



Hastings Rare Metals Limited

ABN 43 122 911 399

Interim Financial Report

31 December 2014

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DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2014. In accordance with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Charles Lew	Executive Chairman
Anthony Ho	Non-executive Director
Malcolm Mason	Non-executive Director
Simon Wallace	Non-executive Director (resigned 18 November 2014)

Company Secretary

Guy Robertson

Operating Results

The loss of the Group for the half-year after income tax was \$388,993 (31 December 2013 loss: \$959,203).

Review of Operations

Yangibana Project (70-100%)

Hastings Rare Metals Limited continued to increase its interest in the Yangibana Rare Earths Project in the Gascoyne region of Western Australia. At the end of the period the Company held 100% interest in five Exploration Licences (ELs), one Exploration Licence Application, three Prospecting Licences (PLs) and one Mining Lease Application; 95% interest in five ELs, one PL and one MLA; and 70% interest in six ELs and one MLA.

The Mining Lease Applications were submitted late in the period and cover all JORC resources delineated by the Company in 2014.

These JORC resources were based on a second drilling programme carried out by the Company during the period under review. This programme included both reverse circulation (RC) drilling with 122 holes totalling 6,624m and lesser diamond drilling (DD) with 9 holes totalling 170.1m, and provided additional holes at the Yangibana North deposit and initial drilling at seven other targets.

The JORC resource estimates were as follows:-

Resource Classification	Tonnes (mt)	% TREO*	% Nd ₂ O ₃ -Eq**
Indicated	3.96	1.59	0.74
Inferred	2.83	1.43	0.63
TOTAL	6.79	1.52	0.69

* TREO is the sum of the oxides of the rare earth elements lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), samarium (Sm), europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), lutetium (Lu), and yttrium (Y).

** Nd₂O₃-Eq is the neodymium oxide equivalent of Hastings' four target oxides – neodymium, praseodymium, dysprosium and europium. Since metallurgical recoveries are assumed to be the same for all targets, the calculation of neodymium equivalent (Nd₂O₃-Eq) grade is therefore:-

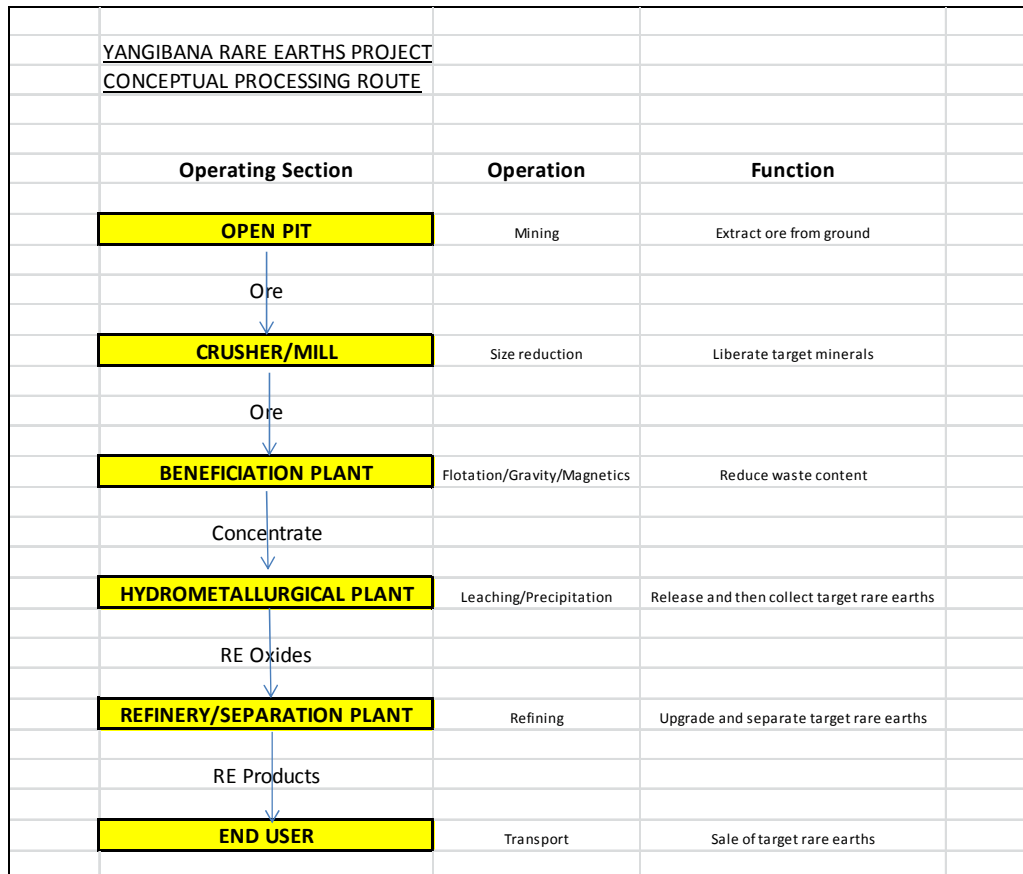
$$\text{Nd}_2\text{O}_3\text{-Eq grade} = (((\text{Nd}_2\text{O}_3 \text{ grade} + ((\text{Pr}_2\text{O}_3 \text{ grade} * (\text{Pr}_2\text{O}_3 \text{ price} / \text{Nd}_2\text{O}_3 \text{ price})) + ((\text{Dy}_2\text{O}_3 \text{ grade} * (\text{Dy}_2\text{O}_3 \text{ price} / \text{Nd}_2\text{O}_3 \text{ price})) + ((\text{Eu}_2\text{O}_3 \text{ grade} * (\text{Eu}_2\text{O}_3 \text{ price} / \text{Nd}_2\text{O}_3 \text{ price}))))$$

