



Enabling green technologies through rare earth metal development



PEA Presentation

April 2014

Disclaimer

Forward-Looking Statements



Forward Looking Statements

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National Instrument 43-101

This presentation may include historical reserve and resource information in respect of the project areas that do not conform to the requirements of National Instrument 43-101 and which has not been verified by the Company.

Agenda



-
- 3 Min** **Introductory Remarks**

 - 15 Min** **Updated Rare Earth Elements Market**
Strange Lake PEA Results
Financial Sensitivities

 - 15 Min** **Further Operational Improvements**
Forward Looking Milestones

 - 3 Min** **Summary**
Questions

Participant List



- **Peter J. Cashin**

President & CEO

- Over 30 years of experience in the mining industry
- Worked for mining companies in Quebec, Ontario, the Maritimes, the United States and overseas



- **Dirk Naumann**

Executive Vice President, Operations

- 30 years of experience in designing new products and processes
- Worked for Bayer AG, Inco Ltd, and other resource companies internationally

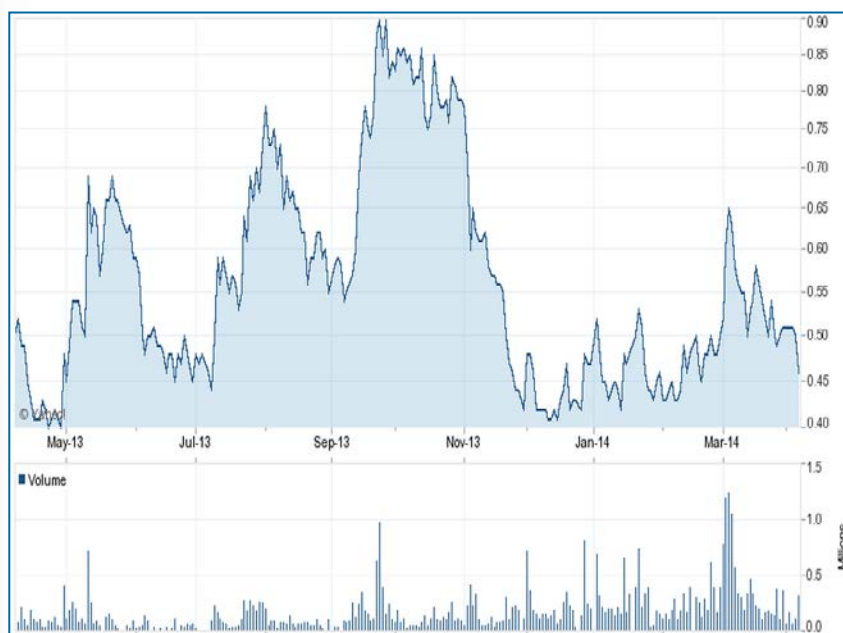


- **Anil Singh**

Vice President, Corporate Affairs

- Experienced in execution of mergers and acquisitions, equity and debt financing, and strategic planning
- Previously Vice President, Investment Banking at a private merchant bank

