



Quest Rare Minerals Ltd.

Table 1 – Pre-Tax Net Present Value (NPV) Calculation – Strange Lake B-Zone Deposit

Discount Rate	Pre-Tax and Pre-Finance Net Present Value (\$CAN)
6%	\$3,149,211,228
8%	\$2,383,979,541
10%	\$1,825,703,831
12%	\$1,410,907,859
15%	\$969,415,008
20%	\$521,691,996

Table 2 – Rare Earth Oxide Pricing Used for the Strange Lake PEA Study

REO	US\$/kg	Price Source
La ₂ O ₃	\$ 4.26	2007 3-Yr Ave.
Ce ₂ O ₃	\$ 2.77	2007 3-Yr Ave.
Pr ₂ O ₃	\$ 23.24	2007 3-Yr Ave.
Nd ₂ O ₃	\$ 24.52	2007 3-Yr Ave.
Sm ₂ O ₃	\$ 3.59	2007 3-Yr Ave.
Eu ₂ O ₃	\$ 335.74	2007 3-Yr Ave.
Gd ₂ O ₃	\$ 10.29	2007 3-Yr Ave.
Tb ₂ O ₃	\$ 573.46	2007 3-Yr Ave.
Dy ₂ O ₃	\$ 88.55	2007 3-Yr Ave.
Ho ₂ O ₃	\$ 25.50	2007
Er ₂ O ₃	\$ 55.00	2007
Tm ₂ O ₃	\$ 90.00	2007
Yb ₂ O ₃	\$ 25.00	2007
Lu ₂ O ₃	\$ 500.00	2007
Y ₂ O ₃	\$ 8.74	2007 3-Yr Ave.

**Table 3 – Strange Lake B-Zone REE Deposit Financial Model Design Criteria and Conclusions
(25-year, minimum Mine Life)**

Project No: 10551102.00
 Project Name: Strange Lake, PEA Study
 Client: Quest Rare Minerals Ltd.



Financial Model Design Criteria and Conclusions

MINING			
Ore Mined	33,929,000.00	mt	
Waste Mined	13,548,000.00	mt	
TOTAL Mined	47,477,000.00	mt	
PROCESSING			
Run-of-Mine Feed	33,929,000.00	mt	
Ore Grades			
TREO	1.161	%	
Nb2O5	0.248	%	
ZrO2	2.069	%	
Concentrate Grades	60	%	
Process Recoveries	80	%	
Concentrates Produced			
TREO	525,220.92	mt	
Nb2O5	112,191.89	mt	
ZrO2	935,988.01	mt	
Total	1,622,258.59	mt	
Metals Contained in Concentrates			
TREO	315,132.55	t	
Nb2O5	67,315.14	t	
ZrO2	561,592.81	t	
Hydrometallurgical Recoveries	96	%	
Metal Oxides Produced			
TREO	302,527.25	t	
Nb2O5	64,622.53	t	
ZrO2	539,129.10	t	
Total	934,420.95	t	
Metal Oxides Prices			
TREO	21.94	US\$/kg	
Nb2O5	45.00	US\$/kg	
ZrO2	3.77	US\$/kg	
GROSS METAL VALUES			
TREO	\$6,637,447,863.24	US\$	
Nb2O5	\$2,908,013,875.20	US\$	
ZrO2	\$2,032,516,690.71	US\$	
Total	\$11,577,978,429.16	US\$	
Exchange Rate US\$/CAN\$	1.042	CAN\$	
NET RETURN			
Total Net Return	\$12,058,221,396.42	CAN\$	
Total Net Return	\$185,824.59	CAN\$/dmt	
Allowance Marketing & Insurance	\$6,032,126.76	CAN\$	
NET REVENUE(CAN \$)	\$12,058,221,396.42	CAN\$	

OPERATING COSTS (per t ore milled)				
Mining	5.07	CAN\$/t	\$240,708,390.00	CAN\$
Processing	59.05	CAN\$/t	\$2,003,507,450.00	CAN\$
G & A	2.47	CAN\$/t	\$83,804,630.00	CAN\$
Supplies and Materials Transportation	20.78	CAN\$/t	\$705,044,620.00	CAN\$
Ore Pumping	14.57	CAN\$/t	\$494,345,530.00	CAN\$
Total Operating Cost	101.94	CAN\$/t	\$3,527,410,620.00	CAN\$
CAPITAL COSTS				
Direct Costs				
Site Development	\$30,850,000.00	CAN\$		
Site Utilities and Storage	\$47,640,000.00	CAN\$		
Road Construction	\$35,000,000.00	CAN\$		
Mining O/P	\$17,150,878.00	CAN\$		
Processing	\$206,908,293.00	CAN\$		
Infrastructure	\$29,970,000.00	CAN\$		
Tailings Management Facilities	\$20,430,000.00	CAN\$		
Closure / Reclamation Costs	\$9,450,000.00	CAN\$		
SubTotal Direct Costs	\$397,399,171.00	CAN\$		
Indirect Costs				
Owners Costs	\$11,921,975.13	CAN\$		
Indirect Costs	\$74,700,000.00	CAN\$		
Contingency	\$99,349,792.75	CAN\$		
Salvage of / Plant / Site / Working capital	-\$20,000,000.00	CAN\$		
SubTotal Indirect Costs	\$165,971,767.88	CAN\$		
Total Capital Cost	\$563,370,938.88	CAN\$		
PRE-TAX CASH FLOW				
Net Revenue	\$12,058,221,396.42	CAN\$		
Operating Cost	\$3,527,410,620.00	CAN\$		
Capital Costs	\$563,370,938.88	CAN\$		
TOTAL PRE-TAX CASH FLOW	\$7,967,439,837.54	CAN\$		
PAYBACK	Year 4			
PRE-TAX & PRE FINANCE NPV @ 6%	\$3,149,211,228	CAN\$		
PRE-TAX & PRE FINANCE NPV @ 8%	\$2,383,979,541	CAN\$		
PRE-TAX & PRE FINANCE NPV @ 10%	\$1,825,703,831	CAN\$		
PRE-TAX & PRE FINANCE NPV @ 12%	\$1,410,907,859	CAN\$		
PRE-TAX & PRE FINANCE NPV @ 15%	\$969,415,008	CAN\$		
PRE-TAX & PRE FINANCE NPV @ 20%	\$521,691,996	CAN\$		
PROJECT INTERNAL RATE OF RETURN (IRR)	36.36%			
SENSITIVITIES				
<i>Metal Prices</i>	<i>Most Sensitive</i>			
<i>Capital Costs</i>	<i>Less Sensitive</i>			
<i>Operating Cost</i>	<i>Least Sensitive</i>			