MONTRÉAL, QUÉBEC--(Marketwired - Feb. 22, 2017) -

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

Quest Rare Minerals Ltd. (TSX:QRM) (Quest) is pleased to announce that it has held a first closing of its previously-announced private placement by issuing an aggregate of 8,100,000 special warrants ("Special Warrants") to "accredited investors" in Ontario, British Columbia and outside of Canada at a price of $0.20 per Special Warrant, for gross proceeds to Quest of $1,620,000.

Quest will use the net proceeds from the private placement for its full-scale pilot plant project and process optimization (part of Quest's Strange Lake Project) and for working capital and general corporate purposes.

Each of the Special Warrants may be exchanged for no additional consideration for one Quest common share ("Share") and one Quest common share purchase warrant ("Warrant"). Each of the Warrants will entitle its holder to purchase one Share at a price of $0.275 for a period of three years from the closing date of the private placement.

Quest will file a prospectus in those provinces in which Special Warrants were sold in order to qualify for distribution the Shares and Warrants issuable upon the exchange of the Special Warrants. The Special Warrants will be deemed to be exercised without payment of additional consideration or further action on the third business day following the day upon which Quest obtains a receipt for the final prospectus. In the event that Quest does not obtain a receipt for the final prospectus from the applicable Canadian securities authorities by March 24, 2017, each Special Warrant will be exchanged, at no additional cost, for 1.25 Shares and 0.75 Warrants (instead of one Share and one Warrant). In that event, each Warrant will entitle its holder to purchase one Share at a price of $0.275 for a period of four years.

Secutor Capital Management Corporation of Toronto acted as lead agent for the private placement. As partial consideration for its services in connection with the private placement, Quest granted "broker warrants" to Secutor Capital Management (on behalf of the selling syndicate) to purchase up to 405,000 Shares, representing 5% of the aggregate number of Special Warrants issued and sold at the first closing of the private placement, at an exercise price of $0.275 per Share for a period of three years. It is possible that additional closings of the private placement will be held.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein, and these securities will not be offered or sold in any jurisdiction in which their offer or sale would be unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws of the United States. Accordingly, these securities will not be offered or sold to persons within the United States unless an exemption from the registration requirements of the 1933 Act and applicable state securities laws is available.

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)"[1] 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, 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.

[1] Patent Pending

Contact

Quest Rare Minerals Ltd.
Julie Masse
Vice President, Communications
+ 514 878-3551
info@questrareminerals.com