Metallurgical test work commenced during the period with beneficiation tests carried out on material from Yangibana North and Bald Hill South deposits.

DIRECTORS' REPORT (Continued)

Mineral Liberation Analysis (MLA) confirmed that the main rare earths-bearing mineral is monazite, a mineral known to be amenable to commercial processing. MLA showed that more than 80% of the monazite is liberated at a grind size of 80% passing 75 microns, and early beneficiation tests using flotation achieve a significant 85% recovery of rare earths into 25% of original mass with a 3.5 times increase in rare earths grade.

At this stage the Company is proposing a standard processing route for its Yangibana material which, based on similar projects worldwide will comprise the processes as indicated in the conceptual schematic diagram below. Further test work will be undertaken in the coming period.

**Schematic Processing Route for Yangibana Rare Earths Products**

Simplistically, the process involves the mining, crushing and milling of the mineralisation with the aim of achieving the optimum liberation of the target minerals (predominantly monazite) from the waste (gangue) materials (predominantly silicates and iron oxides and hydroxides).

The finely ground material is fed into the beneficiation plant where target minerals are upgraded into a higher grade concentrate by the removal of as much waste as can be achieved while retaining as much target as possible.

The beneficiated concentrate passes to the hydrometallurgical plant where the target minerals are dissolved by acid and subsequently precipitated, generally as mixed rare earths oxides, oxalates or carbonates.

These products pass to a refinery/separation plant where the rare earths are separated and prepared for sale in the form required by the end user.

Scoping Study

Following the completion of Stage 2 drilling, the subsequent resource estimation, and the ongoing positive metallurgical test results, the Company commissioned an independent Scoping Study (Study) by Snowden Mining Industry Consultants (Snowden). Details of the assumptions made and methodologies used in this study were provided in the Company's December 2014 Quarterly Activities Report.

DIRECTORS' REPORT (Continued)***High Confidence Case***

Based only on part of the current JORC resources the study shows potential for strong economic returns with an indicative NPV based on mining 3.7 million tonnes (largely current Indicated Resources) of \$295 million to \$360 million at a 10% discount rate over a 3.7-year operating mine life with a 1.6-year payback period from commencement of production.

Expanded Case

Extrapolating the operation out over a total of 15 years, based on the reasonable assumption that resources of the same tenor as the current resources will continue to be defined by exploration, provides a NPV of \$900 million to \$1.2 billion at a 12% discount rate. The 12% discount rate reflects the risk profile of a longer mine life.

Hastings considers that this case is supported by an Exploration Target, as defined by the JORC Code, Clause 17, of between 11 and 12 million tonnes of plant feed at a grade of in the order of 0.6% to 0.8% total rare earths oxides. This target is conceptual, but is supported by the JORC resources and exploration results announced recently for the Frasers, Bald Hill North, Kane's Gossan, Hook, Lion's Ear, and Gossan prospects, by additional prospects defined by exploration drilling in the 1980s (Hook South, Yangibana South, Yangibana and Tongue), and by the surface expression of ironstones (the host to the rare earths mineralisation) both along strike from the prospects listed above and elsewhere within the Yangibana Project tenements.

