

RARE ELEMENT RESOURCES LTD
Form 424B5
April 27, 2015

**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-189235**

**PROSPECTUS SUPPLEMENT
(to the Prospectus dated July 30, 2013)**

RARE ELEMENT RESOURCES LTD.

**Units consisting of up to 5,230,770 Common Shares and
warrants to purchase up to 2,615,385 Common Shares**

We are offering directly to selected purchasers (i) units consisting of 5,230,770 common shares, without par value, of Rare Element Resources Ltd. (the Company) and warrants to purchase 2,615,385 common shares (the Units), and (ii) the common shares issuable from time to time upon exercise of the offered warrants. This prospectus supplement also registers the issuance of warrants to purchase up to 261,539 common shares (the Agent's Warrants), issuable to H.C. Wainwright & Co., LLC (the Agent) upon satisfaction of certain conditions, and the common shares issuable upon exercise of the Agent's Warrants. The offering is being made pursuant to this prospectus supplement and the accompanying prospectus. The purchase price for each Unit will be \$0.65, representing an approximate 17% discount to the five-day volume weighted average price of our common shares on the NYSE MKT ending April 23, 2015. We executed definite subscription documents with the purchasers on April 24, 2015. Each full warrant included in the Unit will have an exercise price of \$0.85 per share, which is equal to approximately 108% of the closing price on April 23, 2015. All warrants will be exercisable immediately and will expire three years after such issuance date. Units will not be certificated. The common shares and the warrants comprising the Units are immediately separable and will be issued separately, but will be purchased together in this offering.

Our common shares are presently listed on NYSE MKT under the symbol REE and on the Toronto Stock Exchange (TSX) under the symbol RES. On April 24, 2015, the closing sale price of our common shares on NYSE MKT was \$0.76 per share and the closing sale price of our common shares on the TSX was CDN\$0.92 per share.

In connection with this offering, Agent is acting as the exclusive placement agent. We will pay a cash fee to the Agent in an amount equal to 5% of the gross proceeds paid to us in connection with the offering, and will issue Agent's Warrants to acquire a number of common shares equal to 5% of the number of Units purchased in the closing, which warrants will have substantially the same terms as those issued to the purchasers, except as specified herein. The Agent will be reimbursed for expenses of up to 2% of the aggregate proceeds raised in the offering but no more than \$25,000 without our prior written approval. If the purchasers in this offering make any investment in the Company in the 12 months following the purchase of the Units, we will pay to the Agent cash compensation equal to 3% of the gross proceeds provided by the purchasers and warrants to purchase 3% of the securities purchased by the purchasers in the subsequent financing. See Plan of Distribution beginning on page S-32 of this prospectus supplement for more information regarding these arrangements. The Agent is not purchasing or selling any of the securities we are offering.

Per Unit Total Offering

Offering price	\$	0.65	\$	3,400,001
Placement agent fees ⁽¹⁾	\$	0.0325	\$	170,000
Proceeds, before expenses, to us	\$	0.6175	\$	3,230,001

(1)

In addition, we will (i) issue to the Agent warrants to purchase a number of common shares equal to 5% of the number of Units sold in this offering, (ii) reimburse the Agent for expenses of up to 2% of the aggregate proceeds raised in the offering but no more than \$25,000 without our prior written approval, and (iii) make similar payments and issuances of equity compensation to the Agent in the future if we receive additional financing from the purchasers in this offering within 12 months of the closing of the Units. See Plan of Distribution.

We estimate the total expenses of this offering, excluding the placement agent fees, will be approximately \$3,167,000.

Investing in our securities involves a high degree of risk. See Risk Factors beginning on page S-8 of this prospectus supplement and on page 7 of the accompanying prospectus for a discussion of information that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is April 27, 2015.

H.C. Wainwright & Co., LLC

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined together with all documents incorporated by reference. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement, or any amendment or supplement hereto that we may file to maintain the accuracy of the information herein. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date—for example, a document incorporated by reference into this prospectus supplement or the accompanying prospectus—the statement in the document having the later date modifies or supersedes the earlier statement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any related free writing prospectus that we authorized to be distributed to you. We have not, and the Agent has not, authorized anyone to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in, or incorporated by reference into, this prospectus supplement, the accompanying prospectus and any related free writing prospectus that we authorized to be delivered to you, is accurate only as of the respective dates thereof, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of securities. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, and any related free writing prospectus that we authorized to be delivered to you, in making your investment decision. You should also read and consider the information in the documents to which we have referred you under the captions *Where You Can Find More Information* and *Incorporation of Documents by Reference* in this prospectus supplement and in the accompanying prospectus.

We are offering to sell, and are seeking offers to buy, the Units only in jurisdictions where such offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Units in certain jurisdictions or to certain persons within such jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the Units and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended (the *Securities Act*) and Section 21E of the Securities Exchange Act of 1934, as amended (the *Exchange Act*), and forward-looking information within the meaning of applicable Canadian securities laws

(collectively, forward-looking statements), with respect to our financial condition, results of operations, business prospects, plans, objectives, goals, strategies, future events, capital expenditures, and exploration and development efforts. Words such as, but not limited to, anticipates, expects, intends, forecasts, likely, project, plans, seeks, estimates, may, will, and similar expressions (including negative and grammatical variations) tend to identify forward-looking statements.

Although we believe that our plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this prospectus supplement, the accompanying prospectus, or in any free-writing prospectus.

