



QUEST ANNOUNCES THE CONCLUSION OF A CONTRIBUTION AGREEMENT WITH SUSTAINABLE DEVELOPMENT TECHNOLOGY CANADA (SDTC)

Montréal, Québec (Marketwired – July 28, 2016) --- Quest Rare Minerals Ltd. (TSX: QRM) is pleased to announce that it has concluded a Contribution Agreement (the "Agreement") with Sustainable Development Technology Canada (SDTC). Under the terms of the Agreement, SDTC will commence disbursement of the \$4.9 million grant in accordance with the milestones agreed with the Company. SDTC grant was awarded to support Quest's operation of a large pilot plant to produce mixed rare earth metal oxides. The objective of the pilot plant project is to establish and confirm the process parameters and in particular Quest's "Selective Thermal Sulphation (STS)"¹ process at scaled-up commercial product levels.

Quest has developed an industrial process that efficiently and cost effectively produces high purity mixed rare earth metal oxides from both mined ore from its Strange Lake Complex property and phosphor powder recovered from fluorescent light bulbs, helping solve a major environmental problem for landfills.

SDTC announced the funding award in March 2016, following an extensive and rigorous evaluation of our eco-friendly STS process. Compared to alternative technologies, the superior efficiency of the STS process stems from the facts that it is (i) much simpler; (ii) it required fewer reagent and lower reagent dosages; (iii) rare earth elements are separated from major contaminants (i.e. Fe, Al, U); (iv) it minimizes process effluent and produces smaller quantities of inert residue; and (v) it entails low capital and operating costs.

The Quest pilot plant project team is being supported by technical and engineering experts from SGS Canada Inc. and COREM, both world-leading organizations devoted to mineral processing; Outotec (Germany), as the world leading technology company with the strongest expertise in mineral sulphation processes; Helmholtz Institute Freiburg for Resource Technology of Germany, and RediMet. Rare earth metals are a key component of many cleantech technologies, including energy efficient electric motors, light-emitting diode (LED) lights and wind turbines. Rare earth metal oxides produced by Quest will be used in large part to meet the growing demand for more efficient permanent magnets. Meeting the greenhouse gas emission targets set out in the Paris Accord will require electrification of the transportation sector. Rare earth permanent magnets in electric motors are a key enabler of this transformation.

Pierre Lortie, Quest's Executive Chairman stated that "the establishment of Quest's industrial STS processing plant in Bécancour, Québec, will facilitate the creation of a new industry for Canada as well as open the opportunity to attract additional downstream businesses such as alloy and permanent magnet producers, as well as spark the development of R&D in rare earth processing and new applications at Canadian universities and research institutes."

ABOUT QUEST

Quest Rare Minerals Ltd. ("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.

ABOUT SDTC

Sustainable Development Technology Canada (SDTC) is an arm's-length foundation created by the Government of Canada to support innovative and entrepreneurial clean technology projects. Our portfolio of companies develop and demonstrate new technologies that address issues related to climate change, air quality, clean water and soil.

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 Earth 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 Earth 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 25, 2016, and under "Risk Factors" in Quest's Management's Discussion and Analysis for the fiscal year ended October 31, 2015, all of which are available on SEDAR at <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.

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¹ Patent Pending