Cautionary Statement

The Scoping Study referred to is an indicative analysis subject to follow up Feasibility Studies. It is based on a low level technical and economic assessment, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusion of the Study will be realised.

Pre - Feasibility Study

Given the positive results of the Scoping Study the Board approved the commencement of a Pre-Feasibility Study in early 2015 and the application for Mining Leases that cover the majority of the JORC resources reported by the Company.

Brockman (previously Hastings) Project (100%)

During the period under review Hastings carried out limited metallurgical testing on samples from the Brockman project.

Corporate

During the half year the Company raised \$6.15 million with the issue of 87,856,134 shares at 7 cents per share and in early 2015 completed a share purchase plan raising a further \$2 million with the issue of 28,571,427 shares at 7 cents per share.

Mr Simon Wallace resigned as a director of the Company in November 2014 following the Annual General Meeting and the Board takes this opportunity to thank Mr Wallace for his contribution.

Events Subsequent to Reporting Date

The Company completed a share purchase plan in January 2015 raising \$2,000,000 and issuing 28,571,429 shares at 7 cents a share.

Subsequent to period end the Company acquired the remaining 5% interest in the Karramindie tenements of the Yangibana project for a consideration of \$35,000.

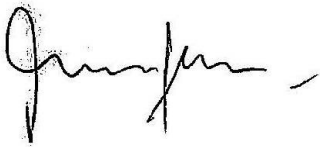
Other than as outlined above, there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2014.

DIRECTORS' REPORT (Continued)

Auditor's Independence Declaration

As per section 307C of the Corporations Act 2001 the auditors, HLB Mann Judd, provide on page 7, the Independence Declaration in relation to the review of the interim financial report. The Independence Declaration forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.



Charles Lew

Executive Chairman

9 March 2015

Competent Person's Statement

The information in this report that relates to Resources is based on information compiled by Simon Coxhell. Simon Coxhell is a consultant to the Company and a member of the Australasian Institute of Mining and Metallurgy. The information in this report that relates to Exploration Results is based on information compiled by Andy Border, an employee of the Company and a member of the Australasian Institute of Mining and Metallurgy.

Each has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this report and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Each consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Hastings Rare Metals Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

Perth, Western Australia
9 March 2015

M R W Ohm
Partner

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

		Consolidated	
	Notes	31 Dec 2014 \$	30 Dec 2013 \$
Continuing operations			
Interest income		50,814	38,880
		50,814	38,880
Office facilities		(5,677)	(124,031)
Marketing		(5,692)	(2,829)
Legal fees		(13,105)	(246,015)
Employee benefits expense		(5,519)	(1,887)
Directors' fees		(96,053)	(117,110)
Consulting and professional fees		(90,000)	(382,429)
Travel expenses		(33,933)	(37,660)
Other expenses		(189,828)	(86,122)
Loss before income tax benefit	2	(388,993)	(959,203)
Income tax benefit		-	-
Net loss for the period		(388,993)	(959,203)
Other comprehensive income		-	-
Total comprehensive loss for the period		(388,993)	(929,203)
Basic earnings/(loss) per share (cents per share)		(0.11)	(0.54)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	Consolidated	
		31 Dec 2014	30 Jun 2014
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		7,545,549	3,616,118
Trade and other receivables		104,823	73,979
Total Current Assets		7,650,372	3,690,097
Non-Current Assets			
Plant and Equipment		10,500	8,943
Deferred exploration and evaluation expenditure	3	19,579,600	17,841,676
Total Non-Current Assets		19,590,100	17,850,619
Total Assets		27,240,472	21,540,716
Liabilities			
Current Liabilities			
Trade and other payables		509,755	431,143
Total Liabilities		509,755	431,143
Net Assets		26,730,717	21,109,573
Equity			
Issued capital	4	33,207,745	27,197,608
Share option reserve	5	639,236	691,516
Accumulated losses		(7,116,264)	(6,779,551)
Total Equity		26,730,717	21,109,573