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Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, intentions, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases (including grammatical variations) such as expects or does not expect , is expected , anticipates or does not anticipate , plans , estimates or intends , or stating that certain actions, events or results may , could , would , should, might be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements in this prospectus supplement, include, but are not limited to:

·
the timing of the feasibility study;

·
the progress, potential and uncertainties of our 2015 process technology test work and development at the Bear Lodge Rare Earth Element Project (the Bear Lodge REE Project);

·
our ability and the timing to obtain the necessary permits and licenses, including environmental, project development, mining, beneficiation and processing operations permits;

·
our estimates of the initial capital cost required to bring the Bear Lodge REE Project into production;

·
our expectations regarding the timing for commissioning of the Bear Lodge REE Project; and

·
expectations regarding the ability to raise capital and to continue development plans at our Bear Lodge REE Project.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation, risks associated with:

·
our history of losses and need for additional financing;

·
our lack of production from our mineral properties, including the Bear Lodge REE Project;

·
numerous uncertainties that could affect the profitability or feasibility of the Bear Lodge REE Project;

the potential outcome of the planned feasibility study that may indicate Bear Lodge REE Project economics are less favorable;

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the exploration, development and operation of our Bear Lodge REE Project;

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increased costs affecting our financial condition;

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volatile rare earth markets, including fluctuations in demand for, and prices of, rare earth products;

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establishing adequate distribution channels to place our entire future product suite;

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competition in the mining and rare earths industries, including an increase in global supplies or predatory pricing and dumping by our competitors;

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technological advancements and the establishment of new uses and markets for rare earth products;

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the specific product(s) from the Bear Lodge REE Project potentially having a limited number of potential customers, which could limit our bargaining power, product pricing, and profitability;

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our proprietary, patent-pending, processing technology that could encounter unforeseen problems, unexpected costs or both in scaling it up to commercial application;

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mineral reserve and mineral resource estimation;

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the permitting, licensing and regulatory approval processes for our planned operations;

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continued compliance with current environmental regulations and the possibility of new legislation, environmental regulations or permit requirements adverse to the mining industry, including measures regarding the mining industry and climate change;

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our dependence on and the potential difficulty of attracting and retaining key personnel and qualified management;

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a shortage of equipment and supplies;

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mining and resource exploration and development being a potentially hazardous activity;

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operating in the resource industry, which can be highly speculative and subject to market forces outside of our control;

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title in our properties or mining claims;

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insurance for our operations that could become unavailable, unaffordable or commercially unreasonable or exclude from coverage certain exposures of our business;

.
increased competition affecting our ability to raise capital or acquire additional properties;

.
negative impacts to our business or operations from market factors;

.
our land reclamation and remediation requirements;

.
information technology system disruptions, damage or failures;

.
effects of proposed legislation on the mining industry and our business;

foreign currency fluctuations;

our executive officers, directors and consultants being engaged in other businesses;

costs associated with any unforeseen litigation;

enforcement of civil liabilities in the United States and elsewhere;

our common shares continuing not to pay cash dividends;

our securities, including in relation to both company performance and general security market conditions;

the continued listing requirements of the NYSE MKT and the penny stock rules;

tax consequences to U.S. shareholders related to our potential status as a passive foreign investment company ;

risk factors discussed or incorporated by reference into this prospectus supplement and the accompanying prospectus;
and

other factors, many of which are beyond our control.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the section headings Our Business and Risk Factors in this prospectus supplement and the accompanying prospectus. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual

results may vary materially from those anticipated, believed, estimated or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Except as required by law, we disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. **We qualify all of the forward-looking statements contained or incorporated by reference in this prospectus supplement by the foregoing cautionary statements.**

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere or incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our securities. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the Risk Factors section contained in this prospectus supplement and the accompanying prospectus and our consolidated financial statements and the related notes and the other documents incorporated by reference into this prospectus supplement and the accompanying prospectus. Unless we have indicated otherwise or the context otherwise requires, references in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein and therein to the Company, Rare Element, we, us and our may, depending on the context, refer to Rare Element Resources Ltd. or to one or more of Rare Element Resources Ltd.'s subsidiaries or to Rare Element Resources Ltd. and its consolidated subsidiaries, taken as a whole.

Business Overview

We are focused on advancing the Bear Lodge REE Project located near the town of Sundance in northeast Wyoming on the Bear Lodge property (the Bear Lodge Property). The Bear Lodge REE Project consists of a large, disseminated rare earth element (REE) deposit and a proposed hydrometallurgical plant to be located near Upton, Wyoming. The REE deposit is the second highest grade REE deposit identified in North America and one of the highest grade known europium (Eu) deposits in the world. In addition, the Bear Lodge REE Project has a favorable distribution of the remaining critical REEs. At present, we are undertaking advanced engineering, process confirmation, geological modeling and technical studies while working toward obtaining the necessary permits that will enable us to develop the Bear Lodge REE Project with the intent of commissioning the project as early as mid- 2017, subject to permitting, financing and other factors.

The Bear Lodge REE Project deposit is located near excellent mining infrastructure, including good road access and a power line within two kilometers of the property. The project site is 100 kilometers east of Gillette, Wyoming, a major infrastructure, support and logistics center for coal mines in the Powder River Basin that should provide for ready access to the required production supplies and materials as well as skilled labor. The deposit site is also situated 64 kilometers from the nearest railhead at Upton, Wyoming, allowing access to major distribution channels from the proposed hydrometallurgical plant. The Bear Lodge REE Project has favorable community acceptance, and Wyoming is one of the top-ranked mining jurisdictions globally (based on the Fraser Institute's 2015 ranking of 122 jurisdictions).

Corporate Information

The Company was incorporated under the laws of the Province of British Columbia, Canada, on June 3, 1999 as Spartacus Capital Inc. On July 25, 2003, our name was changed to Rare Element Resources Ltd. Our executive office is located at 225 Union Boulevard, Suite 250, Lakewood, Colorado 80228. The telephone number for our executive office is (720) 278-2460. We maintain a website at www.rareelementresources.com.