Capital Structure



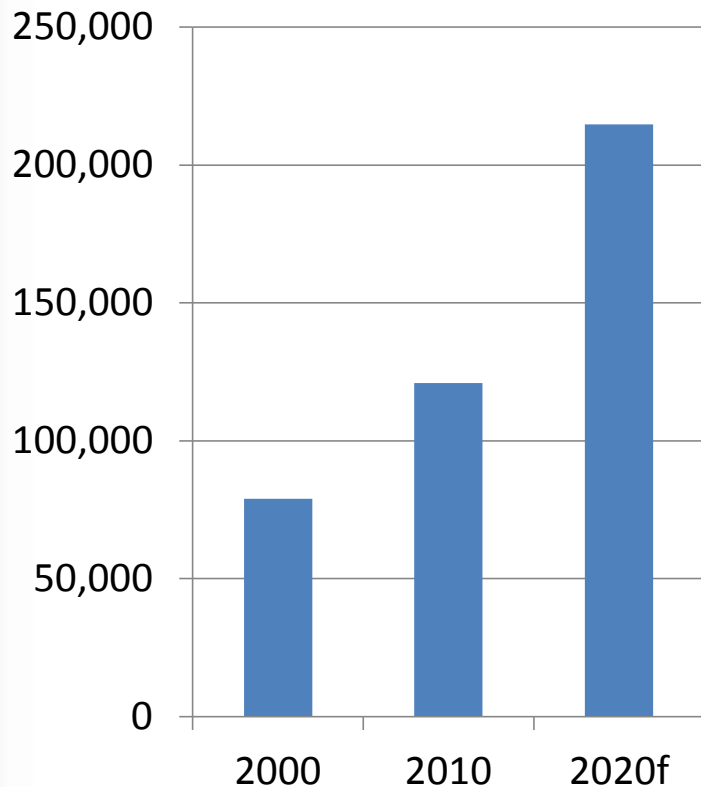
As of April 7, 2014

Stock Exchange Symbol	QRM (TSX ; NYSE MKT)
Shares Outstanding- Basic	67.6 million
Shares Outstanding- Fully Diluted	73.5 million
52-Week Trading Range	\$.40 - \$1.03
Last Close	\$0.51
Average Daily Trading Volume (TSX+NYSE)	430,218 shares
Market Capitalization – Basic	\$34.5 million
Cash and Cash Equivalents (as of 1/31/14)	\$2.8 million

Strong Long-term REE Market Forecast



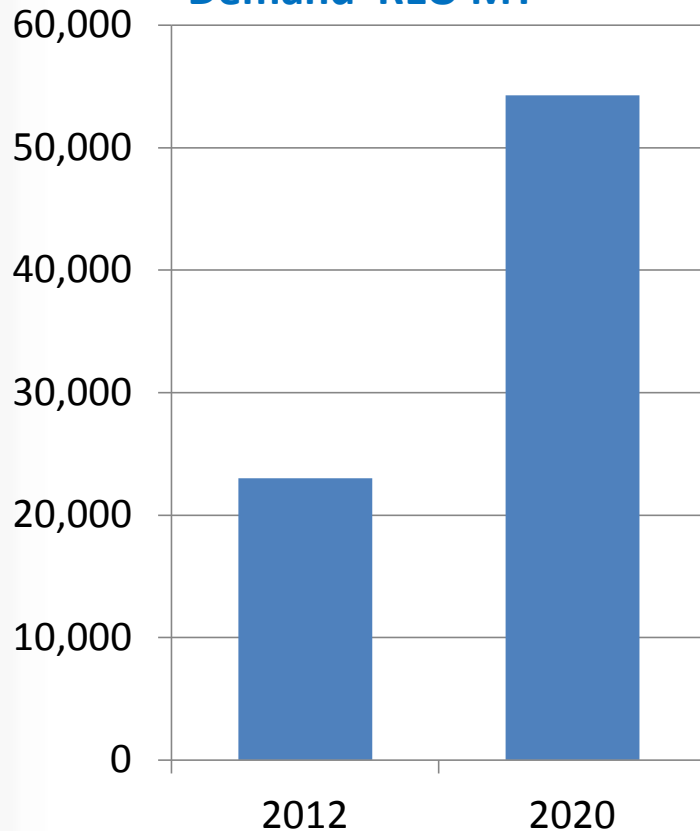
Global Demand REO MT



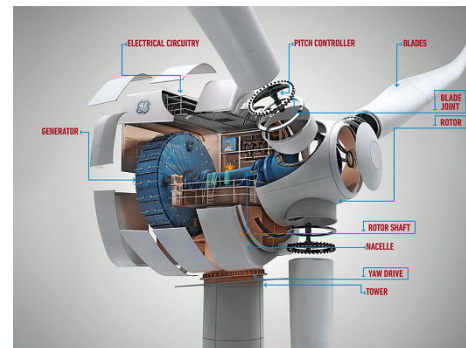
- **Demand will grow significantly**
 - 5-10+% annual growth rates for individual rare earth elements
- **Suppliers will be strategic partners**
 - Buyers push for reductions in REE supply chain risks
- **China dominance will moderate**
- **Market will mature**
 - Greater market and price transparency due to increased strategic importance to global companies

