC.
Suite 306, Royal Bank Building,
1597 Bedford Highway
Halifax, Nova Scotia B4A 1E7

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting (the “**Meeting**”) of the Shareholders of Namibia Rare Earths Inc. (the “**Company**”) will be held in the Multi-Purpose Room, at the offices of McInnes Cooper, at Purdy's Wharf Tower II, 1300-1969 Upper Water Street, Halifax, NS B3J 2V1, on Tuesday, May 26, 2015 at 10:00 a.m. (Halifax time), for the following purposes:

1. To receive the consolidated financial statements of the Company for the year ended November 30, 2014, together with the Report of the Auditors thereon;
2. To elect Directors of the Company for the forthcoming year;
3. To appoint the Auditors of the Company for the forthcoming year and to authorize the Directors to fix the Auditors' remuneration; and
4. To transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Circular accompanying and forming part of this Notice.

Only Shareholders of record at the close of business on March 31, 2015 are entitled to receive notice of the Meeting and to vote at the Meeting.

To assure your representation at the Meeting, please complete, sign, date and return the enclosed proxy, whether or not you plan to personally attend. Sending your proxy will not prevent you from voting in person at the Meeting. All proxies completed by **registered Shareholders** must be returned to the Company:

- (a) by delivering the proxy to the Company's transfer agent, Computershare Investor Services Inc. at its office at 2008 - 1969 Upper Water Street, Halifax, NS B3J 3R7, for receipt not later than Friday May 22, 2015, at 5:00p.m. (Halifax time); or
- (b) by internet or telephone, as instructed in the enclosed form of proxy, not later than Friday May 22, 2015, at 5:00 p.m. (Halifax time).

Non-registered Shareholders whose Shares are registered in the name of an intermediary should carefully follow voting instructions provided by the intermediary. More detailed description on returning proxies by non-registered Shareholders can be found on page 2 of the attached Management Information Circular.

DATED at Halifax, Nova Scotia, this 8th day of April, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

“Gerald J. McConnell”

Gerald J. McConnell, Chief Executive Officer

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INFORMATION REGARDING ORGANIZATION AND CONDUCT OF MEETING

Solicitation of Proxies

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF NAMIBIA RARE EARTHS INC. (the “**Company**”) for use at the Annual Meeting of Shareholders of the Company to be held in the Multi-Purpose Room, at the offices of McInnes Cooper, at Purdy's Wharf Tower II, 1300-1969 Upper Water Street, Halifax, NS B3J 2V1, at 10:00 a.m. (Halifax time) on Tuesday, May 26, 2015 (the “**Meeting**”) or at any adjournment thereof for the purposes set forth in the accompanying Notice of Meeting. Solicitation of proxies will be by mail or courier supplemented by telephone or other personal contact by employees or agents of the Company at nominal cost, and all costs thereof will be paid by the Company. The Company is sending all proxy related material directly to non-objecting beneficial owners and will also pay the fees and costs of intermediaries for their services in transmitting proxy related material to objecting beneficial owners in accordance with National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”). Unless otherwise specified, the information in this Management Information Circular is current as at April 8, 2015. Unless otherwise indicated, all references to “\$” or “C\$” in this circular refer to Canadian dollars. References to “US\$” in this circular refer to United States dollars.

The Board of Directors of the Company has fixed the record date for the Meeting as the close of business on March 31, 2015 (the “**Record Date**”). If a person acquires ownership of common shares of the Company (“**Shares**”) subsequent to the Record Date he may establish a right to vote by delivering evidence of ownership of his Shares satisfactory to the Board of Directors and the request for his name to be placed on the voting list to Janice Stairs, the Company's General Counsel, at Suite 306, Royal Bank Building, 1597 Bedford Highway, Halifax, NS B4A 1E7. Subject to the above, all registered holders of Shares at the close of business on the Record Date (the “**Shareholders**”) will be entitled to vote at the Meeting. Such registered Shareholders will be entitled to one vote each on a show of hands and one vote per Common Share on a poll.

Two or more persons present in person or by proxy representing at least 5% of the Shares entitled to vote at the Meeting will constitute a quorum at the Meeting.

Appointment and Revocation of Proxies

A Shareholder who has given a proxy may revoke it at any time insofar as it has not been exercised. In addition to any other manner permitted by law, a Shareholder who has given an instrument of proxy may revoke it by instrument in writing, executed by the Shareholder or by his attorney authorized in writing, or if the Shareholder is a Company, under its corporate seal, and deposited either with the Company's General Counsel, at Suite 306, Royal Bank Building, 1597 Bedford Highway, Halifax, NS B4A 1E7 or with the Company's transfer agent, Computershare Investor Services Inc. (“**Computershare**”) at its Halifax office at 2008 - 1969 Upper Water Street, Halifax, NS B3J 3R7, at any time up to and including the last business day preceding the Meeting at which the proxy is to be used, or any adjournment thereof or with the Chairman of such Meeting on the date of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked. A Shareholder attending the Meeting has the right to vote in person and if he does so, his proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting.

The persons named in the enclosed form of proxy are Officers of the Company. **Each Shareholder has the right to appoint a person or a company (who need not be a Shareholder) to attend and act for him and on his behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by striking out the names of the persons designated on the enclosed form of proxy and by inserting such appointed person's name in the blank space provided for that purpose or by completing another form of proxy acceptable to the Board of Directors of the Company.

Registered Shareholders

Registered Shareholders have two methods by which they can vote their Shares at the Meeting, namely in person or by proxy. Shareholders wishing to vote in person at the Meeting should not complete and return

the proxy included with this Management Information Circular. Their vote will be taken and counted at the Meeting. Shareholders who do not wish to attend the Meeting or do not wish to vote in person, can vote by proxy.

A registered Shareholder must return the completed proxy to the Company:

- (a) by delivering the proxy to the Halifax office of the Company's transfer agent, Computershare at its office at 2008 - 1969 Upper Water Street, Halifax, NS B3J 3R7, for receipt not later than Friday May 22, 2015 at 5:00 p.m. (Halifax time); or
- (b) by internet or telephone, as instructed in the enclosed form of proxy, not later than Friday May 22, 2015 at 5:00 p.m. (Halifax time).

Non-Registered Shareholders

Non-Registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Company are referred to as "**NOBOs**". Non-Registered Shareholders who have objected to their intermediary disclosing the ownership information about themselves to the Corporation are referred to as "**OBOs**".

In accordance with the requirements of NI 54-101, the Company is sending the Notice of Meeting, this Circular, a voting instruction form ("**VIF**") or a form of proxy, as applicable (collectively, the "**Meeting Materials**") directly to the NOBOs and, indirectly, through intermediaries to the OBOs. The Company will also pay the fees and costs of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

Meeting Materials Received by OBOs from Intermediaries

The Company has distributed copies of the Meeting Materials to intermediaries for distribution to OBOs. Intermediaries are required to deliver these materials to all OBOs of the Company who have not waived their right to receive these materials, and to seek instructions as to how to vote Shares. Often, intermediaries will use a service company (such as Broadridge Financial Solutions, Inc.) to forward the Meeting Materials to OBOs. OBOs who receive Meeting Materials will typically be given the ability to provide voting instructions in one of two ways:

- (a) Usually, an OBO will be given a VIF which must be completed and signed by the OBO in accordance with the instructions provided by the intermediary. In this case, the mechanisms described above for Registered Shareholders cannot be used and the instructions provided by the intermediary must be followed.
- (b) Occasionally, however, an OBO may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Shares owned by the OBO but is otherwise not completed. This form of proxy does not need to be signed by the OBO but must be completed by the OBO and returned to Computershare in the manner described above for Registered Shareholders.

The purpose of these procedures is to allow OBOs to direct the proxy voting of the Shares that they own but that are not registered in their name. Should an OBO who receives either a form of proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the OBO should strike out the persons named in the form of proxy as the proxy holder and insert the OBOs (or such other person's) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions provided by the intermediary. **In either case, OBOs who received Meeting Materials from their intermediary should carefully follow the instructions provided by the intermediary.**

To exercise the right to revoke a proxy, an OBO who has completed a proxy (or a VIF, as applicable) should carefully follow the instructions provided by the intermediary.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the OBO with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such "non-votes" will, however, be counted in determining whether there is a quorum.

Meeting Materials Received by NOBOs from the Company

As permitted under NI 54-101, the Company has used a NOBO list to send the Meeting Materials directly to the NOBOs whose names appear on that list. If you are a NOBO and the Company's transfer agent, Computershare, has sent these materials directly to you, your name and address and information about your holdings of Shares have been obtained from the intermediary holding such shares on your behalf in accordance with applicable securities regulatory requirements. As a result, any NOBO of the Company can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided. In addition, telephone voting and internet voting are available, as further described in the VIF. Instructions in respect of the procedure for telephone and internet voting can be found in the VIF. Computershare will tabulate the results of the VIFs received from the Company's NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs received by Computershare. By choosing to send these materials to you directly, the Company (and not the intermediary holding Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The intermediary holding Shares on your behalf has appointed you as the proxyholder of such shares, and therefore you can provide your voting instructions by completing the proxy included with this Circular in the same way as a Registered Shareholder. Please refer to the information under the heading "Registered Shareholders" for a description of the procedure to return a proxy, your right to appoint another person or company to attend the meeting, and your right to revoke the proxy. Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his or her broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Shares in that capacity. Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

Notice-and-Access

The Company is not sending the Meeting Materials to Registered Shareholders or Non-Registered Shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102, *Continuous Disclosure Obligations*.

Exercise of Proxies

On any ballot that may be called for, the Shares represented by a properly executed proxy given in favour of the person(s) designated by management of the Company in the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions given on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. **Where no choice is specified, the enclosed proxy will confer discretionary authority and will be voted in favour of all matters referred to on the form of proxy.**

The proxy also confers discretionary authority to vote for, withhold from voting or vote against amendments or variations to matters identified in the Notice of Meeting and with respect to other matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting. Management has no present knowledge of any amendments or variations to matters identified in the Notice of Meeting or any business other than that referred to in the accompanying Notice of Meeting which will be presented at the Meeting. However, if any other matters properly come before the Meeting, it is the intention of the person named in the enclosed proxy to vote in accordance with the recommendations of management of the Company.

Proxies must be received by Computershare not later than Friday May 22, 2015 at 5:00 p.m. (Halifax time).

Voting Shares and Principal Holders Thereof

As at March 31, 2015, the Company has outstanding 77,828,500 Shares without nominal or par value. Each Common Share is entitled to one vote. As of such date, no preferred shares were issued and outstanding. To the knowledge of the Directors and senior Officers of the Company, no person or corporation beneficially owns, or exercises control or direction over, directly or indirectly, 10% or more of the outstanding Shares of the Company as of April 1, 2014, except as described below.