The Offering

Securities offered by us

Units

Units consisting of 5,230,770 common shares and warrants to purchase 2,615,385 common shares.

Purchase Price

Units

\$0.65 per Unit

Terms of the Warrants

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<i>Exercise price of warrants issued with Units</i>	with \$0.85, representing approximately 108% of the five-day volume weighted average price of our common shares on the NYSE MKT ending April 23, 2015.
<i>Exercise and expiration date</i>	Warrants are exercisable immediately and expire three years from the date of issuance.
<i>Listing</i>	None.
<i>Registration</i>	We are required to use best efforts to maintain the effectiveness of a registration statement covering the issuance of common shares on exercise of warrants. If the registration statement is not available under certain circumstances, warrant holders may exercise warrants on a net exercise basis.
<i>Investor's Right of Participation</i>	For 12 months following the closing of Units, the purchasers in this offering have the right to participate in future financing by the Company, subject to specified exceptions and a maximum participation amount of approximately \$2.4 million.
<i>Limitation on Future Common Share Issuances</i>	For 60 days following the issuance of the Units, we are prohibited from engaging in issuances of common shares and common share equivalents, subject to certain exceptions. During the period that is between 60 and 90 days after the closing of the offering, we are prohibited from issuing or entering into any agreement to issue any common shares except where (i) the issuance is of common shares with gross proceeds of at least \$15 million; (ii) such issuance has an effective per share purchase price equal to or greater than \$0.65 (subject to certain adjustments); and (iii) each investor in such issuance is subject to a lock up until 90 days following the closing of the offering. For one year following the issuance of the Units, we are prohibited from engaging in certain variable rate transactions, subject to specified exceptions.
<i>Common shares to be outstanding after this offering</i>	52,937,986 common shares, after purchase of the Units, and 55,814,910 common shares if the warrants issued as part of the Units (including Agent's Warrants) are exercised in full.
<i>Use of proceeds</i>	Net proceeds from the Offering are expected to be approximately \$3.2 million, after deducting placement agent fees and the estimated offering expenses. We intend to use the net proceeds from this offering as follows: for pre-development of the Bear Lodge REE Project, including (i) approximately \$1 million for permitting studies and contractor engagement, (ii) approximately \$600,000 for continued test work on REE separation, engineering and optimization studies, and (iii) approximately \$300,000 for progression of a feasibility study, with the remainder for working capital and other general corporate purposes. See Use of Proceeds on page S-22.
<i>Risk factors</i>	See Risk Factors beginning on page S-8 of this prospectus supplement and other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before investing in our securities.
<i>NYSE MKT Trading symbol</i>	REE

TSX Trading symbol

RES

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The information above regarding the number of common shares outstanding is based on (1) 47,707,216 common shares outstanding as of April 22, 2015 and (2) excludes 4,455,300 common shares issuable upon exercise of outstanding employee stock options, having a weighted average exercise price of \$4.56 per share, 1,472,557 common shares issuable upon the exercise of warrants issued on September 27, 2013 having an exercise price of \$4.15 per share, and any common shares underlying warrants issued pursuant to this offering or any common shares underlying warrants to be received by the Agent in this offering as more fully described in the Plan of Distribution section of this prospectus supplement.

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RISK FACTORS

The following sets forth certain risks and uncertainties that could have a material adverse effect on our business, financial condition and/or results of operations and the trading price of our common shares, which may decline, and investors may lose all or part of their investment. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial also may impair our business and/or operations. We cannot assure you that we will successfully address these risks.

An investment in the securities offered in this prospectus involves a high degree of risk. For a discussion of factors you should carefully consider before deciding to purchase these securities, please consider the risk factors described below and in the accompanying prospectus, and those in the documents we incorporate by reference, including those in our Annual Report on Form 10-K for the year ended December 31, 2014. Also, please read our Cautionary Statement Regarding Forward-Looking Statements.

We have a history of losses and will require additional financing to fund our current activities and, if warranted, future development and production efforts. Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern.

For the year ended December 31, 2014, our net loss was \$14.0 million. Our accumulated deficit at December 31, 2014 was \$113.5 million. At December 31, 2014, our cash position was \$10.1 million, and our working capital position was \$9.2 million. We have no revenues from operations, and we anticipate we will have no operating revenues until we place the Bear Lodge REE Project into production.

We do not have sufficient funds to complete feasibility studies, permitting, development and construction of the Bear Lodge REE Project. We will be required to raise additional funding through equity sales, asset sales including in the form of joint venture relationships, debt instruments and/or alternative means of funding. Failure to obtain sufficient financing may result in the delay or indefinite postponement of feasibility studies, process test work, development and/or production at our Bear Lodge REE Project. We cannot be certain that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable or acceptable to us. Future financings may cause dilution to our shareholders. Our ability to arrange additional financing will depend, in part, on the prevailing capital market conditions as well as our business performance and the economic attractiveness of our Bear Lodge REE Project.

We have no history of producing mineral products from our properties. Any future revenues and profits are uncertain.

We have no history of mining or refining any mineral products, and our Bear Lodge REE Project is not currently producing. There can be no assurance that the Bear Lodge REE Project, or any properties that we may acquire in the future, will be successfully developed, placed into production, produce minerals in commercial quantities or otherwise generate operating earnings. Advancing properties from the exploration stage into development and commercial production requires significant capital and time and will be subject to further feasibility studies, permitting requirements and construction of the mine, processing plants, roads and related works and infrastructure. We will continue to incur losses until our mining activities successfully reach commercial production levels and generate sufficient revenue and cash flows to fund continuing operations. There is no certainty that we will produce revenue from any source, operate profitably or provide a return on investment in the future. If we are unable to generate revenues or profits, our shareholders might not be able to recover, or realize returns on, their investment in our common shares.