Permanent Magnets

**Global Permanent Magnet
Demand REO MT**



- Permanent magnets are one of the most attractive REE applications: including vehicles, e-vehicles, wind turbines, and electronics
- The key REE, Nd, Pr, and Dy, are forecast to be in supply shortage long-term
- Quest has significant quantities of all the REE for permanent magnets



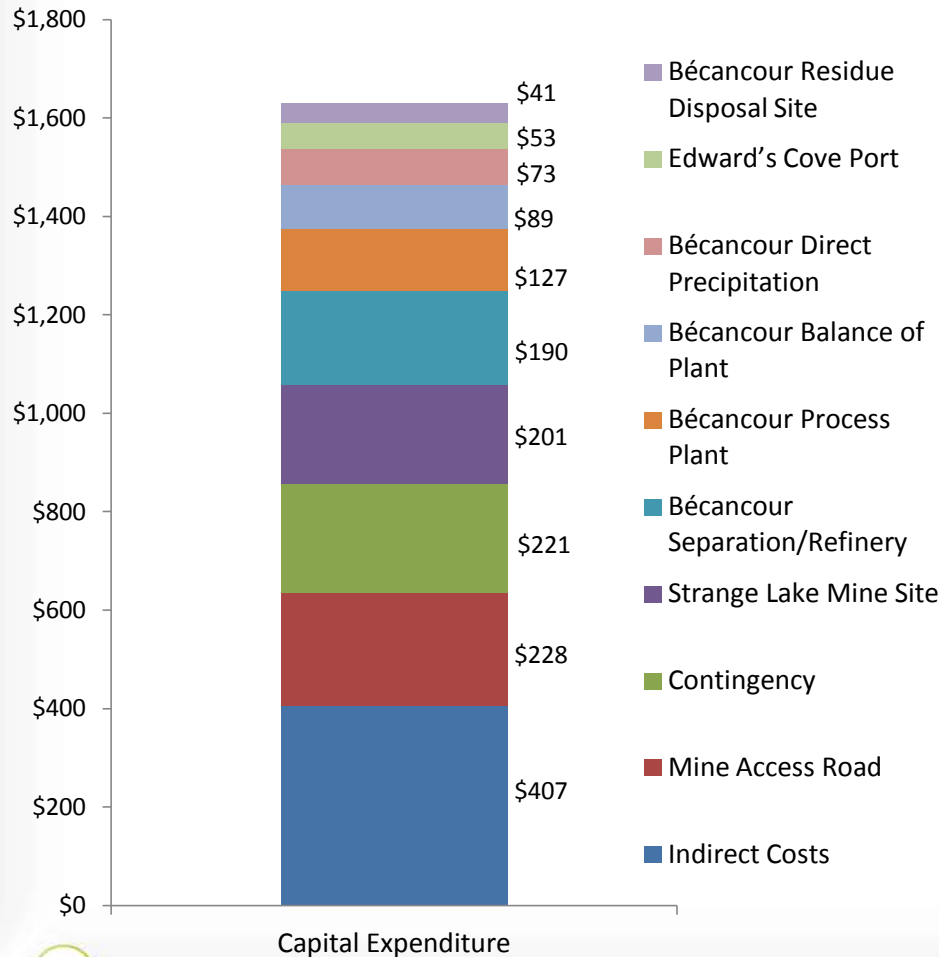
Strange Lake B-Zone Deposit PEA

NPV _{10% Pre-Tax}	\$1.42 Billion
IRR _{Pre-Tax}	20.1%
Cap-Ex	\$1.63 Billion
Op-Ex _(Annual)	\$357 Million
Revenue _(Annual)	\$758 Million
Payback Period	5.3 Years
Life of Mine	30 Years
Production Volume	
<ul style="list-style-type: none"> HREE+Y 	4,400 t
<ul style="list-style-type: none"> LREE 	6,000 t

