

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

[Quest Rare Minerals Ltd.](#) (TSX:QRM) (Quest) announces that it has been advised by the Autorité des marchés financiers that Quest's management's discussion and analysis for the fiscal year ended October 31, 2016 ("MD&A") and its annual information form for the fiscal year ended October 31, 2016 ("AIF"), filed on SEDAR on January 24 and January 25, 2017, respectively, do not comply in certain respects with *National Instrument 51-102 Continuous Disclosure Obligations* and *National Instrument 43-101 Standards of Disclosure for Mineral Projects*, particularly as they relate to the Corporation's Strange Lake project. In order to rectify any deficiencies, Quest intends to file an amended MD&A and amended AIF on SEDAR as well as an updated independent technical report on the Strange Lake project in early March 2017. The updated technical report will validate and support the technical information relating to the Strange Lake project contained in the amended MD&A and amended AIF.

Pending such filing, Quest has obtained a management cease-trade order from the Autorité des marchés financiers under *National Policy 12-203 Cease Trade Orders for Continuous Disclosure Defaults*, under which Quest's directors and senior officers cannot trade in Quest securities.

On January 27, 2017, Quest announced a proposed private placement of special warrants at a price of \$0.20 per special warrant, for a minimum amount of \$5 million and a maximum amount of \$7.5 million, with an agent's option to increase the maximum offering to \$8 million, which private placement is expected to close on February 9, 2017. Quest will use the proceeds from the private placement in part to obtain the updated independent technical report on its Strange Lake project, which report will be summarized and incorporated by reference in Quest's amended AIF.

The Autorité des marchés financiers noted, among other things, that Quest's report dated June 26, 2014, entitled "NI 43-101 Technical Report on the Preliminary Economic Assessment (PEA) for the Strange Lake Property Quebec, Canada" (the "PEA"), is in certain respects outdated and does not reflect changes proposed by Quest for the Strange Lake project as indicated in the MD&A. The PEA is incorporated by reference, and certain extracts of the PEA are reproduced, in the AIF. As well, certain technical information contained in the MD&A is not supported by an independent technical report. Investors are cautioned that they should not rely on the technical information contained in the MD&A or AIF until such technical information is validated and supported by an updated PEA.

Should Quest fail to file the appropriate Default Status Report as prescribed by *National Policy 12-203 Cease Trade Orders for Continuous Disclosure Defaults*, the securities commissions or regulators may as a result impose an issuer cease-trade order against all shareholders of Quest. Quest confirms that it intends to provide Default Status Reports for so long as it is in default of its requirement to file an updated technical report on its Strange Lake project and an amended MD&A and amended AIF in compliance with *National Instrument 51-102 Continuous Disclosure Obligations* and *National Instrument 43-101 Standards of Disclosure for Mineral Projects*.

Quest confirms that, at the date hereof, there are no insolvency proceedings against it and no other material information concerning the affairs of Quest that has not been generally disclosed.

## ABOUT QUEST

Quest is a Canadian-based company focused on becoming an integrated producer of rare earth metal oxides and a significant participant in the rare earth elements (REE) material supply chain. Quest is led by a management team with in-depth experience in chemical and metallurgical processing. Quest's objective is the establishment of major hydrometallurgical and refining facilities in Bécancour, Québec, to separate and produce strategically critical rare earth metal oxides. These industrial facilities will process mineral concentrates extracted from Quest's Strange Lake mining properties in northern Québec and recycle lamp phosphors utilizing Quest's efficient, eco-friendly "Selective Thermal Sulphation (STS)"<sup>1</sup> process.

## Forward-Looking Statements

This news release contains statements that may constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian 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 annual information form dated January 19, 2017, and under "Risk Factors" in Quest's Management's Discussion and Analysis for the fiscal year ended October 31, 2016, all of which are available on SEDAR at [www.sedar.com](http://www.sedar.com), 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.

<sup>1</sup> Patent Pending

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