Name of Shareholder	Number of Voting Securities	Percentage of Outstanding Voting Securities
William E. Oberndorf ⁽¹⁾	23,725,000	30.5
William L. Price ⁽²⁾	9,032,000	11.6

Notes:

- (1) The William and Susan Oberndorf Revocable Trust and the Oberndorf Family Partners L.P. (collectively, the "**Oberndorf Entities**") own 18,000,000 and 5,725,000 Shares, respectively. Mr. Oberndorf is the sole general partner of Oberndorf Family Partners L.P, a family partnership, and trustee for the William and Susan Oberndorf Revocable Trust and may be considered to exercise control or direction over the Shares owned by the Oberndorf Entities. In addition, Mr. Dan-Mihai Reuter, who is presumed under applicable securities legislation to be acting jointly or in concert with the Oberndorf Entities, owns 275,000 common shares of the Company.
- (2) Mr. Price controls 8,000,000 Shares owned by the William L. Price Revocable Trust and exercises control over 1,032,000 Shares owned by his charitable foundation and by members of his family.

MATTERS TO BE ACTED UPON AT MEETING

Election of Directors

According to the Articles and By-Laws of the Company, the Board of Directors shall consist of not less than one and no more than 10 persons, such number within that range to be determined by resolution of the Directors of the Company. The Board of Directors has presently determined that the business of the Company may properly be conducted by a Board of Directors consisting of seven Directors. All Directors have been elected to serve until the next annual meeting of shareholders of the Company, subject to earlier resignation or removal. The term of office of each officer expires at the discretion of the Board.

The proposed nominees in the list that follows are, in the opinion of management, well qualified to direct the Company's activities for the ensuing year and have confirmed their willingness to serve as Directors, if elected. The term of office of each Director elected will be until the next annual meeting of the Shareholders of the Company or until his successor is duly appointed.

Unless the proxy specifically instructs the proxyholder to withhold such vote, Shares represented by the proxies hereby solicited shall be voted FOR the election of the nominees whose names are set forth below. If, prior to the Meeting, any of the listed nominees shall become unavailable to serve, the persons designated in the proxy form will have the right to use their discretion in voting for a properly qualified substitute.

Greater than 50% of the votes cast by Shareholders present in person or by proxy are required to elect the Directors.

On April 29, 2013, the Company adopted a majority voting policy (the "**Policy**"). The Policy requires that any nominee for director who receives a greater number of votes "withheld" than "for" his or her election shall promptly tender his or her resignation to the chair of the Board of Directors following the meeting. This Policy applies only to uncontested elections, meaning elections where the number of nominees for director is equal to the number of directors to be elected.

The Audit Committee shall consider the offer of resignation in accordance with the Policy and recommend to the Board of Directors whether or not to accept it. The Board of Directors expects to accept any resignation pursuant to the Policy except in situations where extenuating circumstances would warrant the applicable director to continue to serve on the Board of Directors. The Board of Directors shall act on the Committee's recommendation within 90 days of the applicable meeting of Shareholders and announce its decision via news release. If a resignation is accepted, the Board of Directors may: (i) leave any resulting vacancy unfilled until the next annual general meeting of Shareholders; (ii) appoint a new director to fill the vacancy created by the resignation; or (iii) call a special meeting of Shareholders at which there will be presented a management slate to fill the vacant position or positions.

NAME, PROVINCE or STATE and COUNTRY OF RESIDENCE	POSITION/TITLE	APPOINTED/ELECTED	PRINCIPAL OCCUPATION	SHARES BENEFICIALLY OWNED, CONTROLLED OR DIRECTED
Adrian T. Hickey ⁽¹⁾ Gauteng, South Africa	Director	December 16, 2010	Private Developer and Project Financier	7,257,900
Douglas J. Jackson ⁽²⁾ Utah, United States of America	Director	December 16, 2010	Executive Vice President Chemicals and Oxides, Molycorp Inc., a rare earths company	0
Bill Koutsouras ⁽¹⁾ Monte Carlo, Monaco	Director	December 16, 2010	President, Kouts Capital, an advisory firm to the metals and mining sector	100,000
Kalidas V. Madhavpeddi ⁽²⁾⁽³⁾ Arizona, United States of America	Director	December 16, 2010	President, Azteca Consulting LLC, an advisory firm to the metals and mining sector	24,000
Gerald J. McConnell ⁽⁴⁾ Nova Scotia, Canada	Chief Executive Officer and Director	December 16, 2010	CEO of the Company	1,985,000
William L. Price ⁽²⁾ California, United States of America	Director	June 27, 2013	Retired Businessman	9,032,000
Glenn R. Williams ⁽¹⁾ Nova Scotia, Canada	Director	December 16, 2010	Corporate Director	150,000

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Chair of the Board.
- (4) Member of the Disclosure Policy Committee.

Biographical information for each member of the Board including their principal occupations for the last five years is set out below.

Adrian T. Hickey - Since 2009, Mr. Hickey has been a private developer and financier of projects, focusing on early stage greenfield mining prospects throughout Sub Saharan Africa. From 2006 to 2009, Mr. Hickey was Chairman and Chief Executive Officer of Minas de Revuboe Limitada, a private company that he co-founded and then managed through the development of a greenfield coal project in Mozambique and on to a feasibility study and final sale. From 2001 to 2006, he was managing director of NAB Mining Group Africa (Pty) Ltd, a mining, exploration and development company that he founded, which partnered with Nippon Steel of Japan and developed greenfield coal deposits in South Africa. From 1996 to 2001, he was a manager of Baan, which was the vendor of enterprise resource planning software. From 1986 to 1994, he was the founder and managing director of Swiss Chrome International AG, which developed a greenfields chrome project that is now owned by Mitsubishi Corporation and is presently the fourth-largest ferrochrome producer globally. From 1977 to 1985, Mr. Hickey held a number of positions with various companies providing geophysical technical services in connection with a number of mining projects worldwide.

Douglas J. Jackson - Mr. Jackson has been with Molycorp Inc. a global manufacturer of custom engineered rare earth and rare metal products since 2010. He has held various positions including Senior Vice President

of Sales & Marketing and Executive Vice President of Corporate Development and is currently Executive Vice-President, Chemicals and Oxides. Throughout a professional corporate career which included a variety of senior executive positions, Mr. Jackson has been a private investor and was the founder and principal of a management consulting company. Over a fifteen year period, he was with Dyno Nobel, Inc. ("Dyno"), the largest operating subsidiary of Dyno Nobel ASA, a global commercial explosives supplier. While with Dyno, he held a variety of senior positions, including serving as President and CEO where he had responsibility for operations in North and South America, Dyno's largest market, while establishing new operations in the high growth markets of Latin America. Mr. Jackson started his career with Union Oil Company of California (Unocal) where he held various engineering and commercial management positions. He received his B.S. Engineering from Washington State University in 1983 and his Masters of Business Administration from California State University in 1988.

Bill Koutsouras - Mr. Koutsouras is an international mining financier and financial operator for the mining sector. He was Executive Vice President and Chief Financial Officer at Endeavour Mining from 2002 to 2011, a mining-focused merchant bank, where he directed and managed the Endeavour group of companies. Mr. Koutsouras was primarily responsible for investment activities, financial operations and financial advisory mandates where he was involved in over \$25 billion of M&A transactions and in excess of \$4 billion of financing for junior / mid-tier resource companies. He is the principal of Kouts Capital, a strategic advisory and consultancy company to natural resource companies. Mr. Koutsouras is also a director of Copper North Mining Corp. (TSX.V) and Alexander Nubia International Inc. (TSX.V). He is a Chartered Accountant and Chartered Financial Analyst and is a member of the Canadian Institute of Chartered Accountants and the CFA Institute.

Kalidas V. Madhavpeddi - Mr. Madhavpeddi has been President of Azteca Consulting LLC, an advisory firm to the metals and mining sector, since November 2006. He also acts as Overseas CEO of China Molybdenum Co. Ltd. a Hong Kong and Shanghai listed company. His extensive career in the mining industry spans over 30 years including Phelps Dodge Corp. from 1980 to 2006, starting as a Systems Engineer and ultimately becoming Senior Vice President for Phelps Dodge Corporation, a Fortune 500 company, responsible for the company's global business development, acquisitions and divestments, including joint ventures, as well as its global exploration programs. He was contemporaneously also President of Phelps Dodge Wire and Cable, an international copper and aluminum cable manufacturer with international operations in over ten countries, including Brazil and China. He is presently a member of the Board of Directors and sits on the Audit and EHSS Committees of Capstone Mining Corp. (TSX) and the Audit and Compensation Committees of NovaGold Resources Inc (TSX; NYSE-MKT). He is also presently a member of the Board of Directors and sits on the Audit and Compensation Committees of NovaCopper Inc (TSX; NYSE-MKT). Mr. Madhavpeddi is an alumnus of the Indian Institute of Technology, Madras, India, the University of Iowa and the Harvard Business School.

Gerald J. McConnell - Mr. McConnell was the President and Chief Executive Officer of Etruscan Resources Inc. (now ERI), (formerly TSX-listed Etruscan Resources Inc. and now a wholly owned subsidiary of Endeavour Mining Corporation), from June 1990 to February 28, 2010, and was also a director and chairman of the board of ERI from June 1990 until September 2010, when it became a wholly owned subsidiary of Endeavour Mining Corporation (formerly known as Endeavour Financial Corporation). Mr. McConnell has been a director of NovaGold Resources Inc. (TSX; NYSE-MKT) since 1984 and the president of NovaGold Resources Inc. from December 1984 to January 1998. In addition to being a director, Mr. McConnell sits on the Corporate Communications and the Corporate Governance and Nominations committees of NovaGold Resources Inc. He is also presently a member of the Board of Directors and chairs the Corporate Governance and Nominations Committee of NovaCopper Inc (TSX; NYSE-MKT). Mr. McConnell was called to the Bar of Nova Scotia in 1971 and was an associate and partner with the law firm, Patterson Palmer, in Halifax, Nova Scotia from 1971 to 1987. He received his Queen's Counsel designation in 1986. In 2003, Mr. McConnell received the Paul Harris Award from Rotary International in recognition of ERI's humanitarian contributions to health and education initiatives in Africa.

William L. Price - Mr. Price is the former Chairman and Global Chief Investment Officer of Dresdner RCM Global Investors and CIO for equities at Allianz Dresdner RCM. Following his retirement in 2003, Mr. Price has been a private investor and CEO of the William L. Price Charitable Foundation. He has served as a corporate director of several publicly traded companies. A graduate of Dartmouth College and a Graduate Fellow (Political Science) at Brooklyn College, Mr. Price worked for the US Department of State before going

to Wall Street as a securities analyst. He joined Rosenberg Capital Management in 1976 and became Chairman and CEO in 1996. For fifteen of those years he was a guest lecturer at the Graduate School of Business at Stanford University. Mr. Price resides in Atherton, California.

