

[Rare Element Resources Ltd.](#) (“Rare Element” or the “Company”) (OTCQB: REEMF) reported today a net loss for the year ended December 31, 2015 of \$9.7 million, or \$0.19 per share, compared with a net loss of \$14.0 million, or \$0.29 per share, in 2014. The net loss for the quarter ended December 31, 2015 was \$2.5 million, or \$0.05 per share, compared with \$2.9 million, or \$0.06 per share, for the same period in 2014. At December 31, 2015, the Company had cash and cash equivalents of \$3.9 million, compared with \$6.2 million at September 30, 2015 and \$10.1 million at December 31, 2014. The Company has filed its Form 10-K for the twelve-month period ended December 31, 2015, on www.sec.gov and www.sedar.com.

“Looking back at 2015, we realize just how far we progressed the Bear Lodge Project, including receiving a draft Environmental Impact Statement (EIS) and completing the initial phase of our pilot plant campaign to separate rare earths into several more marketable and higher value baskets,” said Randall J. Scott, President and Chief Executive Officer. “Although we have had to slow down on our progress toward the end of 2015 and into 2016 and place our project on care-and-maintenance due to the difficult capital markets, we were able to do so at a good point in our project’s development. We are now focused on pursuing strategic alternatives, including off-take agreements, mergers, acquisitions, asset sales, joint ventures or other partnerships to move Bear Lodge forward to being the next domestic supplier of critical rare earths.”

Quarter-End December 31, 2015 Unaudited 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 revenue at this time. The net loss for the quarter ended December 31, 2015, totaled \$2.5 million, or \$0.05 per share, compared to a net loss of \$2.9 million, or \$0.06 per share, for the same period in 2014. The \$0.4 million decrease in consolidated net loss was primarily the result of:

- Lower exploration and evaluation expense of \$0.1 million, primarily due to a reduction in environmental and permitting costs as well as reduced site administration costs, as the Company continued to focus on cost reduction while awaiting the draft EIS;
- Lower corporate administrative costs of \$0.2 million, primarily due to the Company’s cash conservation efforts and a reduction in stock-based compensation; and
- A \$0.1 million positive variance in the loss on currency translation.

Year-End December 31, 2015 Financial Results

The net loss for the year ended December 31, 2015 totaled \$9.6 million, or \$0.19 per share, compared with a net loss of \$14.0 million, or \$0.29 per share, for the prior year. The \$4.4 million decrease in the consolidated net loss was primarily the result of:

- A decrease in exploration and evaluation expenses of \$3.5 million; and
- Lower corporate administrative costs of \$0.9 million.

Year-End Cash Balance

At December 31, 2015, the Company had cash and cash equivalents of \$3.9 million, compared with \$6.2 million at September 30, 2015 and \$10.1 million at December 31, 2014. Cash and cash equivalents used during the year were \$9.3 million, compared with \$13.8 million in 2014.

Activities funded during 2015 included: metallurgical and separation test work; baseline environmental data collection and other efforts to support the EIS and advance the permit applications for the project; geotechnical and condemnation drilling; and general and corporate activities.

Activities to be funded in 2016 include on-going regulatory compliance costs and efforts to raise capital and pursue potential strategic alternatives, including off-take agreements, mergers, acquisitions, asset sales and joint ventures.

Permitting Update

The U.S. Forest Service completed the draft EIS in January 2016. The EIS process, as well as other Wyoming state permitting and the U.S. Nuclear Regulatory Commission (NRC) licensing, were subsequently suspended by the Company to conserve cash resources. Assuming these processes are resumed within a reasonable time, the Company anticipates it will take approximately 12 to 18 months from such resumption to complete the EIS and other permitting and licensing.

Pilot Plant Success

During 2015, the Company designed, built and operated a pilot plant for testing its patent-pending rare earth separation

technology. The results of the first phase of testing, reported in early October 2015, confirmed the ability to upgrade the concentrate coming from the hydrometallurgical plant to over 99.9% pure total rare earth oxide. In December, 2015, the Company announced additional results from the pilot plant campaign including the successful testing of a lanthanum recovery circuit that resulted in a 99%-pure lanthanum oxide product. Subsequent bench-scale optimization of the recovery process increased cerium removal to 99% using one mixer/settler and also separated the remaining rare earths into light rare earth (LRE) and heavy rare earth (HRE) baskets using only two mixer/settlers. The resulting LRE stream was 99.7% pure and consisted predominantly of lanthanum and didymium (neodymium and praseodymium). The process represents meaningful improvement over traditional solvent extraction (SX) methods and is expected to reduce capital and operating costs associated with separation. It is also expected to be more efficient and result in no waste discharge, making it more environmentally friendly. Unique to the process was the ability to strip the separated cerium, thorium and lanthanum from the metal-bearing organic solution outside of SX, with the barren organic and stripping agent being recycled. The Company is also evaluating the potential application of its proprietary separation technology in other industries including uranium, scandium and vanadium processing.

Outlook for 2016

The Company will focus on raising additional capital and pursuing potential strategic alternatives, including off-take agreements, mergers, acquisitions, asset sales and joint ventures, and implementing further cost-containment measures, including workforce reduction, to preserve remaining cash balances. The Company continues to monitor market conditions, both in the rare earth sector and in the capital markets. If it is not successful in raising additional capital, the Company has reduced administrative costs to provide for on-going minimal care-and-maintenance operations.

[Rare Element Resources Ltd.](#) is a publicly traded, strategic materials company focused on delivering rare earth products for technology and defense applications by advancing the Bear Lodge Critical Rare Earth Project 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 high-strength permanent magnets, electronics, fiber optics, laser systems for health and defense, as well as many evolving technologies like hybrid cars, solar panels and wind turbines. 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.

Please contact Randy Scott at 720-278-2460 or rscott@rareelementresources.com, for additional information.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning 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," or by discussions of strategy or intentions. Such forward-looking statements include statements regarding the Company's ability to implement cost-containment measures, the potential for raising capital and executing strategic transactions, the estimated time to complete the EIS and other permitting and licensing, and the potential ramifications and applications of its rare earth separation technology. Factors that could cause actual results to differ materially include, but are not limited to, the Company's ability to remain compliant with U.S. Securities and Exchange Commission (SEC) reporting requirements, the impact of the care-and-maintenance program on the project, market conditions, and other matters discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and our other periodic and current reports filed with the SEC and available on www.sec.gov and with the Canadian securities commissions available on www.sedar.com. 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 uncertainties and risk factors set out in our filings made from time to time with the SEC and the Canadian regulators, including, without limitation, our reports on Form 10-K and Form 10-Q. We expect that the above estimates will change as new information is received and that actual results will vary from these estimates, possibly by material amounts. While we may elect to update our forward-looking information at any time, we do not undertake to update such information at any particular time or in response to any particular event. Investors and others should not assume that any forecasts in this press release represent management's estimate as of any date other than the date of this press release.

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