

Quest Rare Minerals Strengthens Its Capital Structure

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TORONTO, ONTARIO--(Marketwired - Feb 24, 2015) - [Quest Rare Minerals Ltd. \(TSX:QRM\)](#) ("Quest") is pleased to announce several developments that strengthen its capital structure and provide the financial resources needed to proceed with the Environmental Impact Assessment of Quest's rare earths project.

Private Placement of Secured Convertible Notes

Quest has accepted a "Committed Private Placement Financing Offer" from Ekagrata Inc. ("**Ekagrata**"), a Canadian private investor, to purchase secured convertible notes in an amount of \$2.5 million (the "**Notes**"). The Notes will be purchased directly by Ekagrata or one of its affiliates. They will mature at the earlier of December 31, 2016 and the date on which Quest receives payment from the Government of Québec of resource tax credits and mining duty credits for Quest's 2013 and 2014 fiscal years. The Notes will bear interest at a rate of 7% per annum, payable semi-annually in cash and, at the holder's option, can be converted at maturity into Quest common shares at a price of \$0.13 per share. The Notes will be secured by a first-priority security interest in, and lien upon, Quest's rights in and to Québec resource tax credits and mining duty credits for Quest's fiscal years 2013 and thereafter.

In connection with the private placement, Quest will issue 2,500,000 warrants to the subscriber for the Notes, each of which will entitle the holder to acquire one additional common share of Quest at a price of \$0.15 for four years. In addition, Ekagrata will have the right to nominate two directors to the Board of Directors of Quest, subject to prior approval by the Board.

In order to comply with the applicable policies of the Toronto Stock Exchange, it is expected that the private placement with Ekagrata will be completed in two tranches. The first closing is expected to be held on or about February 27, 2015, at which Quest will issue Notes in a principal amount of \$2 million plus an equivalent number of warrants. The issuance of the balance of \$500,000 principal amount of Notes and an equivalent number of warrants will be subject to shareholder approval, which Quest intends to seek at its annual meeting of shareholders to be held on April 20, 2015. Closing of this additional amount of \$500,000, if approved, would take place immediately after the annual meeting.

Investissement Québec Equity Investment

On January 29, 2015, Quest was notified that the Government of Québec had adopted a Decree authorizing Investissement Québec, directly or through its subsidiary Ressources Québec, to invest \$600,000 in Quest, as described in Quest's short-form prospectus dated July 9, 2014. The investment will consist of common shares and an equivalent number of common share purchase warrants. The pricing and other terms and conditions of the private placement are expected to be finalized shortly.

Under the applicable policies of the Toronto Stock Exchange, the private placement to Investissement Québec will also be subject to shareholder approval, which Quest intends to seek at the annual meeting to be held on April 20, 2015. Closing of the private placement, if approved, would take place immediately after the annual meeting.

Refund of Québec Tax Credits

On February 11, 2015, Quest received payment of the refundable Québec resource tax credits and mining duty credits for its fiscal years 2010 to 2012 in an amount of \$3,044,818.

"These are positive developments for Quest, since, when completed, they will provide close to \$6.2 million in

additional financial resources, necessary to undertake the permitting process as Quest moves the Strange Lake rare earths project forward", said Pierre Lortie, Chairman of the Board of Quest. "We particularly welcome the participation of Ressources Québec in the capital of the Corporation, which is a tangible indication of the importance the Government of Québec places on the development of a rare earths industry. Moreover, we are establishing a close association with Ekagrata, which has committed to work closely with our team to support the efficient completion of Quest's rare earths project and facilitate financial and product off-take arrangements with global strategic partners."

Prashant Pathak, CEO of Ekagrata, said "We invest in and work with companies which have potential to be significant players in their particular industry. Ekagrata and our key potential strategic collaborators will work with Quest to build Quest into a major supplier of rare earths oxides to the permanent magnet industry. We recognize the fact that China is, by far, the dominant producer of rare earths oxides while a significant demand for this material is from non-China economies."

The proceeds described in this news release will be used by Quest primarily towards completion of a feasibility study on its Strange Lake rare earths project in northeastern Québec, and for working capital.

The closings of the private placement of the Notes and that of Ressources Québec's investment are subject to a number of conditions, including completion of satisfactory due diligence, signing of definitive agreements, normal closing conditions and conditional approval by the Toronto Stock Exchange.

ABOUT QUEST

[Quest Rare Minerals Ltd.](#) ("Quest") is a Canadian-based corporation with the objective of becoming an integrated rare earths mining and processing company. Quest is focused on the development of its Strange Lake rare earths element (REE) deposit located in northeastern Québec. It is led by a team with a depth of experience in exploration, mining and metallurgical processing. Quest has announced plans for a major rare earths hydrometallurgical processing facility in Bécancour, Québec.

Forward-Looking Statements

This news release contains statements that may constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian and United States securities legislation. Forward-looking information and statements may include, among others, statements regarding the future plans, objectives or performance of Quest, including the Strange Lake Rare Earths Project's technical and pre-economic feasibility, future financing by Quest, or the assumptions underlying any of the foregoing. In this news release, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. No assurance can be given that any events anticipated by the forward-looking information will transpire or occur, including the development of the Strange Lake Rare Earths Project or any financing by Quest, or if any of them do so, what benefits Quest will derive from them.

Forward-looking statements and information are based on information available at the time and/or management's good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties, assumptions and other unpredictable factors, many of which are beyond Quest's control. These risks, uncertainties and assumptions include, but are not limited to, estimates relating to capital costs and operating costs based upon anticipated tonnage and grades of resources to be mined and processed and the expected recovery rates, together with those described under "Risk Factors" in Quest's final short form prospectus dated July 9, 2014, under "Risk Factors" in Quest's annual information form dated January 27, 2015, and under "Risk Factors" in Quest's Management's Discussion and Analysis for the fiscal year ended October 31, 2014, all of which are available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, and could cause actual events or results to differ materially from those projected in any forward-looking statements. Quest does not intend, nor does Quest undertake any obligation, to update or revise any forward-looking information or statements contained in this news release to reflect subsequent information, events or circumstances or otherwise, except if required by applicable law.

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