Glenn R. Williams - Mr. Williams was the regional managing partner for Grant Thornton LLP, with specific responsibilities for Atlantic Canada, Toronto and Southern Ontario before he retired in December of 2007. From May 2008 to December 2010, Mr. Williams worked part time as a retired partner providing client advisory services for Grant Thornton LLP. While at Grant Thornton LLP, in addition to Mr. Williams' firm-wide management and client responsibilities, Mr. Williams was professional standards partner in the firm's national office with responsibility for firm-wide consulting on technical auditing and accounting matters for a term of four years. Mr. Williams has played an active role in the Canadian Institute of Chartered Accountants, accounting and auditing standards setting process, having served as chairman of the accounting standards committee, a member of the auditing committee and chairman of the task force on related party transactions. Mr. Williams is also a Fellow of the Institute of Chartered Accountants of Nova Scotia and has been a director of Zephyr Minerals Limited (TSX.V) since June 2010.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the Company's Directors is, as at the date of this Management Information Circular or has been within the ten years before the date of this Management Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that was subject to one of the following orders, that was in effect for a period of more than 30 consecutive days:

- (a) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued while the director, chief executive officer or chief financial officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as set forth below, none of the Company's Directors:

- (a) is, as at the date of this Management Information Circular, or has been within the ten years before the date of this Management Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person 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;
- (b) has, within the ten years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 the director, executive officer or the shareholder; or
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Mr. Glenn Williams was a director of Acadian Mining Corporation in December 2008 when ScoZinc Limited ("**ScoZinc**"), a wholly-owned subsidiary of Acadian Mining Corporation, was granted an order by the Supreme Court of Nova Scotia under the *Companies Creditors' Arrangement Act* protecting it from its creditors. The creditors of ScoZinc accepted the plan of arrangement ("**Plan**") ScoZinc presented to them at a meeting held on May 21, 2009, and the Plan was ratified by the Nova Scotia Supreme Court on May 29, 2009. The Plan was implemented and all affected creditors were paid in accordance with the terms of the Plan. The implementation of the Plan has been discharged.

Conflicts of Interest

To the Company's knowledge, there are no existing or potential material conflicts of interest between the Company or a subsidiary of the Company and any director or officer of the Company or of a subsidiary of the Company.

Appointment of Auditors

The auditors of the Company since December 1, 2010 have been Deloitte LLP, Chartered Accountants, Suite 1500, Purdy's Wharf, Tower II, 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7. The Shareholders will be asked at the Meeting to vote for the appointment of Deloitte LLP located at Suite 1500, Purdy's Wharf, Tower II, 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 as auditors of the Company until the next annual meeting of the Shareholders of the Company or until a successor is appointed, at a remuneration to be fixed by the Directors.

Unless the proxy specifically instructs the proxyholder to withhold such vote, Shares represented by the proxies hereby solicited shall be voted FOR the appointment of Deloitte LLP as auditors of the Company until the next annual meeting of shareholders or until a successor is appointed, at a remuneration to be fixed by the Directors.

Greater than 50% of the votes cast by Shareholders present in person or by proxy are required to appoint the auditors of the Company.

STATEMENT OF EXECUTIVE COMPENSATION

Overview

Compensation of executive officers is based on the underlying philosophy that such compensation should be competitive with other relevant companies of similar size in the mining sector and should be reflective of the requirements, experience, performance and contribution of the individuals involved and the overall performance of the Company.

The objectives of the Company's executive compensation are twofold, namely: (i) to enable the Company to attract, retain and reward appropriately qualified and experienced individuals to serve as executives of the Company; and (ii) to align the compensation levels available to the executives to the successful implementation of the Company's corporate and strategic plans. Each element of the Company's executive compensation is intended to contribute to an overall total compensation package which is designed to provide both short-term and long-term financial incentives to the Company's executives. The Compensation Committee annually assesses how each element fits into the overall compensation package and makes recommendations to the Board relating thereto from time to time.

The Company was incorporated on April 26, 2010 and completed its initial public offering and listing on the Toronto Stock Exchange in April 2011. The Company has a very small executive team, consisting of the CEO, the President and the CFO (each, a "**Named Executive Officer**" or "**NEO**"). The Company also engages the services of a general counsel on a part-time basis at a daily billing rate. In October, 2014, the Company engaged the services of an individual to perform the role of Vice President Corporate Development and Strategic Initiatives to assist the Company in identifying a strategic partner to participate in the development of the Company's Lofdal asset. This individual is paid a monthly retainer for services and either party may terminate the retainer arrangement on 30 days' notice. Given the size and stage of development of the Company, the services of the CFO are provided on a part-time basis at an hourly billing rate. As a result

references to the Company's executive compensation refers only to the compensation of the CEO and President. The Company has no other senior officers.

Given the size and stage of development of the Company, the Compensation Committee and the Board of Directors have not conducted a formal risk assessment of the Company's compensation policies and practices. NEO's and Directors are not permitted to purchase financial instruments including, for greater certainty, pre-paid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or Director.

Components of Compensation

The Company's executive compensation consists of a combination of the following principal elements, namely: base salary, the payment of bonuses (where appropriate) and participation in the Company's incentive stock option plan (the "**Stock Option Plan**"). These elements contain both short-term incentives, comprised of cash payments, being those provided by way of base salaries and bonuses, as well as long-term incentives, comprised of equity-based incentives, being those provided under the Stock Option Plan. Extended health care, dental and insurance benefits are provided to employees, including the Named Executive Officers, as appropriate.

The process for determining perquisites and the approval of benefits for the Named Executive Officers is to implement basic perquisites and benefits which are comparable to those usually offered by other companies comparable to the Company. The level of perquisites and benefits are such that they do not impact upon the Company's decisions on any other element of compensation. The Company chooses to pay each element of its executive compensation in order to maintain its competitive position in the marketplace and also to reflect the circumstances and outlook for the Company from time to time. The amount for each element of the Company's executive compensation is principally based upon compensation levels of the Company's competitors and sector peers, as well as upon the discretion of the Board, where applicable, as described below.

Following the completion of the Company's public offering in April 2011, the Compensation Committee retained the services of Cindy Shave, H.R. Connections Inc. ("**Compensation Consultant**"). The Compensation Consultant completed an analysis of the compensation of executives in the rare earth sector and more broadly in the junior resource sector, and recommended that the Company's compensation philosophy be developed based on data from the PricewaterhouseCoopers' Mining Industry Salary Survey as the foundation for the Company's executive compensation packages for the CEO and President.

Base Salary

Base remuneration for the CEO and President are reviewed annually and set to be competitive with industry levels. In addition, in its annual review of base remuneration, the Compensation Committee will have regard to the contributions made by the CEO and President, how their compensation levels relate to compensation packages that would be available to such officers from other employment opportunities, the overall performance of the Company, market conditions generally, commercially available salary survey data and information publicly disclosed by some of the Company's competitors and sector peers. This process enables the Company to establish base remuneration which attracts and retains highly qualified and experienced individuals. The initial base remuneration included in the contractual arrangements concluded with the CEO and President in June, 2011 was based on the recommendations of the Compensation Consultant described above and there was no adjustment to the base remuneration in 2012 or 2013.

Bonus Plan

The Company has not yet adopted a formal bonus plan although a bonus component is included in the contractual compensation arrangements with the CEO and President. The CEO and President are entitled to an annual bonus of up to 60% and 50% respectively of their annual base remuneration, based on goals and criteria set by the Board of Directors, which bonus may, at the discretion of the Board of Directors be paid in cash, in Shares of the Company, or a combination of cash and Shares of the Company. The Board exercises its

discretion regarding the payment of bonuses to the CEO and President based upon its assessment of pre-determined performance-based incentive objectives and the payment thereof, if any, is determined by the Board, taking into consideration the recommendations of the Compensation Committee. The fiscal 2015 performance objectives include: (a) conclude agreement with a strategic partner or alternate plan and financing for development of Area 4 at Lofdal; (b) operate a lean business within or below the parameters of the approved 2015 budget as amended by the Board from time to time; (c) continue metallurgical test programs and design to optimize beneficiation flowsheet for Area 4 resource; and (d) achieve annual percentage change in the Company's share price in the upper 50th percentile of the rare earth company peer group.

In making its recommendations to the Board, the Compensation Committee assesses the executive's performance against the pre-determined goals and objectives and the Company's overall performance.

Long-Term Incentive Plan

A long-term incentive plan ("**LTIP**") is any plan providing compensation intended to motivate performance over a period longer than one financial year whether performance is measured by reference to the financial performance of the Company or an affiliate or the price of the Shares, but does not include option or stock appreciation right plans or plans for compensation through Shares or Shares that are subject to restrictions on resale. The Company does not currently have, nor did it have during its most recently completed financial year, any LTIPs.

Stock Options

The Company has adopted a stock option plan (the "**Stock Option Plan**") and Named Executive Officers are entitled to participate in the Stock Option Plan. At the time of the initial public offering of the Company in April 2011, each of the CEO, President and CFO were granted 500,000, 400,000 and 100,000 options respectively to acquire Shares at a price of \$0.80 per Common Share. Based on recommendations of the Compensation Consultant, the Compensation Committee recommended and Board of Directors granted the CEO and President a further 800,000 and 500,000 options respectively exercisable at \$0.72 per Common Share as part of the contractual arrangements with the CEO and President concluded in June 2011. In February, 2012, the Compensation Committee recommended and the Board of Directors granted the CFO a further 200,000 options exercisable at \$0.41 per Common Share as part of the contractual arrangements concluded with the CFO on January 23, 2012. See "Employment, Termination and Change of Control Arrangements". In November, 2014 the CEO and President were granted 400,000 options each and the CFO was granted 150,000 options to acquire Shares at a price of \$0.20 per Common Share.

The Company has not yet adopted any formal process for determining future grants.

Pension Plan Benefits

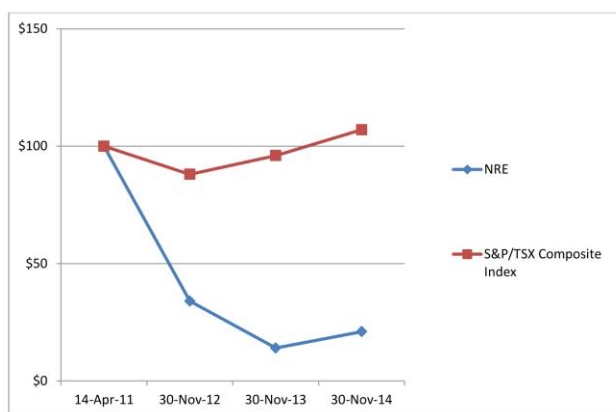
The Company does not currently have a pension plan or any other plan that provides for payments or benefits at, following or in connection with retirement.

Deferred Compensation Plan

The Company does not have a deferred compensation plan.

Performance Graph

The following graph compares the Company's cumulative total shareholder return since becoming a listed issuer on April 14, 2011 assuming a \$100 investment in the Shares of the Company compared to an equal investment in the S&P/TSX Composite Index.



Year	14-Apr-11	30-Nov-12	30-Nov-13	30-Nov-14
Value based on \$100 invested in the Company	\$100	\$34	\$14	\$21
Value based on \$100 invested in S&P/TSX Composite	\$100	\$88	\$96	\$107

The Company approved an annual bonus to the NEO's based on the actual performance of the Company which included a component related to relative share price performance benchmarked against the relative share performance of the Company's peer group.

