

McKelvey Gregory Ellis
 Form 4
 April 19, 2012

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 McKelvey Gregory Ellis

2. Issuer Name and Ticker or Trading Symbol
 RARE ELEMENT RESOURCES LTD [REE]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 225 UNION BLVD., SUITE 250
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 04/18/2012

Director 10% Owner
 Officer (give title below) Other (specify below)

LAKEWOOD, CO 80228

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|---------|---|
| | | | | Code | V | Amount | (A) or (D) | Price | |
| Common Shares | 04/18/2012 | | M | | 20,000 | A | 2.72 | 212,600 | D |
| | | | | | | | (1) | | |
| Common Shares | 04/19/2012 | | S | | 24,000 | D | 5.39 | 188,600 | D |
| | | | | | | | (2) | | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Employee Share Option (Right to Buy) | \$ 2.72 ⁽¹⁾ | 04/18/2012 | | M | 20,000 | 05/28/2010 ⁽³⁾ 05/28/2015 | Common Shares | 20,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| McKelvey Gregory Ellis 225 UNION BLVD. SUITE 250 LAKEWOOD, CO 80228 | | X | | |

Signatures

/s/Ashlie M. Thorburn, Attorney-in-Fact for Gregory E. McKelvey
04/19/2012

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The original exercise price of the grant was CDN\$2.71. The exercise price has been converted using the exchange rate on the date of the transaction, which was 1.00425.
- (2) This transaction was executed in multiple trades at prices ranging from \$5.31 to 5.47. The price reported above is the weighted average sale price of such trades. The reporting person hereby undertakes to provide to the SEC staff, the issuer or a security holder of the issuer upon request, full information regarding the number of shares and the prices at which each transaction was effected.
- (3) Options vested as follows: 20% of the options vested 4 months from 5/28/2010 ("Grant Date"); 20% of the options vested 8 months from the Grant Date; 20% of the options vested 12 months from the Grant Date; 20% of the options vested 15 months from the Grant Date; and 20% of the options vested 18 months from the Grant Date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.