The planned development of our Bear Lodge REE Project involves numerous uncertainties that could affect the feasibility or profitability of such project.

Mine development projects typically require a number of years and significant expenditures during the exploration and development phases before production is possible. The economic feasibility of exploration and development projects is based on many factors such as:

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completion of feasibility studies to further verify mineral resources and establish mineral reserves and commercial viability;

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the timing and cost, which can be considerable, of further exploration, preparing feasibility studies, permitting and construction of infrastructure, mining, beneficiation and processing facilities;

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securing a commercially viable sales outlet for our REE products;

.
the potential need to enter into joint venture or other partnership arrangements to develop the project;

.
the availability and costs of equipment and skilled labor, as required;

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the availability and cost of appropriate processing and/or refining arrangements, if required;

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compliance with environmental and other governmental approval and permit requirements;

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the availability of funds to finance exploration, development and construction activities, as warranted;

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future prices for rare earth minerals;

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potential opposition from non-governmental organizations, environmental groups or local groups or inhabitants that may delay or prevent development activities;

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potential increases in exploration, construction and operating costs due to changes in the cost of fuel, power, materials or supplies;

.
potential shortages of mineral processing, construction or other facilities-related equipment or supplies; and

the ability to attract and retain talent for development and operation of the Bear Lodge REE Project.

It is common in exploration programs and in development, construction and mine start-up to experience unexpected problems and delays. Accordingly, our activities may not result in profitable mining operations, and we may not succeed in establishing mining operations or profitably producing REE products at our Bear Lodge REE Project at all or in the anticipated timeframe.

Joint ventures and other partnerships may expose us to risks.

Historically, we have entered into joint venture arrangements to help fund the exploration and potential development of our properties. In the future, we may enter into joint ventures or other partnership arrangements, or engage in strategic acquisitions, with other parties in relation to the development of our properties. Such arrangements may dilute our interest in our properties or affect our ability to control development of our projects. Further, any failure of such joint venture or other partners to meet their obligations to us or to third parties, or any disputes with respect to the parties' respective rights and obligations, could have a material adverse effect on the joint venture and therefore could have a material adverse effect on our business performance and on our ability to develop our properties.

We expect to commence a feasibility study on our Bear Lodge REE Project, and the results of this feasibility study are uncertain.

We completed a preliminary feasibility study for our Bear Lodge REE Project in October 2014 that updated our mineral resource estimate and refined our process technology at that time. We expect to commence work on the feasibility study in 2015. The results of this study are uncertain and may indicate project economics that are more or less favorable than previously reported. As our project optimization efforts continue, we cannot ensure that the feasibility study will be based upon all of the same inputs used in the preliminary feasibility study. As a result, we may need to update our processing technology and/or project development plans to enhance economics or further study aspects of the Bear Lodge REE Project. This could result in significant additional delays and expense or could make financing efforts with respect to such efforts more difficult or not possible.

Our growth depends on the permitting, development and operation of our Bear Lodge REE Project, which is our only rare earth project.

Our only rare earth exploration project at this time is our Bear Lodge REE Project. Our continued viability is based on successfully implementing our strategy, including completion of a feasibility study, permitting and construction of a mine and processing facilities in an expected timeframe. If we are unable to implement our strategy or in the event of the imposition of significant additional regulatory burdens or delays or a significant deterioration of the market for rare earth products, our ability to develop a sustainable or profitable business would be materially adversely affected.

Increased costs could affect our ability to bring the Bear Lodge REE Project into production and, once in production, to be profitable.

We have estimated the initial capital costs required to bring the Bear Lodge REE Project into commercial production in our preliminary feasibility study, dated October 9, 2014, at approximately \$290 million. Our feasibility study may suggest that our actual costs may be higher than we presently anticipate, which could make it more difficult to finance the project or to successfully establish mining operations at the Bear Lodge REE Project.

We anticipate that our future operating costs at the Bear Lodge REE Project will vary from year to year due to a number of factors, such as changing ore grade, metallurgy and revisions to mine plans in response to the physical shape and location of the ore body. In addition, costs are affected by the price of commodities such as oil, gas, reagents/chemicals, steel, rubber and electricity. Such commodities are at times subject to volatile price movements, including increases that could make production less profitable or not profitable at all. A material increase in costs could also impact our ability to commence or maintain future development or mining operations.

We may be adversely affected by fluctuations in demand for, and prices of, rare earth products.

Because our primary focus currently is the advancement and development of the Bear Lodge REE Project, changes in demand for, and the market price of, REE products could significantly affect our ability to develop or finance the Bear Lodge REE Project and eventually attain commercial production or profitability. REE product prices may fluctuate and are affected by numerous factors beyond our control such as interest rates, exchange rates, inflation or deflation, fluctuation in the relative value of the U.S. dollar against foreign currencies on the world market, global and regional supply and demand for REE products, and the political and economic conditions of countries that produce and use REEs.

As a result of the global economic crisis, REE prices declined by approximately 50% between 2008 and the end of the third quarter of 2009. REE prices then increased significantly during 2010 and most of 2011 only to again experience declines from 2012 through 2014. Protracted periods of low prices for REE products could significantly reduce our ability to develop the Bear Lodge REE Project and, if we attain commercial production, to maintain profitable operations.