Summary Compensation Table

The following table details the compensation information for the financial years ended November 30, 2012, November 30, 2013 and November 30, 2014 for the Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans ⁽⁴⁾	Long-term incentive plans			
Teri L. Anderson, Chief Financial Officer ⁽¹⁾	2012	52,088	Nil	64,760 ⁽³⁾	20,000	Nil	N/A	Nil	136,848
	2013	44,175	Nil	Nil	15,000	Nil	N/A	Nil	59,175
	2014	50,100	Nil	18,573 ⁽³⁾	9,000	Nil	N/A	Nil	77,673
Donald M. Burton, President ⁽²⁾	2012	256,033	Nil	Nil	162,000	Nil	N/A	Nil	418,033
	2013	229,713	Nil	Nil	108,000	Nil	N/A	Nil	337,713
	2014	242,050	Nil	49,528 ⁽³⁾	94,500	Nil	N/A	Nil	386,078
Gerald J. McConnell, Chief Executive Officer	2012	385,000	Nil	Nil	277,000	Nil	N/A	Nil	662,000
	2013	385,000	Nil	Nil	184,800	Nil	N/A	Nil	569,800
	2014	385,000	Nil	49,528 ⁽³⁾	115,500	Nil	N/A	Nil	550,028

- (1) Ms. Anderson provides her services to the Company through TL Anderson Inc., a company owned by Ms. Anderson.
- (2) Mr. Burton provides his services to the Company through Burton Geological Exploration Inc., a company owned by Mr. Burton.
- (3) Represents the fair market value of the options to purchase Shares issued to the Named Executive Officers during the fiscal year noted. This amount is based on the grant date fair market value of the award determined using the Black-Scholes valuation model using the following key assumptions for each year: (a) expected life of 5.0 years; (b) expected volatility of 83%; (c) dividend rate of 0; and (d) risk free interest rate of 1.25%. The Black-Scholes option

valuation model is used because it provides a fair value widely accepted by the business community and is regarded as one of the best ways of determining fair prices of options.

- (4) Represents bonuses paid based on performance against pre-determined senior management annual performance based incentive objectives. In 2014, the payment of bonuses awarded to the CEO, President and CFO was deferred with the timing of payment and the determination of the nature of payment (cash or securities) to be determined once the development path for the Company is more clearly understood.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table presents details of all outstanding option-based awards to the NEO's as of November 30, 2014. The Company does not have any share-based awards.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise Price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾
Gerald J. McConnell	500,000	0.80	April 14, 2016	Nil
	800,000	0.72	June 12, 2016	Nil
	400,000	0.20	November 25, 2019	Nil
Donald M. Burton	400,000	0.80	April 14, 2016	Nil
	500,000	0.72	June 12, 2016	Nil
	400,000	0.20	November 25, 2019	Nil
Teri Anderson	100,000	0.80	April 14, 2016	Nil
	200,000	0.41	February 23, 2017	Nil
	150,000	0.20	November 25, 2019	Nil

(1) All options fully vested on the date of grant.

(2) The value of unexercised in-the-money options is the difference between the November 30, 2014 year-end closing price on the TSX for Shares, which was \$0.165, and the exercise price of the options.

(3) No performance based option grants were made in 2012 and 2013 due to black-out restrictions.

Value of Share-Based Awards and Option-Based Awards Vested or Earned During the Year

The following table sets out information concerning the value of option-based awards vested or earned for each NEO during the financial year ended November 30, 2014. The Company does not have any share-based awards.

Name	Option-based Awards Value Vested During the Year ⁽¹⁾ (\$)	Share-based Awards Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation - Value Earned During the Year ⁽²⁾ (\$)
Gerald J. McConnell	0	Nil	115,500
Donald M. Burton	0	Nil	94,500
Teri Anderson	0	Nil	9,000

(1) Based on the Company's Common Share price on the TSX on the date of grant of the option (which is also the vesting date) less the option exercise price.

(2) Represents bonuses awarded based on performance against pre-determined senior management annual performance based incentive objectives. In 2014, the payment of bonuses awarded to the CEO, President and CFO was deferred with the timing of payment and the determination of the nature of payment (cash or securities) to be determined once the development path for the Company is more clearly understood.

Employment, Termination and Change of Control Arrangements

Gerald J. McConnell, CEO – On June 1, 2011, the Company entered into an employment agreement with Mr. McConnell which entitles Mr. McConnell to an annual base salary of \$385,000, which is to be reviewed annually by the Compensation Committee in consultation with Mr. McConnell. Mr. McConnell is entitled to an annual bonus of up to 60% of his annual base salary, based on goals and criteria to be set by the Board of Directors, which bonus may, at the discretion of the Board of Directors be paid in cash, in Shares of the Company or in a combination of cash and Shares of the Company.

Mr. McConnell may terminate his obligations under his employment contract: (1) any time upon providing three months' notice in writing to the Company, or (2) at any time after 90 days following the date on which there is a change of control and within 180 days of the date on which there is a change of control by providing one month's notice in writing to the Company. The Company may terminate Mr. McConnell's employment at any time for just cause or upon Mr. McConnell dying or becoming permanently disabled or disabled for a period exceeding 180 consecutive days or 180 non-consecutive days calculated on a cumulated basis over any two year period during the term of the agreement, or at any time upon making the severance payment. Mr. McConnell's employment contract continues indefinitely, unless and until terminated.

The Company believes that the change of control provisions referred to above are an important protection to its CEO in the event of a change of control transaction and that the interests of the Company's shareholders will be better served if the interests of its CEO are aligned with theirs. Providing change of control benefits reduces the reluctance of senior executive officers to pursue potential change of control transactions that could result in the loss of their employment but may be in the best interests of shareholders. The change of control arrangements for the CEO is consistent with the arrangements widely in place in comparator companies.

The following chart summarizes the terms of Mr. McConnell's employment contract as it pertains to termination benefits:

Type of Compensation	Type of Termination				
	<i>Resignation</i>	<i>Termination without Cause or on Change of Control</i>	<i>Termination with Cause</i>	<i>Disability</i>	<i>Death</i>
Base Salary	Payment equal to his current salary accrued to the date of his termination.	Lump sum payment which is equal to two times base salary and (after first year) bonus compensation paid to Mr. McConnell for the previous fiscal year.	Payment equal to his current salary accrued to the date of his termination.	Lump sum payment which is equal to annual base salary compensation paid to Mr. McConnell for the previous fiscal year.	Lump sum payment which is equal to annual base salary compensation paid to Mr. McConnell for the previous fiscal year.
Options	Options terminate on the earlier of: (a) 90 days following the date of termination; and (b) the expiry of the fixed term of the options.	Options terminate on the earlier of: (a) 90 days following the date of termination; and (b) the expiry of the fixed term of the options.	Options terminate immediately.	Options terminate on the earlier of: (a) 90 days following the date of termination; and (b) the expiry of the fixed term of the options.	Options terminate on the earlier of: (a) 12 months following the date of death; and (b) the expiry of the fixed term of the options.
Benefits	Nil	Group insurance benefits for a 6 month period.	Nil	Nil	Nil

If Mr. McConnell's employment had been terminated effective November 30, 2014, it is the Company's interpretation that the following amounts would have been payable as of the effective date of the termination:

Total Compensation	Type of Termination				
	<i>Resignation</i>	<i>Termination without Cause or on Change of Control</i>	<i>Termination with Cause</i>	<i>Disability</i>	<i>Death</i>
Gerald J. McConnell	Payment of his current salary accrued to November 30, 2014	Payment of his current salary accrued to November 30, 2014 plus \$1,139,600	Payment of his current salary accrued to November 30, 2014	Payment of his current salary accrued to November 30, 2014 plus \$385,000	Payment of his current salary accrued to November 30, 2014 plus \$385,000

Donald M. Burton, President and Corporate Secretary - On June 1, 2011, the Company entered into a management consulting agreement with Burton Geological Exploration Inc. ("BGE"), a company controlled by Donald Burton, President of the Company, for the services of Mr. Burton to provide technical oversight of the Company's projects in Namibia and to make recommendations for other project opportunities consistent with the Company's corporate objectives. The consulting agreement was for a term commencing on June 1, 2011 and ending on May 31, 2012. The consulting agreement was renewed for three further one year terms ending May 31, 2015. BGE receives compensation at a daily rate of \$1,175 per day provided that the aggregate billings for the provision of services during the term of the consulting agreement shall not exceed \$270,000. In addition, BGE is entitled to a performance bonus of up to 50% of the maximum billings as determined by the Board of Directors of the Company. The performance bonus may, in the sole discretion of the Board of Directors be paid in cash, Shares in the Company, or a combination of cash and Shares of the Company.

BGE and the Company have the right to terminate the consulting agreement at any time upon three months' written notice to the other. BGE and the Company have the right at any time to terminate the agreement immediately for any material breach of the terms or conditions of the agreement by the other. In addition, the Company has the right to terminate the consulting agreement immediately upon payment of an amount equal to the aggregate of BGE's billings to the Company during the previous three months. If the consulting arrangement with BGE had been terminated effective November 30, 2014, it is the Company's interpretation that the Company would have been obligated to pay BGE the consulting fees accrued to November 30, 2014 if there had been a material breach of the terms of the consulting agreement by BGE and otherwise the Company would have been obligated to pay BGE \$66,740.

Teri L. Anderson, Chief Financial Officer - On January 23, 2012, the Company entered into an agreement with TL Anderson Inc. ("TLAI"), whereby TLAI agreed to continue to provide the services of Teri Anderson as chief financial officer of the Company at a rate of \$150 per hour, until April 30, 2014. The agreement was extended to April 30, 2015. Either the Company or TLAI may terminate the agreement on 90 days' written notice. The Company may terminate the agreement immediately upon TLAI's failure to perform any of the material provisions of the agreement. TLAI may terminate the agreement upon the Company's failure to pay amounts due under the agreement in accordance with the terms of the agreement. If the agreement with TLAI had been terminated effective November 30, 2014, it is the Company's interpretation that the Company would be obligated to pay to TLAI fees for services accrued to November 30, 2014.

Director Compensation

Fees

Following the closing of the Company's public offering in April, 2011, the Company commenced paying fees to Directors. Non-executive directors received an annual retainer of \$7,500. No additional fees are paid for committee membership but the chairman of each committee receives an additional \$3,500 per annum and the chair of the Board an additional \$7,500 per annum. Non-executive directors also receive a meeting fee of \$750 per Board or committee meeting attended and recovery of all related travel and ancillary expenses. Given the economic environment, fees to Board members have not been adjusted since inception. The

following table sets out the compensation provided to directors, other than NEOs, for the financial year ended November 30, 2014.

