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August 22, 2013

BY E-MAIL

Mackenzie Valley Environmental Impact Review Board ("MVEIRB")  
200 Scotia Centre  
Box 938, 5102 - 50th Ave.  
Yellowknife, NWT  
X1A 2N7

Attention: Mr. Vern Christensen, Executive Director

**Re: Nechalacho Rare Earth Element Project, Thor Lake, NWT: Report of Environmental Assessment**

Dear Mr. Christensen:

This is to provide some clarification around the disclosure made in our news release dated August 1, 2013 on ongoing project optimization work and opinions expressed by some local community leaders, notably Chief Balsillie of Deninu Kue First Nation, and subsequently reported in the local media.

The assertions made by Chief Balsillie in his letters dated August 13 and August 19, 2013 (copied to MVEIRB) are inconsistent with the facts outlined in our public disclosure.

As the August 1 news release clearly indicates, no decision has yet been made on the alternative process currently being evaluated and much more laboratory test work and analysis is required before any final decision will be made. In the meantime, we continue to operate on the assumption that the Project will be developed as documented in our Project Description Report, with a hydrometallurgical process facility located in the Pine Point area.

I respectfully request that the environmental assessment process continue and be concluded based on the development model described in our Project Description Report.

Yours very truly,

Donald S. Bubar  
President & CEO