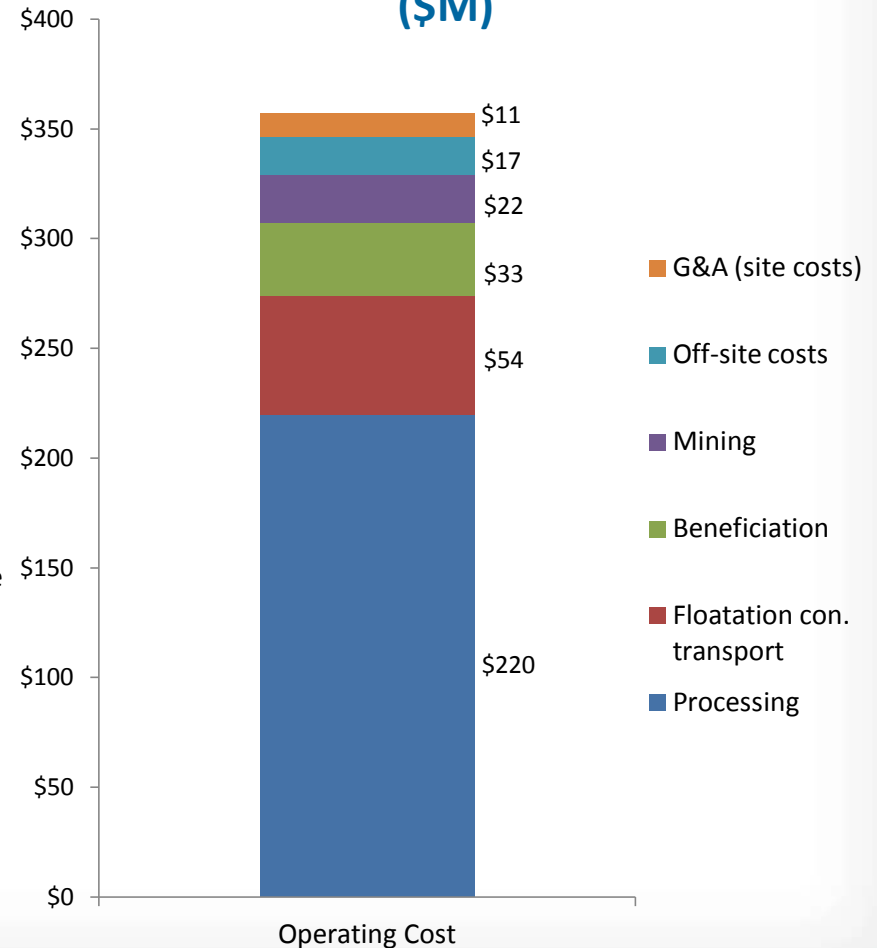
Capex & Opex



Capital Expenditure Breakdown (\$M)



Annual Operating Cost Breakdown (\$M)



Quest Location & Infrastructure

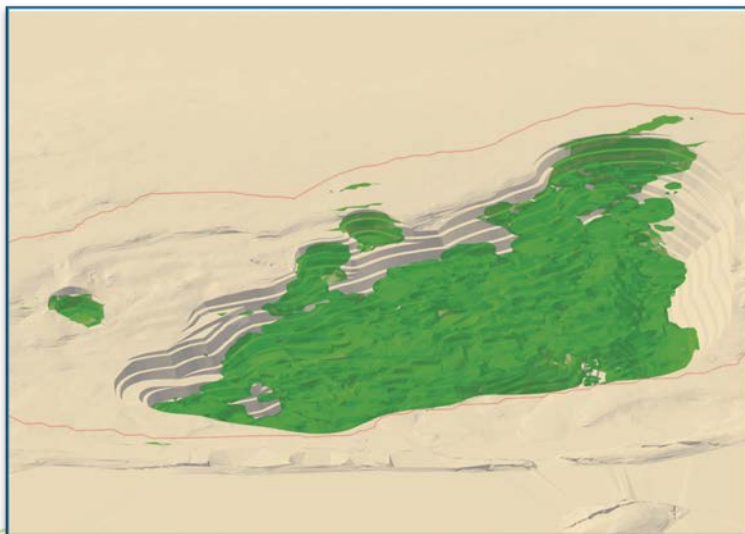


- The port and mine site will be linked by an all-weather gravel access road over a distance of 168 km
- Port location has been identified and surveyed in Voisey's Bay
- Mine material will be shipped to the processing facility located in Bécancour