Demand for REE products is impacted by demand for downstream products incorporating rare earths, including hybrid and electric vehicles, wind power equipment and other clean technology products, as well as demand in the general automotive and electronics industries. Lack of growth in these markets could adversely affect the demand for REE products, which would have a material adverse effect on our Bear Lodge REE Project and our business. In contrast, periods of high REE prices are generally beneficial to us; however, strong REE prices, as well as real or perceived disruptions in the supply of REE, also create economic pressure to identify or create non-REE alternate technologies that ultimately could reduce future long-term demand for REE products, and at the same time may incentivize development of otherwise marginal mining properties. For example, automobile manufacturers have previously announced plans to develop motors for electric and hybrid cars that do not require REE products due to concerns about the available supply of rare earths. If the automobile industry or other industries reduce their reliance on rare earth products, the resulting change in demand could have a material adverse effect on our business. In

particular, if prices or demand for rare earths were to decline, our share price would likely decline, and this could also impair our ability to obtain capital needed for our Bear Lodge REE Project and our ability to find purchasers for our products at prices acceptable to us or at all.

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An increase in the global supply of rare earth products, dumping and/or predatory pricing by our competitors may materially adversely affect our ability to raise capital, develop our Bear Lodge REE Project or operate profitably.

The pricing and demand for REE products is affected by a number of factors beyond our control, including growth of economic development and the global supply and demand for REE products. REE supply markets continue to be dominated by production from China, which produced an estimated 85% of the global REE production in 2014. China also dominates the manufacture of metals, NdFeB magnets and other products from rare earths. The threat of increased competition may lead our competitors to engage in predatory pricing behavior or manipulation of the available supply of REEs. Advanced technology in recycling REEs may also impact supply and prices. Any increase in the amount of rare earth products exported from other nations and increased competition may result in price reductions, reduced margins or loss of potential market share, any of which could materially adversely affect our profitability. As a result of these factors, we may not be able to compete effectively against our future competitors.

The success of our business may depend, in part, on the establishment of new uses and markets for rare earth products.

The success of our business may depend, in part, on the establishment of new markets by us or third parties for certain rare earth products. Although we plan to produce rare earth products for use in end products such as NdFeB magnets, which are used in critical existing and emerging technologies such as hybrid and electric vehicles, wind power turbines and compact fluorescent lighting, the success of our business may depend on the creation of new markets and the successful commercialization of REE products in existing and emerging markets. Any unexpected costs or delays in the commercialization of any of the foregoing products or applications could have a material adverse effect on our ability to develop our Bear Lodge REE Project or operate our business profitably.

We rely on our proprietary technology and processes to further our Bear Lodge REE Project.

We rely on a combination of trade secret protection, nondisclosure and licensing agreements and patents to establish and protect our proprietary intellectual property rights. We utilize trade secret protection, patent-pending filings, and nondisclosure agreements to protect our proprietary rare earth technology. We have filed five U.S. provisional patent applications, two of which were combined into a single utility patent application filing with the U.S. Patent Office. We initiated a Patent Cooperation Treaty Application claiming priority to the U.S. Provisional Applications on our utility patent filing. These intellectual property rights may be challenged or infringed upon by third parties or we may be unable to maintain, renew or enter into new license agreements with third-party owners of intellectual property on reasonable terms. In addition, our intellectual property could be subject to infringement or other unauthorized use outside of the United States. In such case, our ability to protect our intellectual property rights by legal recourse or otherwise may be limited, particularly in countries where laws or enforcement practices are undeveloped or do not recognize or protect intellectual property rights to the same extent as the United States. Unauthorized use of our intellectual property rights or inability to preserve existing intellectual property rights could adversely impact our competitive position or results of operations. The loss of our patents could reduce the value of the related products.

The success of our business depends, in part, on our ability to utilize our proprietary process technologies, and we could encounter unforeseen problems or costs, or both, in scaling up our technologies to commercial applications.

Our mineral resource estimates may be inaccurate and any material change in these estimates could affect the economic viability of placing our Bear Lodge REE Project into production.

Unless otherwise indicated, our mineral resources are based upon estimates made by independent geologists. When making determinations about whether to advance the Bear Lodge REE Project to development, we must rely upon such estimated calculations as to the quantity and grades of mineralization on the property as well as estimates about mining and processing costs and future prices. Until mineralized material is actually mined and processed, mineral resources and grades of such mineralization must be considered estimates only, which may prove to be unreliable.

Because we have not completed a feasibility study on the Bear Lodge REE Project and have not commenced actual production, mineralization estimates, including mineral resource estimates, for the Bear Lodge REE Project may require adjustments, including potential downward revisions. In addition, the grade of material ultimately mined, if any, may differ from that indicated in our mineral resource estimates or in future feasibility studies.

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Our mineral resource estimates have been determined based on assumed cut-off grades that depend upon estimated REE prices, recovery rates and project operating costs. Any significant change in cut-off grades could reduce our estimates of mineralization, or the amount of mineralization to be extracted, and could have a material adverse effect on our share price and the value of our Bear Lodge REE Project.

We are subject to significant governmental regulations, including permitting, licensing and approval processes that affect our operations and could impact the cost and timing of conducting our business.

Our current and future activities will be governed by laws and regulations, including:

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laws and regulations governing mineral concession acquisition, prospecting, development, mining and production;

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laws and regulations related to exports, taxes and fees;

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labor standards and regulations related to occupational health and mine safety;

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laws and regulations relating to environmental protection concerning waste management, transportation, and disposal of toxic and radioactive substances, land use and the protection of threatened and endangered species; and

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other matters.

