23 July 2015

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MAJOR WATER RESOURCES LOCATED WITHIN YANGIBANA TENEMENTS

HIGHLIGHTS

- **Major groundwater resources have been discovered within the Yangibana Project tenements.**
- **The quality is suitable for potable, metallurgical processing and general water requirements**
- **It is considered that there is enough water to satisfy requirements for a proposed mining operation of 1 million tonne per annum for in excess of 15 years**
- **A significant proportion of drill holes located within the footprint of the Yangibana North and Bald Hill South neodymium-rich deposits have intersected water resources**
- **There is potential to define further water resources**
- **Access to this water will reduce capital and operating costs and further enhance the economics of the project**

In 2014 vertical drill hole YGBW1, located at the Yangibana North deposit (Hastings 70%), was drilled as a water bore to supply the diamond drilling operations. This year at Bald Hill South deposit drill hole BHRC081 (Hastings 100%) intersected significant water flows and is now also used to supply water for exploration operations. The location of the two holes in relation to Hastings' major deposits is shown in Figure 1.

Early in 2015 consultant ATC Williams was appointed by Hastings to identify and investigate water resources as part of the Pre-Feasibility Study. It was requested to include these two holes in its investigations.

In June 2015 ATC Williams carried out a regional investigation of existing water bores on Wanna Station, on which the Yangibana Project is located, and Edmund Station abutting to the north. This regional work showed that generally similar good quality water occurred throughout, including holes YGBW1 and BHRC081.

Water Quality

Depth to water in YGBW1 was approximately 17m and in BHRC081 was approximately 23m. Water samples from each were analysed. Results showed that:

1. Total dissolved salts were low at 870mg/L for YGBW1 and 1,300mg/L for BHRC081.
2. Water quality is good; with inorganic water quality parameters and dissolved metal concentrations being within the "Drinking Water Guidelines" (ADWG) although fluoride is marginally above the guideline value of 1.5 mg/l at 2.1 mg/l and 3.0mg/L respectively.
3. Uranium concentrations are within the drinking water guidelines and thorium was not detected.

Based on these results it is concluded that the quality of groundwater from both bores is suitable for all purposes, including potable use. It is likely that this water is suitable for beneficiation and hydrometallurgical processes; without the need for any treatment. This will need to be confirmed during the Bankable Feasibility Study.

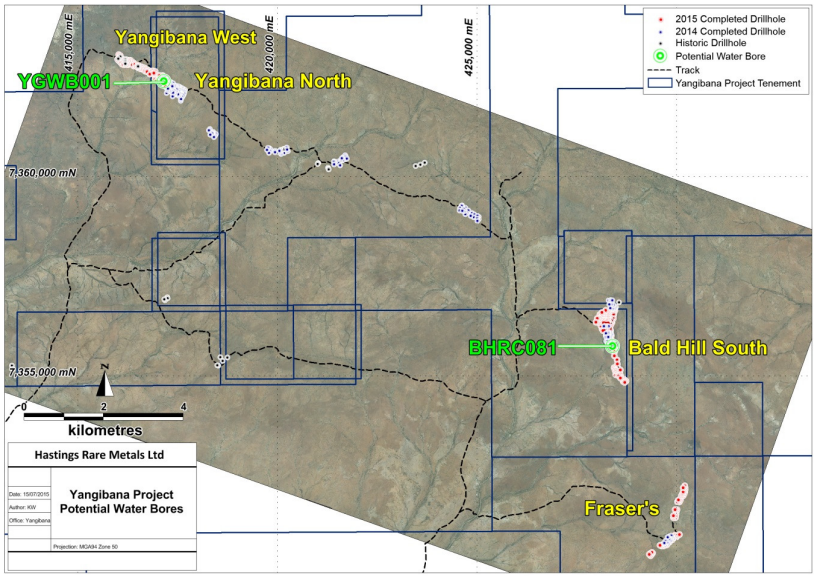

Figure 1 – Yangibana Project - Location of holes YGWB001 and BHRC081 with respect to Hastings' major deposits

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Aquifer Characteristics

ATC Williams undertook preliminary pump testing and collection of data to determine permeability and porosity of host rocks at the two sites.

Initial pump testing indicates that both boreholes have intersected "confined" or "semi-confined" aquifers; essentially the mineralised ironstone and the enclosing adjacent sheared wall-rocks.

Permeability and Transmissivity estimates are relatively high.

1. Yangibana North aquifer gave 1 x 10^{-4} m/s permeability and 5 x 10^{-4} m^2/s transmissivity.

2. Bald Hill South aquifer gave 4 x 10^{-4} m/s permeability and 2 x 10^{-4} m^2/s transmissivity.

Estimated Storativity is sufficient to provide significant water supply during drawdown of the confined aquifer and due to the unique porosity characteristics of the orebody, high specific yield is anticipated during dewatering of the ore.

Calculations based on reasonable assumptions indicate that pumping from either of the aquifers could supply in excess of 300,000 cubic metres of water per annum, which is considered adequate to meet the requirements of the proposed processing plant, probably for in excess of 15 years. Similar aquifers are likely to be found elsewhere within the Yangibana Project over a 15 km strike length.

The hydrogeology of these aquifers is potentially quite complicated and further collection of data is necessary before these conclusions can be verified, recharge potential assessed and parameters accurately estimated. This will include examination of core, measurements of piezometric water levels and full scale pump testing, and is planned for the Bankable Feasibility Study.

Water resources are considered assured and are not a significant risk factor for the proposed mining operation.

For further information please contact:

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About Hastings Rare Metals

- Hastings Rare Metals is a leading Australian rare earths company, with two JORC compliant rare earths projects in Western Australia.
- The Yangibana Project hosts JORC Indicated and Inferred Resources totalling 6.79 million tonnes at 1.52% TREO, including 0.35% Nd_2O_3 (comprising 3.96 million tonnes at 1.59% TREO Indicated Resources and 2.83 million tonnes at 1.43% TREO in Inferred Resources).
- The Brockman deposit contains JORC Indicated and Inferred Resources totalling 36.2 million tonnes (comprising 27.1mt Indicated Resources and 9.1mt Inferred Resources) at 0.21% TREO, including 0.18% HREO, plus 0.89% ZrO_2 and 0.35% Nb_2O_5.
- Rare earths are critical to a wide variety of current and new technologies, including smart phones, hybrid cars, wind turbines and energy efficient light bulbs.
- The Company aims to capitalise on the strong demand for critical rare earths created by expanding new technologies. In late 2014 Hastings completed a Scoping Study of the Yangibana Project that confirmed the economic viability of the Project and in early 2015 commenced work on a Pre-Feasibility Study.

Competent Person's Statement

The information in this announcement 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 announcement 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 announcement 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 announcement of the matters based on his information in the form and context in which it appears.

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