Mineral Resource and Mine Plan



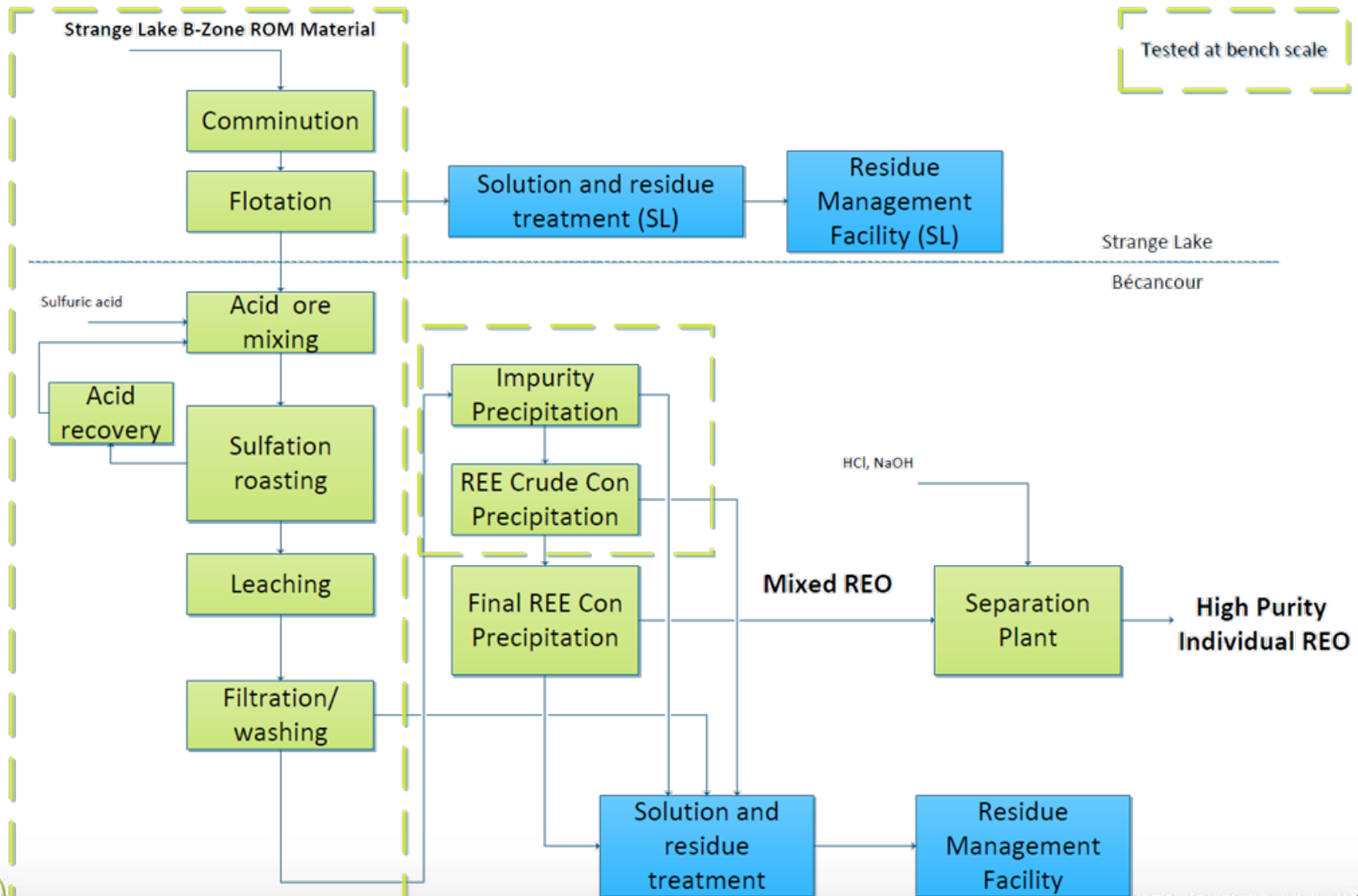
- The mine plan is targeting no stockpiling of mined materials at the end of the 30 year mine life



