

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.