Name	Fees Earned \$	Share-Based Awards	Option-Based Awards ⁽¹⁾ \$	Total Compensation \$
Adrian T. Hickey	15,000	Nil	18,573	33,573
Douglas J. Jackson	12,000	Nil	18,573	30,573
Bill Koutsouras	14,250	Nil	18,573	32,823
Kalidas V. Madhavpeddi	24,500	Nil	18,573	43,073
William L. Price	12,750	Nil	30,955	43,705
Glenn R. Williams	17,750	Nil	18,573	36,323

(1) Represents the fair market value of the options to purchase Shares issued to the Directors during the fiscal year noted. This amount is based on the grant date fair market value of the award determined using the Black-Scholes valuation model using the following key assumptions for each year: (a) expected life of 5.0 years; (b) expected volatility of 83%; (c) dividend rate of 0; and (d) risk free interest rate of 1.25%. The Black-Scholes option valuation model is used because it provides a fair value widely accepted by the business community and is regarded as one of the best ways of determining fair prices of options.

Outstanding Share-Based Awards and Option-Based Awards

The following table presents details of all outstanding option-based awards to the Directors as of November 30, 2014. The Company does not have any share-based awards.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise Price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾
Adrian T. Hickey	300,000	0.80	April 14, 2016	Nil
	150,000	0.20	November 25, 2019	Nil
Douglas J. Jackson	300,000	0.80	April 14, 2016	Nil
	150,000	0.20	November 25, 2019	Nil
Bill Koutsouras	300,000	0.80	April 14, 2016	Nil
	150,000	0.20	November 25, 2019	Nil
Kalidas V. Madhavpeddi	300,000	0.80	April 14, 2016	Nil
	150,000	0.20	November 25, 2019	Nil
William L. Price	250,000	0.20	November 25, 2019	Nil
Glenn R. Williams	300,000	0.80	April 14, 2016	Nil
	150,000	0.20	November 25, 2019	Nil

(1) All options fully vested on the date of grant.

(2) The value of unexercised in-the-money options is the difference between the November 30, 2014 year-end closing price on the TSX for Shares, which was \$0.165 and the exercise price of the options.

(3) No option grants were made in 2012 or 2013 due to black-out restrictions.

Value of Share-Based Awards and Option-Based Awards Vested or Earned During the Year

The following table sets out information concerning the value of option-based awards vested or earned by directors during the financial year ended November 30, 2014. The Company does not have any share-based awards.

Name	Option-based Awards Value Vested During the Year⁽¹⁾ (\$)	Share-based Awards Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Adrian T. Hickey	0	Nil	Nil
Douglas J. Jackson	0	Nil	Nil
Bill Koutsouras	0	Nil	Nil
Kalidas V. Madhavpeddi	0	Nil	Nil
William L. Price	0	Nil	Nil
Glenn R. Williams	0	Nil	Nil

(1) Based on the Company's Common Share price on the TSX on the date of grant of the option (which is also the vesting date) less the option exercise price.

Compensation Governance

Information regarding the responsibilities and operations of the Compensation Committee and the process by which compensation is determined is discussed elsewhere in this "Statement of Executive Compensation".

The Compensation Committee is a standing committee of the Board of the Company which is appointed by and reports to the Board, with a mandate to assist the Board in fulfilling its oversight responsibilities related to:

- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO;
- evaluating the CEO's performance and making recommendations to the Board with respect to the CEO's compensation level based on its evaluation;
- reviewing executive compensation disclosure before the Company publicly discloses such information; and
- preparing a report for inclusion in the Company's management information circular to shareholders respecting the process undertaken by the Compensation Committee in its review and preparing a recommendation in respect of the CEO's compensation.

The Compensation Committee consists of three independent Directors: Messrs. Madhavpeddi, Price, Jackson and Mr. Madhavpeddi is the Chair of the Compensation Committee. All members of the Compensation Committee are non-executive Directors of the Company. Mr. Madhavpeddi was the Chair of the Compensation Committee for Quadrem, a company jointly owned by BHP, Reo Tinto, Alcoa, Phelps Dodge and as a member of the senior management team of Phelps Dodge Corporation. Mr. Madhavpeddi is currently Chair of the compensation committee of NovaGold Resources Inc. and a member of the compensation committee of NovaCopper Inc.. Mr. Price has served on the compensation committees of several publicly traded companies and led the development and implementation of the compensation strategy at Dresdner RCM Global Investors where he was the Chairman and global chief investment officer. Mr. Jackson is the Executive Vice President, Chemicals and Oxides of Molycorp Inc. and, through the various senior corporate positions he has held, has been closely involved with the development and implementation of compensation plans.

Executive Compensation-Related Fees

The Compensation Committee engaged Cindy Shave, HR Connections Inc., in May 2011 to provide specific support to the Compensation Committee in determining compensation for the Company's CEO and President in the context of their contract negotiations in 2011. The fees paid for these services in 2011 were \$8,556.42.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER STOCK OPTION PLANS

Stock Option Plan

The Company has adopted a 10% "rolling" stock option plan (the "**Stock Option Plan**"). The purpose of the Stock Option Plan is to attract and retain directors, officers, employees and service providers to the Company or its affiliates and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options. The rules of the TSX provide that all unallocated options issuable under a "rolling" stock option plan must be approved by Shareholders every three years after institution of the stock option plan. Options previously granted pursuant to the Plan will continue unaffected by the result of the Shareholders' vote in respect of unallocated options. Furthermore, all previously granted options will not be available for re-allocation if they are cancelled prior to their respective exercise dates in the event the unallocated options are not approved by the Shareholders at the Meeting.

"Rolling" Maximum Reserve

The Stock Option Plan provides that the number of Shares reserved for issuance upon the exercise of options is a rolling maximum number that shall not be greater than 10% of the outstanding Shares at any point in time.

Other Terms

The Stock Option Plan authorizes the Board (or a committee of the Board if so authorized by the Board), to grant options in favour of "Eligible Persons". Eligible Persons are directors, officers, employees, consultants, management company employees or any other service providers of the Company or its affiliates. When considering new grants of Options, the Board will take previous grants into account.

The aggregate number of Shares issued to insiders of the Company within any one year period under the Stock Option Plan, together with any other security based compensation arrangement cannot exceed 10% of the outstanding Shares. In addition, the aggregate number of Shares issuable to insiders of the Company at any time under the Stock Option Plan together with any other security based compensation arrangement cannot exceed 10% of the outstanding Shares.

The date of grant, the number of Shares, the vesting period and any other terms and conditions of options granted pursuant to the Stock Option Plan are determined by the Board, subject to the express provisions of the Stock Option Plan.

Unless otherwise specified by the Board at the time an option is granted under the Stock Option Plan:

- (a) the exercise price of the option will be the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding the date of the grant;
- (b) the term of the option will be 10 years from the date of the grant (which is the maximum allowable term under the Stock Option Plan), unless the expiry of the term falls during a black-out (or within ten days from the end of blackout) from trading in the securities of the Company imposed on certain persons including the optionee pursuant to any policies of the Company, and where such black-out applies, the expiry of the term of the option shall automatically be extended to 10 business days following the end of the black-out;
- (c) the option will vest immediately upon grant; and

- (d) if before the expiry of the option, the optionee ceases to be an Eligible Person for any reason other than termination by the Company for cause, the option will terminate within ninety days of the date the optionee ceases to be an Eligible Person; provided however, in the event of the death of the optionee, the option continues to be exercisable for a period up to twelve months from the date of such event. If the optionee ceases to be an Eligible Person by reason of termination by the Company for cause, the option will terminate immediately upon the optionee ceasing to be an Eligible Person.

In the event an offer is made for the Shares which would result in the offeror exercising control of the Company within the meaning of applicable securities laws, any options then outstanding may be exercised so as to allow the optionee to tender the Shares received upon such an exercise to the offer; provided however, if the offer is not completed or the Shares tendered to the offeror are not taken up and paid for by the offeror, then such Shares must be returned to the Company by the optionee and the terms of the options applicable prior to the offer will again apply to the options.

The options are non-assignable. Options granted under the Stock Option Plan may include (subject to regulatory compliance) a stock appreciation right either at the time of the grant or by adding it to an existing option by amendment. The provisions of the Stock Option Plan respecting the exercise of options similarly apply to stock appreciation rights granted thereunder. In the event that an optionee holding stock appreciation rights elects to exercise such rights, the options with respect to which those rights are exercised will be surrendered to the Company. The Company will then issue to the optionee Shares having an aggregate value that equals the difference between the option price and the value of a Share, multiplied by the number of options for which stock appreciation rights have been exercised. The value of a Share for these purposes will be determined by the weighted average sale price per Share on the TSX for the 10 trading days preceding the date the notice, specifying the exercise of the stock appreciation right, is received by the Company.

The Board may, in its discretion, but subject to applicable law, authorize the Company to make loans to Eligible Persons to assist them in exercising their options. The terms and conditions of such loans are determined by the Board, and must include interest at prevailing market rates, a term not in excess of one year, and security in favour of the Company represented by that number of Shares received on exercise which equals the loaned amount divided by the market price of the Shares on the date of such exercise, or equivalent security, which security may be granted on a non-recourse basis.

The Stock Option Plan contains a formal amendment procedure which sets forth a list of amendments that can be made to the Stock Option Plan by the Board without requiring the approval of Shareholders unless specifically required by the TSX. These amendments include, without limitation: (a) altering, extending or accelerating option vesting terms and conditions; (b) amending the termination provisions of an option; (c) accelerating the expiry date of an option; (d) determining adjustments pursuant to the provisions of the Stock Option Plan concerning corporate changes; (e) amending the definitions contained in the Stock Option Plan; (f) amending or modifying the mechanics of exercising options; (g) adding, amending or removing any provisions for financial assistance provided by the Company to purchase Shares under the Stock Option Plan; (h) amending provisions relating to the administration of the Stock Option Plan; (i) making "housekeeping" amendments, such as those necessary to cure errors or ambiguities contained in the Stock Option Plan; (j) effecting amendments necessary to comply with the provisions of applicable laws; and (k) suspending or terminating the Stock Option Plan.

The Stock Option Plan specifically provides that the following amendments, among others, require shareholder approval: (a) increasing the number of Shares issuable under the Stock Option Plan, except by operation of the "rolling" maximum reserve; (b) amending the Stock Option Plan which amendment could result in the aggregate number of Shares issued to insiders within any one-year period or issuable to insiders at any time under the Stock Option Plan, together with any other security based compensation arrangement, exceeding 10% of the issued and outstanding Shares; (c) extending the period of time during which options may be exercised; (d) reducing the option price; (e) amending the class of Eligible Persons which would have the potential of broadening or increasing participation in the Stock Option Plan by insiders; (f) amending the formal amendment procedures; and (g) making any amendments required to be approved by the Shareholders under applicable law.

Outstanding Stock Options under the Stock Option Plan

The following table sets out information as of November 30, 2014, with regard to outstanding options exercisable into Shares under the Stock Option Plan. The Company has no other equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for further issuance under Stock Option Plans (excluding securities reflected in column (a)) (c)
Stock Option Plans approved by securityholders	7,380,000	\$0.56	402,850 ⁽²⁾
Stock Option Plans not approved by securityholders	Nil	N/A	Nil
Total	7,380,000		402,850

(1) An aggregate of 241,000 options expired or were cancelled subsequent to November 30, 2014.