Domain	Tonnes (x1000t)	LREO	HREO + Y	TREO + Y	H:T Ratio	ZrO ₂ %	HfO ₂ %	Nb ₂ O ₅ %
INDICATED								
Enriched Zone	20,020	0.72	0.72	1.44	50%	2.59	0.06	0.34
Granite	258,108	0.55	0.33	0.89	38%	1.87	0.05	0.16
Total	278,128	0.57	0.36	0.93	39%	1.92	0.05	0.18
INFERRED								
Granite	214,351	0.55	0.30	0.85	35%	1.71	0.04	0.14

Tonnage Mined	2,595,000 tpa
Tonnage Fed to Mill	1,538,000 tpa
Operating Period	270 d/yr

PEA Simplified Flow Sheet



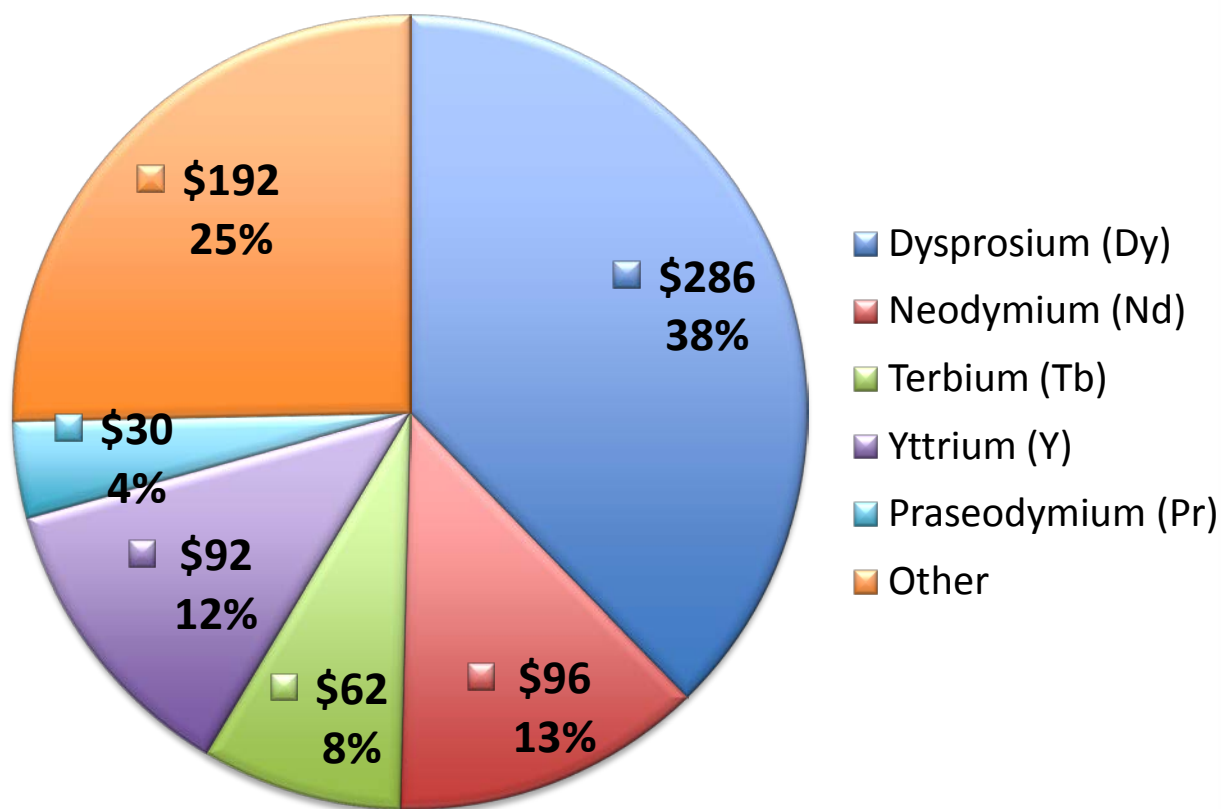
PEA Flow Sheet Improvements



Area	Impact
Mining	- Reduction in mined material (71% less)
Beneficiation (Flotation)	- Lowers transportation costs - Lowers capital costs of processing plant
Modified acid bake + Precipitation (replacing solvent extraction circuits)	- Simpler operations - Significantly lower capital and operating costs - Focus on rare earth products
Separation Plant	- Produce and sell the end product customers require - Eliminate price discount from selling concentrates
Tailings management	- Tailings management required in the North - 65% less tailings in the South

LOM Annual Revenue (\$M) and Contribution

- The future market for key Quest rare earth oxides (Dy, Nd, Y, Pr, Tb) is attractive and growing
- Marketing and sales strategy development will focus on the permanent magnet, phosphor and ceramics markets



Financial Sensitivities



- **The parameters to which project economics are most sensitive to are:**

Parameters	Change	IRR Impact After Tax(%)
Product Prices	10%	2.8%
Capital Expenditure	10%	1.3%
Yield/Mineral Recoveries	3%	0.8%
Ramp Up Time	3 years vs. 2	2.2%

- The project is less sensitive to plant cash operating cost, transport and logistics costs and mining cash cost
- The project is largely insensitive to change in labour, energy and material consumable costs

Operational Improvements



Quest has identified a number of operational improvements to the base case assumptions presented by the PEA:

- **Strategic business plans**
 - Structuring the project in separate corporate entities
- **Process Improvements**
 - Further improvements in the baking, leaching and direct precipitation processes
 - Helmholtz is carrying out further investigation of sensor ore-sorting based on radiometric and photometric characteristics
- **Industry Partnerships**
 - Aiming to establish industry partnership with rare earth separation/refining companies to assist in the process of building the separation facility