We believe we hold, or are in the process of obtaining, all licenses and permits necessary to carry on the activities that we are currently conducting or propose to conduct in the near term under applicable laws and regulations. Such licenses and permits are subject to changes in regulations and changes in various operating circumstances. There can be no guarantee that we will be able to obtain all necessary licenses and permits that may be required to maintain the current or planned exploration, development and mining activities including constructing mines and/or beneficiation and processing facilities, and commencing operations at the Bear Lodge REE Project. In addition, if we proceed to production on the Bear Lodge REE Project or any other properties that we may acquire in the future, we must obtain and comply with permits and licenses that may contain specific operating or other conditions. There can be no assurance that we will be able to obtain such permits and licenses or that we will be able to comply with any such conditions. Costs related to applying for and obtaining permits and licenses may be prohibitive and could delay planned exploration and development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be subject to civil or criminal liability, fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on our operations, cause increases in capital expenditures or production costs, or require abandonment or delays in

development of the Bear Lodge REE Project.

Our activities are subject to environmental risks and compliance with environmental regulations that are increasing and costly.

Our business and activities are subject to environmental regulation in the jurisdictions in which we operate. Environmental legislation at the local, state and federal level is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. These laws address emissions into the air, discharges into water, management of waste and hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Compliance with environmental laws and regulations at the local, state and federal level and future changes in these laws and regulations may require significant capital outlays and may cause material changes or delays in our current and planned operations and future activities. It is possible that future changes in these laws or regulations could

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have a significant adverse impact on our Bear Lodge REE Project or some portion of our business, causing us to reevaluate those activities at that time.

Examples of some of the current U.S. federal laws that may affect our business and planned operations include, but are not limited to, the following:

NEPA requires federal agencies to integrate environmental considerations into their decision-making processes by evaluating the environmental impacts of proposed actions, including issuance of permits to mining facilities, and assessing alternatives to those actions. If a proposed action could significantly affect the environment, the agency must prepare an EIS. The U.S. Environmental Protection Agency will, and other federal agencies and any interested third parties can, review and comment on the scope of the EIS and the adequacy of and findings set forth in the draft and final EIS. As required, we have begun to undertake the NEPA process for the Bear Lodge REE Project. The NEPA process can cause delays in issuance of required permits or result in changes to a project to mitigate potential environmental impacts, which in turn can impact the economic feasibility of a proposed project, including the ability to construct or operate the Bear Lodge REE Project or other properties entirely.

The NRC, pursuant to its authority under the Atomic Energy Act, oversees the regulatory framework governing the control of radioactive materials, including mining, beneficiation and processing of rare earth elements that contain uranium and thorium. The NRC is responsible for issuing licenses for source material involving concentrations of uranium or thorium that exceed 0.05% by weight. If a proposed action, including waste generation, results in materials with concentrations of uranium and thorium that equal or exceed 0.05% by weight, a license to receive title to, possess, use, transfer, or deliver source and byproduct materials may be required. We are required to follow the regulations pertaining to a license application for the Bear Lodge REE Project. The licensing process, including NEPA review relating to the NRC licensing, may cause delays or result in changes to the project design to mitigate impacts as required under the licensing issuance.

Under the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, also known as CERCLA or the Superfund law, and similar state laws, responsibility for the entire cost of cleanup of a contaminated site, as well as natural resource damages, can be imposed upon current or former site owners or operators, or upon any party who released one or more designated hazardous substances at the site, regardless of the lawfulness of the original activities that led to the contamination. CERCLA also authorizes EPA and, in some cases, third parties to take actions in response to threats to public health or the environment and to seek to recover from the potentially responsible parties the costs of such action. We may also be an owner or operator of facilities at which hazardous substances have been released by previous owners or operators. We may be responsible under CERCLA for all or part of the costs of cleaning up facilities at which such substances have been released and for natural resource damages. We have not, to our knowledge, been identified as a potentially responsible party under CERCLA, nor are we aware of any prior owners or operators of our properties that have been so identified with respect to their ownership or operation of those properties.

The Federal Resource Conservation and Recovery Act (RCRA), and comparable state statutes, govern the disposal of solid and hazardous waste and authorize the imposition of substantial fines and penalties for noncompliance, as well as requirements for corrective actions. Although certain mining, beneficiation, and mineral processing wastes currently are exempt from regulation as hazardous wastes under RCRA, EPA has limited the disposal options for

certain wastes designated as hazardous wastes under RCRA. It is possible that certain wastes generated by our potential future operations that currently are exempt from regulation as hazardous wastes may in the future be designated as hazardous wastes, and may therefore become subject to more rigorous and costly management, disposal and clean-up requirements.

The Clean Air Act, as amended (CAA), and comparable state statutes, restricts the emission of air pollutants from many stationary and mobile sources, including mining and processing activities. Our planned mining operations may produce air emissions, including fugitive dust and other air pollutants from stationary equipment, storage facilities, and the use of mobile sources such as trucks and heavy

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construction equipment that are subject to review, monitoring, control requirements and emission limits under the CAA and state air quality laws. New facilities may be required to obtain permits before work can begin, and existing facilities may be required to incur capital costs to remain in compliance. In addition, permitting rules and issued permits may impose limitations on production levels or result in additional capital expenditures to comply. In certain circumstances, private citizens may also sue sources for alleged violations of the CAA.

The Clean Water Act (CWA) and comparable state statutes impose restrictions and controls on the discharge of pollutants into waters of the United States. These controls generally have become more stringent over time, and it is possible that additional restrictions will be imposed in the future. Violation of the CWA and similar state regulatory programs can result in civil, criminal and administrative penalties for unauthorized discharges of hazardous substances and other pollutants. They also can impose substantial liability for the costs of removal or remediation associated with such discharges. The CWA also regulates stormwater handling at mining facilities, requires a stormwater discharge permit for certain activities, and requires the implementation of a Stormwater Pollution Prevention Plan establishing best management practices, training, periodic monitoring of covered activities, and monitoring and sampling of stormwater run-off. The CWA and regulations implemented thereunder also prohibit discharges of dredged and fill material in wetlands and other waters of the United States unless authorized by a permit issued by the U.S. Army Corps of Engineers.