(2) This number equals 10% of the total issued and outstanding Shares of the Company on November 30, 2014, which was 77,828,500, less the number of Shares reported under column (a) above.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of April 8, 2015, the aggregate indebtedness to the Company and its subsidiaries of all Officers, Directors and employees, and former Officers, Directors and employees of the Company or any of its subsidiaries was nil. None of the Directors or Officers of the Company, nor any proposed nominee for election as director, nor any associate of any such Director, Officer or proposed nominee, has been indebted to the Company or any of its subsidiaries since December 1, 2013, the beginning of the Company's most recently completed financial year, other than "Routine Indebtedness" as that term is defined in applicable securities legislation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, nor any proposed nominee for election as director, nor any associate or affiliate of such informed person or proposed nominee, has had any material interest, direct or indirect, in any transaction entered into by the Company since the beginning of the most recently completed fiscal year.

AUDIT COMMITTEE

Information about the Company's Audit Committee is provided in the Company's most recent Annual Information Form (the "AIF") under Item 12 "Audit Committee". The AIF may be obtained from the Company's public disclosure documents found on SEDAR at www.sedar.com.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Canadian securities regulatory authorities have issued corporate governance guidelines pursuant to National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201" or the "**Corporate Governance Guidelines**"), together with certain related disclosure requirements pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"). The Corporate Governance Guidelines are recommended as "best practices" for issuers to follow. The Company recognizes that good corporate governance plays an important role in its overall success and in enhancing shareholder value and, accordingly, has adopted certain corporate governance practices which are reflective of the recommended Corporate Governance Guidelines.

Set out below is a description of the Company's approach to corporate governance in relation to the Corporate Governance Guidelines.

Independence of the Board of Directors

The Board's mandate requires that the Board evaluate the independence of each director based on the definition of "independence" contained in NI 58-101 and the independence of each Audit Committee member based on the definition of "independence" in National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). The annual evaluation of each Board members' independence is based on a number of factors, including whether (i) they did work for the Company, (ii) they had any immediate family member engaged in the employment of the Company, (iii) they benefited from a business relationship with the Company that could reasonably be perceived to materially interfere with their independent judgment, and (iv) they received remuneration from the Company other than remuneration for acting as a member of the Board or its committees.

The Board is comprised of seven Directors, all of whom are "independent directors" within the meaning of NI 58-201, except Mr. McConnell, as he is the Company's CEO.

The Board may, without the prior approval of management, engage outside counsel, consultants or advisors to assist it in fulfilling its responsibilities. The compensation paid to such counsel, consultants or advisors is determined by the Board but paid for by the Company.

If a director or executive officer holds a material interest in a transaction or agreement under consideration at a Board meeting, that director or executive officer shall not be present at the time the Board deliberates such transaction or agreement and shall abstain from voting on the matter.

Independence of the Chair

The Board's mandate provides that where the chair of the Board is not an independent director, the independent directors may select from among their number a director who will act as lead director and who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board.

Kalidas Madhavpeddi is the non-executive chair of the Board and is primarily responsible for establishing the agenda for Board meetings and for supervising the conduct of such meetings. Mr. Madhavpeddi is independent pursuant to NI 58-101.

Although the Company has not implemented formal structures or procedures for the independent functioning of the Board, the Board believes that it operates independently of management.

Outside Directorships

The following Directors of the Company are presently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction:

Director	Public Company Board Membership
Kalidas V. Madhavpeddi	NovaGold Resources Inc. (TSX; NYSE -MKT) NovaCopper Inc. (TSX; NYSE-MKT) Capstone Mining Corp. (TSX)
Gerald J. McConnell	NovaGold Resources Inc. (TSX; NYSE-MKT) NovaCopper Inc. (TSX; NYSE-MKT)
Glenn R. Williams	Zephyr Minerals Limited (TSX.V)
Bill Koutsouras	Copper North Mining Corp. (TSX.V) Alexander Nubia International Inc. (TSX.V).

Board Meetings

The Board holds regularly scheduled meetings. Additional Board meetings will be held depending upon opportunities or issues to be dealt with by the Company from time to time. The rules and regulations relating to the calling and holding of, and proceedings at, meetings of the Board are established by the Company's by-laws and by resolutions of the Company's Directors. Directors of the Company attended all six Board meetings during fiscal 2014 with the exception of Messrs. Jackson and Williams who missed one meeting.

The Corporate Secretary, his or her designee or any other person the Board requests, acts as secretary at Board meetings. Minutes of Board meetings are recorded and maintained by the Corporate Secretary and subsequently presented to the Board for approval.

The Board's mandate provides that the independent members of the Board shall endeavour to hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present, whenever deemed appropriate, as recommended by the Canadian Securities Administrators' corporate governance guidance. While the Board did not hold any separate meetings of independent members in fiscal 2014, the Board held in-camera sessions without management present at each of its six meetings during the year. In addition, the Board has free access to the Company's external auditor, legal counsel and to any of the Company's officers.

Board Mandate

The Board operates pursuant to a formal mandate and is responsible for supervising the management and affairs of the Company. The Board assumes responsibility for the stewardship of the Company, including the areas described below:

- (a) *Strategic Planning:* The Board has the responsibility to ensure that there are long-term goals and a strategic planning process in place for the Company and to participate with management directly or through committees in developing and approving the strategy by which the Company proposes to achieve these goals (taking into account, among other things, the opportunities and risks of the business of the Company).
- (b) *Management's Integrity:* The Board has the responsibility, to the extent considered appropriate, to satisfy itself as to the integrity of the CEO and other senior officers of the Company and to ensure that the CEO and such other senior officers are creating a culture of integrity throughout the Company.
- (c) *Corporate Governance:* The Board is responsible for the oversight and review of the Company's corporate governance practices.
- (d) *Communications:* The Board must review the Company's Disclosure Policy, including measures for receiving feedback from the Company's stakeholders and management's compliance with the Disclosure Policy. In addition, the Company endeavours to keep its shareholders informed of its progress through annual and interim disclosure and periodic news releases. Directors and management meet with the Company's shareholders at the annual meeting and are available to respond to questions at that time.

The Board is responsible for the development, to the extent considered appropriate, of position descriptions for each of the chair of the Board and the chair of each Board committee. The Board is also responsible for, together with the CEO, the development of the corporate goals and obligations that the CEO is responsible to meet.

Given the small size of the Company's operations, the Board does not feel that it is necessary at this time to formalize position descriptions for directors, officers and the chair of the Board and the chair of each committee of the Board to delineate their respective roles. The roles of the executive officers of the Company are delineated on the basis of customary practice.

It is the Board's expectation that members of management will carry out their duties and discharge their responsibilities with professionalism and integrity, with a view to achieving the Company's objectives and enhancing shareholder value.

The mandate of the Board is attached as Schedule A. The Board will review and assess the adequacy of the Board's mandate to ensure compliance with any rules of regulations promulgated by any regulatory body and to approve any modifications as considered advisable.

Orientation and Continuing Education

In January 2011, current members of the Board (with the exception of Mr. Price) attended a briefing conference at which time they were given a comprehensive presentation describing the Company's business, affairs and projects. New members of the Board are provided with access to recently publicly filed documents of the Company, technical reports and internal information, as well as an information package prepared by the Company's general counsel outlining securities regulations with respect to disclosure, corporate governance, insider reporting requirements and insider trading.

The Board believes that the experiences of each director resulting from their current and past positions ensure that they have the skills and knowledge necessary to serve the Company as a member of the Board on an ongoing basis. In addition, the Company supports Directors in attending outside seminars and courses.

Nomination of Directors

The Board does not have a formal process for identifying new candidates for nomination to the Board. It is the intent of the Board to collaborate with management from time to time to assess the appropriate size of the Board, to identify the necessary qualifications and skills of the Board as a whole and of each director individually, to identify potential candidates and to consider their appropriateness for membership on the Board.

Committees of the Board

The Board currently has an Audit Committee and a Compensation Committee. The Company also has a Disclosure Policy Committee.

The Board has approved mandates for each committee described below. The Board is to review each committee's mandate at least annually.

The Board has delegated to the applicable committee those duties and responsibilities set out in each committee's mandate and may further delegate, from time to time, such matters as the Board is authorized to delegate by applicable laws and regulations. As required, or as considered advisable, the Board considers for approval the specific matters delegated for review to the Board committees. To facilitate communication between the Board and its committees, each committee Chair is required to report to the Board on material matters considered by the committee at the next Board meeting after each meeting of the committee.

Audit Committee

The Audit Committee was structured to comply with the requirements of NI 52-110. The Audit Committee is comprised of three Directors: Adrian Hickey, Kalidas Madhavpeddi and Glenn Williams (Chair), each of whom is "financially literate" and "independent" within the meaning of NI 52-110. All members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues. For the education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, see "*Directors and Executive Officers*".

Policies and Procedures for the Engagement of Audit and Non-Audit Services

The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

Mandate of the Audit Committee

The Company's Audit Committee operates under the mandate attached to the Company's Annual Information Form, which is available on SEDAR at www.sedar.com. As set out in the Audit Committee Charter, the Audit Committee will be responsible for, among other things:

- (a) *Financial Reports:* The Audit Committee is responsible for performing financial reporting duties, including the following:
- overseeing the Company's financial statements and financial disclosures; and
 - reviewing (i) all annual financial statements, the external auditor's reports thereon and the related management's discussion and analysis, (ii) all interim financial statements and the related management's discussion and analysis, and (iii) news releases disclosing or based upon financial results of the Company; and (iv) any other material financial disclosure that is publicly disseminated.
- (b) *External Auditor:* The Audit Committee is responsible for performing duties associated with the external auditor, including the following:
- overseeing the work of the external auditor;
 - reviewing and, if advisable, selecting and recommending for Board approval the external auditor to be nominated and the compensation of such external auditor;
 - resolving any disagreements between management and the external auditor as to financial reporting matters brought to its attention;
 - reviewing and approving the external auditor's proposed annual audit plan;
 - reviewing and reporting to the Board on any reports prepared by the external auditor in respect of financial statements of the Company;
 - at least annually, reviewing and discussing all significant relationships the external auditor has with the Company to determine their independence and reporting to the Board;
 - pre-approving all non-audit services to be provided to the Company or any of its subsidiaries by the Company's external auditor;
 - reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor; and
 - reviewing with management any significant changes required in the external auditor's audit plan and any serious difficulties or disputes with management encountered during the course of the audit.
- (c) *Whistleblower Procedures:* The Audit Committee is responsible for establishing procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- (d) *Audit Committee Disclosure:* The Audit Committee is responsible for preparing, reviewing and approving any Audit Committee disclosures required by applicable requirements in the Company's disclosure documents.

In addition to the above listed responsibilities, the Audit Committee is also responsible for performing the duties required of an Audit Committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company.

External Auditor Services Fees

The following table lists the fees billed by Deloitte & Touche LLP, the Company's current auditors for the last two fiscal years.