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

Consolidated

	Issued Capital	Accumulated Losses	Share Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2014	27,197,608	(6,779,551)	691,516	21,109,573
Loss for the period	-	(388,993)	-	(388,993)
Total comprehensive loss for the period	-	(388,993)	-	(388,993)
Shares issued during the half year	6,309,499	-	-	6,309,499
Transaction costs on share issue	(299,362)	-	-	(299,362)
Options expired	-	52,280	(52,280)	-
Balance at 31 December 2014	33,207,745	(7,116,264)	639,236	26,730,717

Consolidated

	Issued Capital	Accumulated Losses	Share Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2013	23,889,889	(5,589,387)	548,925	18,849,427
Loss for the period	-	(959,203)	-	(959,203)
Total comprehensive loss for the period	-	(959,203)	-	(959,203)
Shares issued during the half year	713,505	-	-	713,505
Options expired	-	7,654	(7,654)	-
Transaction costs on share issue	(36,973)	-	-	(36,973)
Balance at 31 December 2013	24,566,421	(6,540,936)	541,271	18,566,756

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(492,389)	(1,083,328)
Interest received	24,661	39,965
Net cash (used in) operating activities	(467,728)	(1,043,363)
Cash flows from investing activities		
Payments for acquisition of tenements/prospects	(17,500)	-
Payments for exploration and evaluation expenditure	(1,795,686)	(444,946)
Purchase of fixed asset	(2,697)	-
Net cash (used in) investing activities	(1,815,883)	(444,946)
Cash flows from financing activities		
Issue of shares	6,269,929	601,200
Placement costs	(56,887)	(36,974)
Net cash provided by financing activities	6,213,042	564,226
Net increase/(decrease) in cash held	3,929,431	(924,083)
Cash and cash equivalents at the beginning of the period	3,616,118	2,764,469
Cash and cash equivalents at the end of the period	7,545,549	1,840,386

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Hastings Rare Metals Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Adoption of new and revised accounting standards

In the half year ended 31 December 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the company and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the company and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the company's accounting policies and the key estimates of uncertainty were consistent with those applied for the year ended 30 June 2014.

Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Directors have considered capitalised exploration expenditure as at 31 December 2014 and are satisfied that no impairment indicators exist. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 2: LOSS BEFORE INCOME TAX BENEFIT

Consolidated

Half Year Ended 31 December 2014 \$	Half Year Ended 31 December 2013 \$
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The following expenses are included in other expenses and are relevant in explaining the financial performance for the half-year:

Insurance	17,290	9,164
Accounting and audit fees	17,565	12,000

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Consolidated

Half Year Ended 31 December 2014 \$	Year Ended 30 June 2014 \$
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Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation phase – at cost

Balance at beginning of period	17,841,676	16,727,765
Exploration expenditure	1,721,299	865,406
Purchase of prospects - Yangibana	17,500	250,000
Write off of exploration expenditure	(875)	(1,495)
Total deferred exploration and evaluation expenditure	19,579,600	17,841,676

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 4: ISSUED CAPITAL

	Consolidated	
	Half Year Ended 31 December 2014	Year ended 30 June 2014
	\$	\$
<i>Ordinary shares - Issued and fully paid</i>		
Opening balance	27,197,608	23,889,889
Shares issued in private placement	6,149,929	3,416,237
Shares issued on exercise of options	120,000	-
Shares issued to directors in lieu of fees	39,570	112,304
Less share issue costs	(299,362)	(220,822)
Closing balance	33,207,745	27,197,608
<i>Movements in ordinary shares on issue</i>		
	Number	Number
Opening balance	259,279,572	166,769,530
Shares issued on exercise of options	2,000,000	-
Shares issued in lieu of debt repayment	-	1,730,156
Shares issued to directors in lieu of fees	608,772	-
Shares issued in private placement	87,856,134	90,779,886
Closing balance	349,744,478	259,279,572

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: OPTIONS AND PERFORMANCE RIGHTS

Options

	Consolidated	
	Half Year Ended	Year ended
	31 December	30 June
	2014	2014
	\$	\$
<i>Movements in share option reserve were as follows:</i>		
Opening balance	691,516	548,925
Options issued during the year	-	522,796
Options expired	(52,280)	-
Expiry of options - unlisted	-	(372,550)
Expiry of options - listed	-	(7,655)
Closing balance	639,236	691,516

Movements in options over ordinary shares on issue

Opening balance	24,500,000	89,436,355
Expiry of options	-	(84,936,347)
Options issued during the period - unlisted	-	20,000,000
Options lapsed during the period	(2,000,000)	-
Options exercised	(2,000,000)	(8)
Closing balance	20,500,000	24,500,000

Options carry no voting rights and carry no rights to dividends.