The Safe Drinking Water Act (SDWA) and the Underground Injection Control (UIC) program promulgated thereunder, regulate the drilling and operation of subsurface injection wells. EPA directly administers the UIC program in some states and in others the responsibility for the program has been delegated to the state. Violation of these regulations and/or contamination of groundwater by mining related activities may result in fines, penalties, and/or remediation costs, among other sanctions and liabilities under the SDWA and state laws.

The Endangered Species Act (ESA) regulates activities that could have an adverse effect on threatened and endangered species, including the habitat and ecosystems upon which they depend. The ESA protects threatened and endangered species primarily by prohibiting the unauthorized taking of listed species. The ESA also requires consultation with other agencies in certain circumstances. Compliance with ESA requirements can significantly delay, limit, or even prevent the development of projects, including the development of mining claims, and can also result in increased development costs. In addition, civil and criminal penalties for violations of the ESA are provided, and citizen suits against any person alleged to be in violation of the ESA are authorized.

Regulations and pending legislation governing issues involving climate change could result in increased operating costs that could have a material adverse effect on our business.

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change and various climate change interest groups. Legislation and increased regulation regarding climate change could impose significant costs on us and/or our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting and/or other costs to comply with such regulations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such regulations. Given the political significance and uncertainty around the impact of climate change and how it should be dealt with, we cannot predict how legislation and regulation will affect our financial condition, operating performance or ability to compete.

Even without such regulation, increased awareness or any adverse publicity in the global marketplace about the mining or rare earth industries' potential impacts on climate change could harm our reputation. The potential physical impacts of climate change on our operations are highly uncertain and would be particular to the geographic circumstances in areas in which we operate. These may include changes in precipitation, storm patterns and intensities, water shortages and changing temperatures. These factors may have an adverse impact on the cost, production or financial performance of our operations.

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We depend on key personnel, and the absence of any of these individuals could adversely affect our business.

Our success is currently largely dependent on the performance, retention and abilities of our directors, officers and employees. The loss of the services of these persons could have a material adverse effect on our business and prospects. There is no assurance that we can maintain the services of our directors, officers, employees or other qualified personnel required to operate our business. Failure to do so could have a material adverse effect on us and our prospects. We do not maintain key man life insurance policies on any of our officers or employees.

We may experience difficulty attracting and retaining qualified management to meet the needs of our anticipated growth, and the failure to manage our growth effectively could have an adverse effect on our business and financial condition.

Competition for additional qualified management is intense, and we may be unable to attract and retain additional key personnel, or to attract and retain personnel on acceptable terms. Management personnel are currently limited, and they may be unable to manage our expansion successfully. Failure to do so could have a material adverse effect on our business, results of operations and financial condition. Under such circumstances, such persons may provide confidential information and key contacts to competitors, and we may have difficulties in preventing the disclosure of such information. Such disclosure may have a material adverse effect on our business or operations.

A shortage of equipment and supplies could adversely affect our ability to operate our business.

We depend on various supplies and equipment to carry out our exploration and, if warranted, future development and mining operations. The shortage of such supplies, equipment or parts could have a material adverse effect on our ability to carry out our planned activities or increase our operating costs and expenses.

Mineral exploration and development and mining are potentially hazardous and subject to conditions or events beyond our control, which could have a material adverse effect on our business or plans.

Mineral exploration and development and mining involve various types of risks and hazards, including:

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environmental hazards;

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power outages;

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metallurgical and other processing problems;

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unusual or unexpected geological formations;

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personal injury, flooding, fire, explosions, cave-ins, earthquakes, landslides and rock-bursts;

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mineral exploration or mining accidents;

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concentrate losses;

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fluctuations in exploration, development and production costs;

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labor disputes;

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unanticipated variations in grade;

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mechanical equipment failure;

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periodic interruptions due to inclement or hazardous weather conditions; and

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regulatory curtailments or shutdowns.

These risks could result in damage to, or destruction of, mineral properties, production equipment, facilities or other properties, personal injury, environmental damage, delays in mining, increased production costs, monetary losses or possible legal liability. We may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, may be prohibitively expensive or not available. We may suffer a material adverse effect on our business, if we incur losses related to any significant events that are not covered by insurance policies.

Mineral exploration and development is highly speculative, and certain inherent risks could have a negative effect on our business.

Our long-term success depends on our ability to develop mineral deposits on existing properties and other properties we may acquire, if any, that can then be developed into commercially viable mining operations. Resource exploration is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenditures are required to establish proven and probable mineral reserves through drilling and analysis, to develop metallurgical processes to extract metal, and to develop the mining, beneficiation and processing facilities and infrastructure at any site chosen for mining. The marketability of minerals acquired or discovered by us may be affected by numerous factors that are beyond our control and cannot be accurately predicted, such as market pricing fluctuations, the proximity and capacity of milling facilities, mineral markets demand, available supply and processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Any one or a combination of these factors may result in a failure to receive an adequate return on our investment capital. The decision to abandon a project may have an adverse effect on the market value of our common shares or our ability to complete future financings.

Title to our Bear Lodge Property may be subject to other claims, or we may lose our interest in our claims, which could affect our property rights and claims.

There are risks that title to our Bear Lodge Property may be challenged or impugned. Our Bear Lodge Property is located in the state of Wyoming and may be subject to prior unrecorded agreements, transfers or native land claims, and title may be affected by undetected defects. There may be valid challenges to the title of our Bear Lodge Property which, if successful, could impair development and/or operations.