	Financial Year 2014	Financial Year 2013
	\$	\$
Audit Fees	36,000	35,000
Audit Related Fees	Nil	Nil
Tax Fees	4,400	4,200
All Other Fees	Nil	Nil

- (1) "Audit Fees" are the aggregate fees billed by the auditors for audit services.
(2) "Audit-related Fees" are the aggregate fees paid to the auditors for assurance and related services reasonably related to the audit.
(3) "Tax Fees" are fees for tax compliance work, preparing the annual tax returns and tax planning issues.
(4) "All Other Fees" are fees associated with the Company's initial public offering.

Compensation Committee

The Compensation Committee is comprised of three Directors: Douglas Jackson, Bill Price and Kalidas Madhavpeddi (Chair), each of whom is considered an independent member within the meaning of NI 58-101.

Mandate of the Compensation Committee

The responsibilities, powers and operation of the Compensation Committee are set out in the Mandate of the Compensation Committee and include, among other things:

- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO;
- evaluating the CEO's performance and making recommendations to the Board with respect to the CEO's compensation level based on its evaluation;
- reviewing executive compensation disclosure before the Company publicly discloses such information; and
- preparing a report for inclusion in the Company's management information circular to shareholders respecting the process undertaken by the Compensation Committee in its review and preparing a recommendation in respect of the CEO's compensation.

Further particulars of the process by which compensation for the Company's directors and officers is determined can be found at "Statement of Executive Compensation".

Disclosure Policy Committee

The Disclosure Policy Committee is comprised of Gerald J. McConnell, CEO and a director of the Company, and Donald M. Burton, President.

Mandate of the Disclosure Policy Committee

The Disclosure Policy Committee has responsibility for all regulatory disclosure requirements and for overseeing the Company's disclosure practices. The Committee has responsibility to identify appropriate industry and Company benchmarks for a preliminary assessment of materiality. Guided by these benchmarks, the Disclosure Policy Committee will use experience and judgment to determine the timing for public releases of information material to the Company. The Disclosure Policy Committee is responsible to:

- ensure appropriate systems, processes and controls for disclosure are in place;
- review all news releases and core disclosure documents prior to their release;
- review and update, if necessary, the Company's Disclosure Policy annually, or as needed, to ensure compliance with changing regulatory requirements;
- report to the board quarterly;
- ensure that the Company's spokespersons receive adequate training; and
- oversee the Company's Disclosure Policy to ensure appropriate and consistent disclosure practices.

Policies and Procedures of the Board

The Board has established the following policies and procedures:

Code of Business Conduct and Ethics

The Board has adopted and has agreed to be bound by the Code of Business Conduct and Ethics ("**Code of Conduct**") (available on SEDAR at www.sedar.com or from the Company upon request), which was designed to deter wrongdoing and to promote (i) honest and ethical conduct, (ii) confidentiality of corporate information, (iii) avoidance of conflicts of interest, (iv) protection and proper use of corporate assets, (v) compliance with applicable governmental laws, rules and regulations, (vi) prompt internal reporting to appropriate persons of violations of the Code of Conduct, (vii) accountability for adherence to the Code of Conduct, and (viii) the Company's culture of honesty and accountability.

The Code of Conduct requires all directors, officer and employees of the Company to:

- act honestly, with integrity and in the best interests of the Company;
- deal honestly, fairly, respectfully and ethically with all of the Company's business partners, competitors, and other third parties;
- comply with all applicable laws, rules and regulations;
- maintain a safe and healthy work environment;
- promote a workplace that is free from discrimination or harassment based on race, color, religion, sex, age, national origin, disability or other factors that are unrelated to the Company's business interests;

- supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
- refrain from accepting any bribe, kickback or improper payment from anyone;
- refrain from accepting any gifts or favours of more than nominal value to or from the Company's business partners;
- (i) not discuss confidential information with or in the presence of any unauthorized persons, including family members and friends; (ii) use confidential information only for the Company's legitimate business purposes and not for personal gain; and (iii) not disclose confidential information to third parties; and
- comply with all provisions of the Code of Conduct.

Management monitors compliance with the Code of Conduct and the Code of Conduct provides for a confidential reporting process of any possible violations to the chair of the Audit Committee. Management meets regularly to discuss compliance with the Code of Conduct and reports any issues to the Board. The Code of Conduct is to be reviewed by the Board on an annual basis.

To date, the Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and, in particular, the restrictions placed by applicable corporate legislation on an individual Director's participation in decisions of the Board in which the Director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Disclosure Policy

The Disclosure Policy applies to all directors, officers, employees and insiders of the Company. The Disclosure Policy covers disclosure documents filed with the Canadian securities regulators and written statements made in the Company's annual and quarterly reports, press releases, letters to shareholders, presentations by senior management and information contained on the Company's website and other electronic communications. The Disclosure Policy also applies to oral statements made in group and individual meetings, telephone conversations with employees or members of the investment community, interviews with the media, speeches, industry conferences, news conferences, conference calls and dealings with the general public.

Insider Trading Policy

The procedures and restrictions set forth in the Company's insider trading policy provide a general framework to assist directors, officers, employees, consultants and others with non-public material information about the Company in ensuring that any purchase or sale of securities occurs without actual or perceived violation of applicable securities laws. Under its insider trading policy, the Company will advise of "black-out periods", during which time directors, officers and employees of the Company with knowledge of confidential or material information about the Company, counterparties in negotiations with the Company involving potential material transactions, and financial and other professional advisors, are all prohibited from trading in securities of the Company (and, if applicable, in securities of such counterparties) until the material information has been fully disclosed and a reasonable period of time has passed for the information to be widely disseminated.

Assessments

To date, the Board, its committees and individual directors have not carried out formal assessments with respect to their effectiveness and contribution. The Board has satisfied itself that the Board, its committees, and its individual directors are performing effectively through informal discussions and regular review of mandates and charters.

OTHER BUSINESS

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the person named in the proxy to vote the Shares represented thereby in accordance with his best judgment on such matter.

PROPOSALS BY SHAREHOLDERS

Pursuant to the *Canada Business Corporations Act* ("Act"), resolutions intended to be presented by Shareholders for action at the next annual meeting must comply with the provisions of the Act and be deposited at the Company's head office not later than January 8, 2016 in order to be included in the management information circular relating to the next annual meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. To request copies of the Company's financial statements and management's discussion and analysis, Shareholders should contact Janice Stairs, General Counsel, Suite 306, Royal Bank Building, 1597 Bedford Highway, Halifax, Nova Scotia B4A 1E7, Telephone 902-835-8760, Fax 902-835-8761. Financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year.

OTHER MATERIAL FACTS

There are no other material facts to the knowledge of the Board of Directors relating to the matters for which this Management Information Circular is issued which are not disclosed herein.

CERTIFICATE

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. The contents and the sending of the Management Information Circular have been approved by the Board of Directors.

BY ORDER OF THE BOARD OF DIRECTORS, THIS 8th DAY OF APRIL, 2015.

"Gerald J. McConnell"

Gerald J. McConnell
Chief Executive Officer

SCHEDULE A

NAMIBIA RARE EARTHS INC.

BOARD OF DIRECTORS' MANDATE

1. PURPOSE

The primary function of the directors (individually a "**Director**" and collectively the "**Board**") of Namibia Rare Earths Inc. (the "**Corporation**") is to supervise the management of the business and affairs of the Corporation.

The Board has the responsibility to supervise the management of the Corporation, which is responsible for the day-to-day conduct of the business of the Corporation. The fundamental objectives of the Board are to enhance and preserve long-term shareholder value and to ensure that the Corporation conducts business in an ethical and safe manner. In performing its functions, the Board should consider the legitimate interests that stakeholders, such as employees, customers and communities, may have in the Corporation. In carrying out its stewardship responsibility, the Board, through the chief executive officer (the "**CEO**"), should set the standards of conduct for the Corporation.

This Mandate is in addition to and is not intended to change or interpret any applicable law, regulation or the constating documents of the Corporation.

2. PROCEDURE AND ORGANIZATION

The Board operates by delegating certain responsibilities and duties set out below to management or committees of the Board and by reserving certain responsibilities and duties for the Board itself. The Board retains the responsibility for managing its affairs, including selecting its chair ("**Chair**") and constituting committees of the Board.

3. CHAIR

The Chair shall be appointed by a resolution of the directors in accordance with the Corporation's constating documents. Where the Chair is not an independent director, the independent Directors may select from among their number a Director who will act as "**Lead Director**" and who will assume responsibility for providing additional leadership to enhance the effectiveness and independence of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

4. RESPONSIBILITIES AND DUTIES

The principal responsibilities and duties of the Board fall into a number of categories, which are outlined below.

4.1 Legal Requirements

- (a) The Board has the overall responsibility to ensure that applicable legal requirements are complied with and documents and records are properly prepared, approved and maintained.
- (b) The Board has the statutory responsibility to, among other things:
 - (i) manage, or supervise the management of, the business and affairs of the Corporation;
 - (ii) act honestly and in good faith with a view to the best interests of the Corporation;

- (iii) exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances; and
 - (iv) act in accordance with the obligations contained in the *Canada Business Corporations Act* (the "**CBCA**"), the regulations thereunder, the articles and constating documents of the Corporation, applicable securities laws and policies and other applicable legislation and regulations.
- (c) The Board has the statutory responsibility to consider the following matters as a Board, which may not be delegated to management or to a committee of the Board:
- (i) any submission to the shareholders of any question or matter requiring the approval of the shareholders;
 - (ii) the filling of a vacancy among the Directors or in the office of auditor and the appointing or removing of any of the CEO, the Chair or the president of the Corporation;
 - (iii) the issue of securities except as authorized by the Board;
 - (iv) the declaration of dividends;
 - (v) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
 - (vi) the payment of a commission to any person in consideration of the person purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares except as authorized by the Board;
 - (vii) the approval of a management proxy circular;
 - (viii) the approval of a take-over bid circular, directors' circular or issuer bid circular;
 - (ix) the approval of an amalgamation of the Corporation;
 - (x) the approval of an amendment to the articles of the Corporation;
 - (xi) the approval of annual financial statements of the Corporation;
 - (xii) the adoption, amendment or repeal of any by-law of the Corporation;
 - (xiii) consideration and approval of all major decisions affecting the Corporation, including all material acquisitions and dispositions, material capital expenditures and material debt financings; and
 - (xiv) all other matters which, at law, may not be delegated to management or to a committee of the Board.

4.2 Strategy Development

The Board has the responsibility to ensure that there are long-term goals and a strategic planning process in place for the Corporation and to participate with management, directly or through committees, in developing and approving the strategy by which the Corporation proposes to achieve these goals (taking into account, among other things, the opportunities and risks of the business of the Corporation).

