

DECEMBER 2013 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Board restructure and new substantial shareholder**
- **Renewed focus on progressing Hastings project**
- **Yangibana project update**

BOARD RESTRUCTURE AND NEW SUBSTANTIAL SHAREHOLDER

During the quarter Mr Charles Lew increased his shareholding to become the largest shareholder in the Company at 14.98% and was appointed a director and Chairman of Hastings Rare Metals Limited.

Mr Lew's considerable experience will assist the Company in taking the Hastings projects through the next phases of development. Mr Lew has more than 25 years of investment banking experience, and was the Managing Director of ABN Amro's investment banking operations in Singapore from 1997 to 2000.

Mr Lew has been an Independent Non-Executive Director of RHB Investment Bank Berhad (in Malaysia) since 2004 and is also on the board of RHB Islamic Bank. He was on the board of RHB Capital Berhad between 2005 and 2007. He previously served as an Independent Director of Singapore Medical Group between 22 June 2007 and 2 December 2013.

Mr Simon Wallace, a corporate lawyer also joined the board during the quarter. Mr Wallace has particular expertise and experience in corporate fundraising, debt issues and acquisitions. Mr Vaz Hovanessian and Mr Guy Robertson resigned from the board on 9 December 2013.

RENEWED FOCUS ON PROGRESSING HASTINGS PROJECTS

The restructured board has renewed its focus on developing and bringing both the Hastings and Yangibana projects into the next phase of development with a view to production in the longer term.

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Listed options - HASO

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Board and Management

Charles Lew (Chairman)
Anthony Ho (Non-Exec Director)
Malcolm Mason (Non-Exec Director)
Simon Wallace (Non-Exec Director)

www.hastingsraremetals.com

Media & Investor Relations

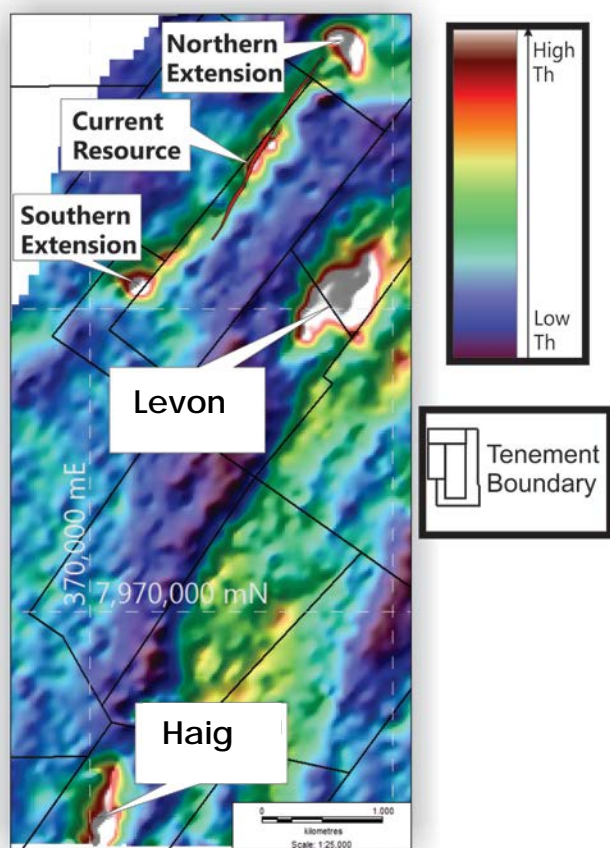
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This includes rescheduling the work programme, engaging a General Manager Exploration and securing the funding required to move the projects forward.

For the Hastings project further exploration is planned on the relatively high-grade discoveries announced to the ASX on 1 July 2013. These are the “Northern Target” (**Levon**) and the “Southern Target” (**Haig**).

These targets are located some 1.3Km and 4.5km respectively, to the south of the existing JORC Resource which comprises 36.2Mt at 0.21% TREO including 0.18% HREO (**Current Resource**).



The Levon target is at least 400 metres long averaging 65 metres on surface while the Haig target is 500 metres long averaging 50 metres wide on surface.

Further exploration is also scheduled for the Southern Extension which is approximately 500 metres long varying from 5 metres to 30 metres width at surface.

