

[Rare Element Resources Ltd.](#) (NYSE MKT: REE and TSX: RES) (the Company), a mineral resource company advancing plans to develop the Bear Lodge Critical Rare Earth Project located in northeast Wyoming, reported today that it has filed its unaudited consolidated financial statements on Form 10-Q for the three-months ended March 31, 2015 on www.sec.gov and www.sedar.com.

We started to see growing interest in the rare earth space in the first quarter with renewed attention to our Bear Lodge Project and increased media focus on the sector, said Randall J. Scott, President and Chief Executive Officer. The Project received statements of support from both the Wyoming legislature and the state's economic development branch recognizing its importance to not only Wyoming but to the nation. The U.S. Forest Service also provided an updated schedule that indicates they will have the draft environmental impact statement available early this fall. We were encouraged by the rise in magnet-related rare earth oxide prices, given their significant contribution to Bear Lodge's projected revenues. These factors were complemented by the attention generated by a segment on the CBS program 60 Minutes that highlighted the importance of rare earth elements in our high-tech world.

Financial Results (Please note that financial results published by the Company are all stated in U.S. Dollars.)

The Company does not have production-related revenues at this time. The net loss for the quarter ended March 31, 2015, totaled \$2.5 million, or \$0.05 per share, compared to a net loss of \$4.4 million, or \$0.09 per share, for the same period in 2014. The year-over-year decrease in net loss was primarily driven by:

- Lower exploration and evaluation spending of \$1.7 million, as the Company shifted its focus from the preliminary feasibility study (PFS) and pilot plant metallurgical work to ongoing permitting and separation studies; and
- Lower corporate administrative cost of \$0.3 million, primarily due to the continued focus on cost containment.

Cash Balance

As of March 31, 2015, the Company had cash and cash equivalents of \$7.5 million, compared with \$10.1 million at December 31, 2014. The net cash used of \$2.6 million during the quarter was spent primarily on additional test work to confirm recovery process enhancements and initial elemental separation studies, as well as efforts to support progress on the environmental impact statement (EIS) being generated for the Project, and gathering the information and preparing the applications necessary for certain state and federal permits.

On April 29, 2015, the Company announced the closing of a \$3.4 million direct registered offering, which generated net proceeds of approximately \$3.2 million. These proceeds, when combined with the cash and cash equivalents at March 31, 2015, are believed to be sufficient to conduct our current planned activities through the end of 2015.

Those activities include:

- Continuing to support the U.S. Forest Service's efforts to prepare an EIS on the Project;
- Submitting the mine permit application to the Wyoming Department of Environmental Quality, as well as the application for a license to possess source material (naturally occurring radioactive materials) to the U.S. Nuclear Regulatory Commission, and other federal permits;
- Continuing elemental separation tests directed at creating advanced purification of rare earth baskets that meet end-users' specific needs and maximize product value to the Company;
- Initiating engineering studies, including geotechnical confirmation and condemnation drilling within the proposed Physical Upgrade Plant (PUG) site to support the feasibility study (FS); and
- Continuing to cultivate relationships with potential off-take partners, including supplying upgraded product samples and Project updates.

The Company has a number of other programs it plans to undertake, subject primarily to securing additional financing. These would include: 1) larger-scale pilot plant testing to build on the positive results of individual element separation test work completed to date; 2) certain technical work, relating to waste rock and tailings characterization for inclusion in the FS; and 3) a demonstration plant to generate key information, such as materials of construction and material sizing, as well as larger-scale product samples for potential customers.

Evolving Rare Earths Market

Changing regulations and controls on rare earth supplies from China would appear to bode well for non-Chinese producers. With export tariffs and quotas being replaced with strict licensing practices and resource taxes, we expect to see the cost of mining rare earths in China continue to rise, said Paul H. Zink, Senior Vice President and Chief Financial Officer. Rising Chinese costs should be supportive of higher prices and encourage end-users to look to companies like ours to secure off-take agreements to guarantee a steady, reliable future source of the rare earths critical to so many of our modern conveniences.

Since October, certain rare earths, particularly magnet materials, have experienced rising prices. This benefits the Bear Lodge

because over 60% of the anticipated revenues, as contemplated in the 2014 PFS, will be generated from the four elements most commonly used in high-intensity, permanent magnets - neodymium, dysprosium, praseodymium and terbium. According to asianmetal.com, the domestic Chinese price for terbium is up 39%, dysprosium is up 15% and neodymium has risen more than 10%. In response to a ruling in 2014 by the World Trade Organization, China eliminated their system of export quotas and tariffs, but has replaced quotas with a licensing program that, according to some industry analysts, will be even less transparent than the old system. To replace tariffs, the country has announced that they will be levying a new, value-based resources tax on the rare earth sector starting May 1st. These taxes, as well as rising wages and increased environmental costs, are expected to push production costs up and help support continued rising prices for certain rare earths.

The unaudited quarterly financial statements are available through the Canadian securities regulatory authorities at www.sedar.com, and with the U.S. Securities and Exchange Commission at www.sec.gov. They are also available on the Company's website at www.rareelementresources.com.

[Rare Element Resources Ltd.](http://www.rareelementresources.com) is a publicly traded mineral resource company focused on exploration and development of rare-earth element deposits, specifically those with significant distribution of critical rare earths. The Company is advancing plans to develop the Bear Lodge Project, located in northeast Wyoming. Bear Lodge is a significant mineralized district containing many of the less common, more valuable critical rare earths that are essential for electronics, fiber optics, laser systems for health and defense, as well as many evolving green technologies, like hybrid cars, solar panels and wind turbines. Permitting and feasibility work on the Project continue to advance. The Company is an affiliate member of the U.S. Department of Energy's Critical Materials Institute, a combined government and private sector organization committed to eliminating supply chain issues for rare earths and other critical elements.

For additional information, please visit the Company's website at www.rareelementresources.com or contact Robbin Lee at 720-278-2462 or rlee@rareelementresources.com.

Forward Looking Statements

This news release contains forward-looking statements and forward-looking information within the respective meanings of securities legislation in the United States and Canada. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by our use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates", "plans", "has potential to", or "intends" (including negative or grammatical variations thereof) or by discussions of strategy or intentions. Such forward-looking statements include statements regarding the expected timing and completion of permitting, technology test work and results, ability to attract offtake partners and the ability to finance planned activities.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements.

Factors that could cause actual results to differ materially include, but are not limited to, the progression plans for the Bear Lodge Project, the progress and results of the feasibility study, fluctuations in demand for, and price of, rare earth products; success of process technology under testing or development; results from geological evaluations and programs; timing of and unexpected events at the Bear Lodge property; delay or failure to receive government approvals and permits; changes in U.S. and Canadian securities markets; and our ability to raise additional financing necessary to conduct our business. There can be no assurance that future developments affecting the Company will be those anticipated by management. Please refer to the discussion of these and other factors set out in our filings made from time-to-time with the United States Securities and Exchange Commission, and the Canadian securities regulators, including without limitation, the Company's most recent reports on Form 10-K and Form 10-Q. We do not undertake to update any statements or estimate at any particular time or in response to any particular event. Investors and others should not assume that any forecasts in this news release represent management's estimate as of any date other than the date of this news release.

Contact

Rare Element Resources Ltd.
Robbin Lee, 720-278-2462
rlee@rareelementresources.com