Performance Rights

On 18 November 2014 the Company issued 10,000,000 performance rights to directors and employees.

Directors' performance rights

A total of 9,500,000 performance rights were issued to directors and the company secretary with the following vesting conditions:

- (a) Completion of a pre-feasibility study for one of more of the Company's projects; and
- (b) Completion of capital raisings during the term of the performance rights of at least \$7 million

The performance period is 30 June 2016 after which any performance rights which do not vest will lapse. The share price at grant date of the performance rights was 7.9 cents.

Whilst the second vesting condition has been met, the condition in relation to completion of the pre-feasibility study has not yet been satisfied. When, in the opinion of the directors, vesting condition (a) is probable then an appropriate charge will be recorded in the accounts.

Employee performance rights

In addition to the above rights, a further 500,000 performance rights were issued to an employee. Of these rights 250,000 have been accrued at period end and the shares will be issued in March 2015. The vesting conditions in relation to the first tranche of 250,000 performance rights were met at balance date and the related expense has been recorded.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 6: SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the nature of its interests and projects. Discrete financial information about each of these projects is reported to the executive management team on at least a monthly basis.

Location of interests and nature of projects

Brockman (formerly Hastings) Rare Metals and Heavy Rare Earths Project

The Brockman (formerly Hastings) Rare Metals and Heavy Rare Earths Project comprises of ten (10) wholly owned prospecting licenses in the East Kimberley region of Western Australia. The project hosts significant JORC compliant resources of the heavy rare earths zircon, niobium, tantalum, yttrium and dysprosium.

Yangibana Project

The Group owns a 70% interest in the Yangibana Rare Earths Project in the Gascoyne region of Western Australia, comprising six (6) granted exploration licenses covering 68 sub-blocks and approximately 203 square kilometres, a further 5 granted exploration licences (100% owned) and 3 prospecting licences (100% owned). In addition, at period end, the Company owns 95% in a further 4 exploration licences and 95% of 1 prospecting licence. The Company acquired the remaining 5% in these licences subsequent to period end.

The following table presents information regarding the Group's segments provided to the Board for the half-year periods ended 31 December 2014 and 31 December 2013.

Project Segments

	Hastings Project	Yangibana Project	Unallocated	Total
31 December 2014	\$	\$	\$	\$
Segment revenue	-	-	50,814	50,814
Segment expenses	-	-	439,807	439,807
Segment result	-	-	(388,993)	(388,993)
Segment assets	14,825,411	4,754,189	7,660,872	27,240,472
Segment liabilities	-	-	509,755	509,755

Project Segments

	Hastings Project	Yangibana Project	Unallocated	Total
31 December 2013	\$	\$	\$	\$
Segment revenue	-	-	38,880	38,880
Segment expenses	-	-	998,083	998,083
Segment result	-	-	(959,203)	(959,203)
Segment assets	14,261,733	2,603,586	1,926,605	18,791,924
Segment liabilities	-	-	225,168	225,168

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

NOTE 7: DIVIDENDS

The Directors of the Company have not declared an interim dividend.

NOTE 8: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

The Company completed a share purchase plan in January 2015 raising \$2,000,000 and issuing 28,571,429 shares at 7 cents a share.

Subsequent to period end the Company acquired the remaining 5% interest in the Karramindie tenements of the Yangibana project for a consideration of \$35,000.

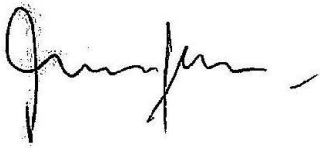
Other than as outlined above, there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2014.

DIRECTORS' DECLARATION

In the opinion of the Directors of Hastings Rare Metals Limited ('the Group'):

1. The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year then ended; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



Charles Lew
Executive Chairman
9 March 2015



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hastings Rare Metals Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hastings Rare Metals Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility


Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hastings Rare Metals Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

M R W Ohm
Partner

Perth, Western Australia
9 March 2015