If warranted, exploration will include a preliminary drilling programme of RC holes to test the Southern Extension at depth and at least two holes at each of Levon and Haig.

Expanding the total resources within the Hastings project could potentially enhance the economics of the Hastings project.

Figure 1. Location of two radiometric targets in relation to the Main Resource and the Southern Extension

YANGIBANA PROJECT UPDATE

During the quarter the Company undertook a further site visit to the Yangibana Project area to review logistics and planning for a proposed drilling programme which is scheduled for 2014. The main access to site was assessed and recommendations and planning for future exploration work commencing at the end of the current wet season is underway.

At this stage the optimum targets for the proposed RC (reverse circulation) drilling programme is towards the eastern end of the Yangibana North prospect. Limited historical drilling (1988) has indicated that grades might be higher in this area than the Yangibana project average of 1.65% total rare earth oxides (TREO), as indicated in Figure 2.

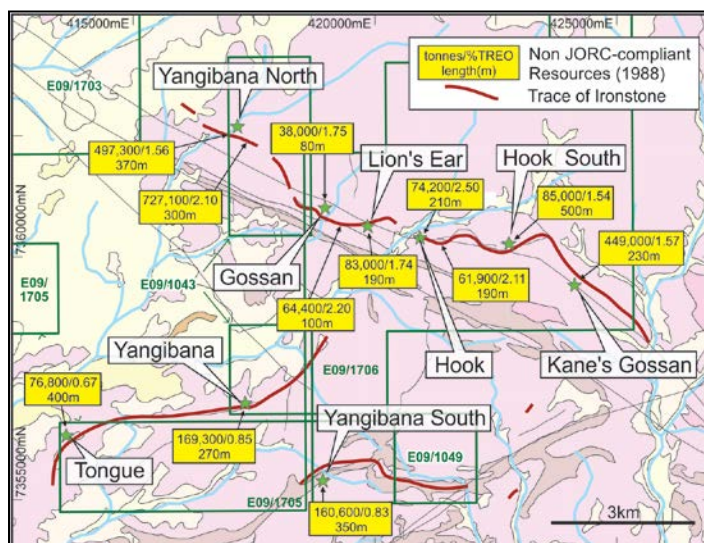


Figure 2 – Yangibana Project. Prospects showing non-JORC resources

This previous drilling has also shown that the mineralisation in this area has only a shallow dip of around 20-30° as indicated in Figure 3.

The proposed drilling programme will test both near-surface oxidised material and deeper primary mineralisation.