4.3 Risk Management

The Board has the responsibility to:

- (a) safeguard the assets and business of the Corporation; and
- (b) identify and understand the principal risks of the business of the Corporation and to ensure that there are appropriate systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

4.4 Appointment, Training and Monitoring Senior Management

The Board has the responsibility to:

- (a) appoint the CEO and, together with the CEO, to develop a position description for the CEO;
- (b) with the advice of the compensation committee of the Board (the "**Compensation Committee**"), develop corporate goals and objectives that the CEO is responsible for meeting, to monitor and assess the performance of the CEO in light of those corporate goals and objectives and to determine the compensation of the CEO;
- (c) provide advice and counsel to the CEO in the execution of the duties of the CEO;
- (d) develop, to the extent considered appropriate, position descriptions for the Chair and the chair of each committee of the Board;
- (e) approve the appointment of all corporate officers;
- (f) consider, and if considered appropriate, approve, upon the recommendation of the Compensation Committee and the CEO, the remuneration of all senior officers;
- (g) consider, and if considered appropriate, approve, upon the recommendation of the Compensation Committee, incentive-compensation plans and equity-based plans of the Corporation; and
- (h) ensure that adequate provision has been made to train and develop management and members of the Board and for the orderly succession of management, including the CEO.

4.5 Ensuring Integrity of Management

The Board has the responsibility, to the extent considered appropriate, to satisfy itself as to the integrity of the CEO and other senior officers of the Corporation and to ensure that the CEO and such other senior officers are creating a culture of integrity throughout the Corporation.

4.6 Policies, Procedures and Compliance

The Board is responsible for the oversight and review of the following matters and may rely on management of the Corporation to the extent appropriate in connection with addressing such matters:

- (a) ensuring that the Corporation operates at all times within applicable laws and regulations and to appropriate ethical and moral standards;
- (b) approving and monitoring compliance with significant policies and procedures by which the business of the Corporation is conducted;
- (c) ensuring that the Corporation sets appropriate environmental standards for its operations and that it operates in material compliance with all applicable environmental laws and standards;
- (d) ensuring that the Corporation has a high regard for the health and safety of its employees in the workplace and has in place appropriate programs and policies relating thereto;
- (e) developing the approach of the Corporation to corporate governance including, to the extent appropriate, developing a set of governance principals and guidelines that are specifically applicable to the Corporation; and
- (f) examining the corporate governance practices within the Corporation and altering such practices when circumstances warrant.

4.7 Reporting and Communication

The Board is responsible for the oversight and review of the following matters and may rely on management of the Corporation to the extent appropriate in connection with addressing such matters:

- (a) ensuring that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with management, shareholders, other stakeholders and the public generally;
- (b) ensuring that the financial results are reported fairly and in accordance with applicable accounting standards;
- (c) ensuring that the financial results of the Corporation are adequately reported to shareholders, other stakeholders and regulators on a timely and regular basis;
- (d) ensuring the timely and accurate reporting of any developments that could have a significant or material impact on the value of the Corporation; and
- (e) reporting annually to the shareholders of the Corporation on the affairs of the Corporation for the preceding year.

4.8 Monitoring and Acting

The Board is responsible for the oversight and review of the following matters and may rely on management of the Corporation to the extent appropriate in connection with addressing such matters:

- (a) monitoring the Corporation's progress in achieving its goals and objectives and, through management, altering the direction of the Corporation in response to changing circumstances;
- (b) considering appropriate action when performance falls short of the goals and objectives of the Corporation or when other special circumstances warrant;
- (c) ensuring that the Corporation has implemented adequate internal control and management information systems;

- (d) assessing the individual performance of each Director and the collective performance of the Board; and
- (e) overseeing the size and composition of the Board as a whole to facilitate effective decision-making by the Corporation.

5. BOARD'S EXPECTATIONS OF MANAGEMENT

The Board expects each member of management to perform such duties as may be reasonably assigned by the Board from time to time, faithfully, diligently, to the best of his or her ability and in the best interests of the Corporation. Each member of management is expected to devote substantially all of his or her business time and efforts to the performance of such duties. Management is expected to act in compliance with, and to ensure that the Corporation is in compliance, with all laws, rules, regulations and policies applicable to the Corporation.

6. RESPONSIBILITIES AND EXPECTATIONS OF DIRECTORS

The responsibilities and expectations of each Director are as follows:

6.1 Commitment and Attendance

Directors are expected to spend the time necessary to properly discharge their responsibilities. All Directors should make every effort to attend all meetings of the Board and meetings of committees of which they are members.

6.2 Participation in Meetings

Each Director should be sufficiently familiar with the business of the Corporation, including its financial position and capital structure and the risks and competition it faces, to actively and effectively participate in the deliberations of the Board and of each committee of which the Director is a member. Upon request, management should make appropriate personnel available to answer any questions a Director may have about any aspect of the business of the Corporation. Directors should also review the materials provided by management and the Corporation's advisors in advance of meetings of the Board and committees and should arrive prepared to discuss the matters to be presented.

6.3 Code of Business Conduct and Ethics

The Corporation has adopted a Code of Business Conduct and Ethics to deal with the business conduct of Directors, officers and employees of the Corporation. Directors should be familiar with the provisions of the Code of Business Conduct and Ethics.

6.4 Policies

The Corporation has adopted a Disclosure Policy and an Insider Trading Policy. Directors should be familiar with the provisions of these and any other policies adopted by the Board from time to time.

6.5 Other Directorships

The Corporation values the experience Directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a Director's time and availability, and may also present conflicts issues. Directors should consider advising the Chair before accepting any new membership on other boards of directors or any other affiliation with other businesses or governmental bodies which involve a significant commitment by the Director.

6.6 Contact with Management

All Directors may contact the CEO at any time to discuss any aspect of the business of the Corporation. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for Directors to meet with the CEO and other members of management in Board and committee meetings and in other formal or informal settings.

6.7 Confidentiality

The proceedings and deliberations of the Board and its committees are, and shall remain, confidential. Each Director should maintain the confidentiality of information received in connection with his or her services as a director of the Corporation.

7. QUALIFICATIONS AND DIRECTORS' ORIENTATION

- 7.1 The size of the Board shall be determined by the Board, in accordance with the constating documents of the Corporation, with acknowledgement that the number of Board members be such that the Corporation can operate effectively and efficiently.
- 7.2 The Board is responsible for nominating members to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. A sufficient number of Directors should be independent Directors in accordance with the applicable policies and guidelines of the Canadian Securities Administrators.
- 7.3 In considering the constitution of the Board, the Board shall consider the types of skills and characteristics required of Directors, based on the needs of the Corporation from time to time. This assessment should include issues of relevant experience, independence, commitment, compatibility with the CEO and other factors deemed relevant to the business of the Corporation.
- 7.4 Management will provide new Directors with an initial orientation in order to familiarize them with the Corporation and its strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its policies and its external auditor.
- 7.5 The Board will encourage, but not require, Directors to periodically pursue or obtain appropriate programs, sessions or materials as to the responsibilities of Directors of publicly traded companies.

8. MEETINGS

- 8.1 The Board shall meet often as it deems necessary to carry out its responsibilities but not less frequently than quarterly. In addition, the Board should meet as it considers appropriate to consider strategic planning for the Corporation. Financial and other appropriate information should be made available to the Directors in advance of Board meetings. Attendance at each meeting of the Board should be recorded.
- 8.2 The Chair is primarily responsible for the agenda and for supervising the conduct of the meeting. A detailed agenda and, to the extent feasible, supporting documents will be provided to the Directors approximately one week prior to each Board meeting. Any Director may pose the inclusion of items on the agenda, request the presence of, or a report by, any relevant member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting. Directors having items to suggest for inclusion on the agenda for future board meetings should advise the Chair and the corporate secretary well in advance of such meetings.
- 8.3 No business shall be transacted by the Board unless a quorum of the Board is present or the business is transacted by resolution in writing signed by all members of the Board. A majority of the Board shall constitute a quorum, provided that if the number of members of the Board is an even number, one half of the number of members plus one shall constitute a quorum.

- 8.4 The Chair will appoint a secretary ("**Secretary**") who will keep minutes of all meetings. The Secretary does not have to be a member of the Board or a director and can be changed by simple notice from the Chair.
- 8.5 The time and place of meetings of the Board, and the procedure in all respects of such meetings shall be determined by the Board, unless otherwise provided for in the constating documents of the Corporation or otherwise determined by resolution of the Board.
- 8.6 Meetings may be held in person, by teleconferencing or by videoconferencing.
- 8.7 Any decision made by the Board shall be determined by a majority vote of the members of the Board present. A member will be deemed to have consented to any resolution passed or action taken at a meeting of the Board unless the member dissents.
- 8.8 Management may be asked to participate in any meeting of the Board. The Board should meet separately from management as considered appropriate to ensure that the Board functions independently of management. The Directors independent of management should meet without members of management of the Corporation present as considered appropriate.
- 8.9 Draft minutes of the Board meetings shall be circulated to the Directors following each meeting.

9. COMMITTEES

- 9.1 A substantial portion of the analysis and work of the Board will be done by standing Board committees. The Board has established or intends to establish the following standing committees: the Audit Committee and the Compensation Committee. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.
- 9.2 Committee members will be appointed by the Board, with consideration of the desires and skills of individual Directors. It is desirable that consideration should be given to rotating committee members periodically, but rotation is not mandated as a policy.
- 9.3 Each standing committee will have its own charter. The charter of each standing committee should be reviewed annually by the Board.
- 9.4 Each committee chair, in consultation with committee members, will determine the frequency and length of each committee's meeting and the agenda for committee meetings.
- 9.5 The chair of each committee shall report to the Board following meetings of the committee.

10. RESOURCES

- 10.1 The Board shall have full, free and unrestricted access to management and employees and to the relevant books and records of the Corporation.
- 10.2 The Board may invite any officers or employees of the Corporation, outside counsel, the Corporation's external auditor or any other advisor to attend meetings of the Board or to meet with any member of, or consultant to, the Board, as it deems necessary.
- 10.3 The Board shall have the authority to:
- (a) retain independent advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities; and
 - (b) set and pay the compensation of any such advisors, at the expense of the Corporation.
- 10.4 Any advisors retained shall report directly to the Board.

- 10.5 Directors are permitted to engage an outside legal or other adviser at the expense of the Corporation where for example he or she is placed in a conflict position through activities of the Corporation, but any such engagement shall be subject to the prior approval of the Chair.

11. ANNUAL REVIEW AND ASSESSMENT

- 11.1 The Board and each of the committees of the Board, should conduct a self-evaluation at least annually to assess their effectiveness. In addition, the Board should periodically consider the mix of skills and experience that Directors bring to the Board and assess, on an ongoing basis, whether the Board is an appropriate size and has the necessary composition to perform its oversight function effectively.
- 11.2 The Board shall review and assess the adequacy of this Mandate and, if appropriate, revise this Mandate from time to time.
- 11.3 Directors should be encouraged to exercise their duties and responsibilities in a manner that is consistent with this mandate and with the best interests of the Corporation and its shareholders generally.

12. REMUNERATION

- 12.1 The members of the Board shall be entitled to receive such remuneration for acting as Directors or members of any committee of the Board as the Board may from time to time determine.