In addition, the development plan is sufficiently flexible to allow for expansion of production capacity to meet future rare earth supply demand

Social and Economic Benefits



- **Strange Lake will employ a total of 689 personnel**
 - 306 employees at the mine site
 - 342 employees at the processing plant in Becancour
 - 42 employees for infrastructure and general administration
- **Potential for Quebec Government to multiply job creation by a factor of 5 to 6 in downstream manufacturing through incentives**
- **Downstream manufacturing for Quebec could include:**
 - Metal and alloy manufacturers
 - Fluorescent light and LED manufacturers
 - Hybrid or electric vehicle manufacturers

Permitting and Social Acceptability



- Over two years of environmental baseline studies for road and port to date
- Proposed processing plant site and infrastructure baseline studies expected to be completed in 2014
- Five EIA permitting components to commence in 2014
- Draft MOUs were presented to First Nations and Aboriginal stakeholders in 2013 as a basis for IBA commencement in 2014
- Consulted with government representatives to anticipate any social acceptability issues or opportunities
- Moving forward with the creation of the Quest-Bécancour monitoring committee

Project Milestones



PROJECT MILESTONE	DELIVERY TIMELINE
Submission of EIA Project Description	Q3 2014
Start Feasibility Study	Q4 2014
Start Detailed Design and Engineering	Q1 2015
Submission of EIA Report	Q4 2015
Approval of EIA	Q4 2016
Delivery of Construction Permits	Q1 2017
Start of Construction	Q1 2017
First Flotation Concentrate Shipment	Q2 2019
Start of Plant Commissioning	Q2 2019

Summary



- Quest's vision is to create a Canadian-based integrated global rare earth metals enterprise to bring the world's largest rare earth deposit into production
- The company will be a key, long term supplier of critical metals (with projected supply constraints) to a full spectrum of global manufacturing customers
- The Strange Lake project is located in an attractive geopolitical jurisdiction from the perspective of both financial investors and customers and must obtain strong government backing
- The Feasibility Study commencing later this year will include a refinery to produce high-purity metal oxides and incorporate a number of process changes and improvements geared towards strengthening the overall project economics and lowering capital and operating risk

Contact Information



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