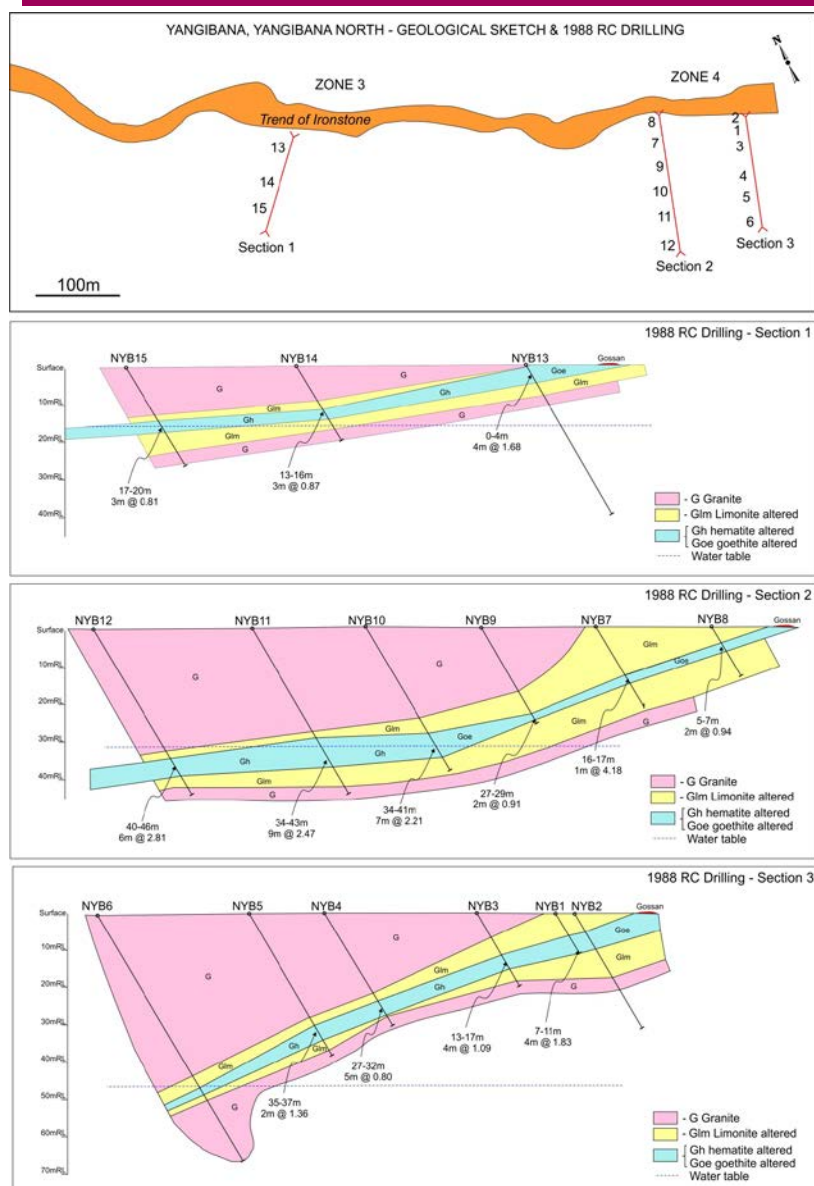


Figure 3 – Yangibana Project. Previous drilling Yangibana North Prospect

CORPORATE

9TH ANNUAL RARE EARTHS CONFERENCE HONG KONG

Hastings attended the 9th International Rare Earths conference in Hong Kong during November. Steve Mackowski (Technical Director) presented Hastings view on the supply and demand of heavy rare earths and also gave an update on the Hastings project. A copy of the presentation can be found on the Hastings web site, www.hastingsraremetals.com.

The balance of opinion of participants was that the market has bottomed and that improvement in 2014 is very likely as the efforts by the Chinese government to curb illegal mining and to improve environmental performance take effect.

STRATEGIC PARTNER ALLIANCE

The Company announced a Strategic Alliance to the ASX on 10 September 2013. While the parties will continue on-going discussions the non-binding memorandum has, by mutual agreement, been allowed to lapse. This will enable the new board to pursue alternative opportunities.

About Hastings Rare Metals

- Hastings Rare Metals is a leading Australian rare earths company, with two rare earths projects in Western Australia.
- The Hastings project is at an advanced stage of development and contains JORC Indicated and Inferred Resources totaling 36.2 million tonnes at 0.21% TREO, including 0.18% HREO, plus 0.89% ZrO₂ and 0.35% Nb₂O₅.
- 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 Hastings deposit contains predominantly heavy rare earths (HREO) (85%), such as dysprosium and yttrium which are substantially more valuable than the more common light rare earths (LREO).
- The company aims to capitalise on the strong demand for heavy rare earths created by expanding new technologies. It is currently validating the extensive historical work and undertaking further scoping study to confirm economics.

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Competent Persons' Statement

The information in this report that relates to Resources and Exploration Results 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 metallurgy is based on information compiled by Steve Mackowski, a consultant to the Company and a fellow 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 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Each consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

The information in this report was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

TENEMENT SCHEDULE
Hastings Project Holdings Pty Ltd (100% Owned Subsidiary)
Owns a 100% interest in the Hastings Project

P80/1626	Western Australia
P80/1627	Western Australia
P80/1628	Western Australia
P80/1629	Western Australia
P80/1630	Western Australia
P80/1631	Western Australia
P80/1632	Western Australia
P80/1633	Western Australia
P80/1634	Western Australia
P80/1635	Western Australia
E80/4555	Western Australia

Gascoyne Metals Pty Limited (100% Owned Subsidiary)
Owns a 60% interest in the Yangibana Project

E09/1043	Western Australia
E09/1049	Western Australia
E09/1703	Western Australia
E09/1704	Western Australia
E09/1705	Western Australia
E09/1706	Western Australia

Owns 100% of the additional Yangibana EL Application

E09/1989	Western Australia (Application)
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