The vast majority of the mineral rights to our Bear Lodge Property consist of unpatented mining claims created and maintained in accordance with the U.S. General Mining Law. Unpatented mining claims are unique property interests and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims can be uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations an owner of an unpatented mining claim must comply with to locate and maintain a valid claim. Also, unpatented mining claims are always subject to possible challenges by third parties or validity contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with not only a complex body of U.S. federal and state statutory law, but also administrative and judicial decisions interpreting those statutes and case law. In addition, there may be limitations as to the completeness of public records that determine prior claimants that could impact the validity or ownership of unpatented mining claims.

Our operations are subject to significant uninsured risks that could negatively impact future profitability as we maintain limited insurance against our operations.

The exploration of our Bear Lodge Property entails certain risks including unexpected or unusual operating conditions, such as rock bursts, cave-ins, flooding, fire and earthquakes. It is not always possible to insure against these risks. Should events such as these arise, they could reduce or eliminate our assets and shareholder equity as well as result in increased costs and/or a decline in the value of our assets or common shares. We expect to maintain general liability, director and officer insurance, and some insurance against our assets but not with expectation of full replacement value. We may decide to update or amend our insurance portfolio in the future, if coverage is available at economically viable rates.

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Increased competition could adversely affect our ability to attract necessary capital funding and/or acquire suitable properties or prospects for mineral exploration in the future.

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing REE, gold or other metals. We may be at a competitive disadvantage in acquiring additional mining properties because we must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than we have. We may also encounter increasing competition from other mining companies in our efforts to hire experienced mining professionals. Competition for exploration resources at all levels can be very intense, particularly affecting the availability of manpower, drill rigs, mining equipment and production equipment. Increased competition could adversely affect our ability to attract necessary capital funding, acquire suitable producing properties or prospects for mineral exploration in the future or attract or retain key personnel or outside technical resources.

Land reclamation requirements for our properties may be burdensome or too expensive.

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies as well as companies with mining operations to minimize long-term effects of land disturbance.

Reclamation may include requirements to:

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control dispersion of potentially deleterious effluents;

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treat ground and surface water to drinking water standards; and

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reasonably re-establish pre-disturbance vegetation and land forms.

To carry out reclamation obligations imposed on us in connection with the potential future development activities at the Bear Lodge Property, we must allocate financial resources that might otherwise be spent on further exploration and future development programs. We have set up a provision for reclamation obligations as currently anticipated for exploration completed on the Bear Lodge Property, as appropriate, but this provision may not be adequate. If we are required to carry out unanticipated reclamation work, our financial position could be adversely affected.

Legislation and regulations have been proposed that would significantly affect the mining industry and our business.

The U.S. Congress from time to time has considered proposed revisions to the General Mining Law of 1872, including legislation introduced in 2014. If these proposed revisions are enacted, such legislation could change the cost of holding unpatented mining claims or could significantly impact our ability to develop mineralized material on unpatented mining claims. Such bills have proposed, among other things, to (i) impose a federal royalty on production from unpatented mining claims, (ii) impose a fee on the amount of material displaced at a mine, (iii) impose time limits on the effectiveness of plans of operation that may not coincide with mine life, (iv) impose more stringent environmental compliance and reclamation requirements on activities on unpatented mining claims, (v) establish a mechanism that would allow states, localities and Native American tribes to petition for the withdrawal of identified tracts of federal land from the operation of the U.S. general mining laws, and (vi) allow for

administrative determinations that mining would not be allowed in situations where undue degradation of the federal lands in question could not be prevented. Although we cannot predict what legislated royalties might be, the enactment of a federal royalty or other provisions contained in these proposed bills could adversely affect the potential for development of our unpatented mining claims, and could adversely affect our ability to operate or our financial performance. The effect of any revision of the General Mining Law on operations cannot be determined until enactment. However, it is possible that revisions would materially increase the carrying and operating costs of mineral properties located on federal unpatented mining claims.

In 2009, the EPA announced that it will develop financial assurance requirements under CERCLA § 108(b) for the hardrock mining industry. EPA expects to publish its proposed financial responsibility regulations in 2016. EPA's notice did not indicate what the anticipated scope of these requirements will be, or whether they will be duplicative of existing bonding and other financial assurance requirements applicable to the hardrock mining industry. However, the

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promulgation of regulations that require significant additional financial assurance could have a material adverse effect on our business operations.

Foreign currency fluctuations may have a negative impact on our financial position or results.

Certain assets are subject to foreign currency fluctuations that may adversely affect our financial position or results.

We maintain some accounts in Canadian dollars, and thus, any appreciation in the U.S. dollar against the Canadian dollar increases the costs of carrying out our operations in the United States. Management may or may not enter into foreign currency contracts from time-to-time to mitigate this risk. Failing to enter into currency contracts, or the risk in the currency contracts themselves, may cause losses due to adverse foreign currency fluctuations.

Our directors and senior management may be engaged in other businesses. Potential conflicts of interest or other obligations of management could interfere with corporate operations.

Some of our directors, officers and key contractors may be engaged in additional businesses, or situations may arise where our directors, officers and contractors could be in direct competition with us. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable policies, regulations and legislation. Some of our directors and officers are or may become directors or officers of other entities engaged in other business ventures. As a result of their other business endeavors, our directors, officers and contractors may not be able to devote sufficient time to our business affairs, which may negatively affect our ability to conduct ongoing operations or to generate revenues.

We are subject to the risk of litigation, the causes and costs of which are not always known.

The Company is subject to litigation arising in the normal course of business and may be involved in disputes that may result in litigation. Although we are not aware of any material pending or threatened litigation or of any proceedings known to be contemplated which are, or would be, likely to have a material adverse effect upon us or our operations, taken as a whole, the causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental and health and safety concerns, share price