

SEPTEMBER 2013 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Strategic Alliance** executed with REE partner who has expertise in mining and processing of Heavy Rare Earths
- **Samples** dispatched to Alliance partner for overseas test work
- **Capital raise** strengthens balance sheet
- **Cost reductions** implemented with a focus on incentive driven remuneration

STRATEGIC ALLIANCE MOU

During the quarter the Company signed a Strategic Alliance MOU ("Alliance") with a REE strategic partner, to provide for the staged funding of the Hastings Project with the aim of establishing commercial production.

The finalisation of the Alliance has resulted from significant work over a period of time by the Hastings team and validates the work done to date.

The Alliance allows for both parties to undertake investigations and test works to develop a detailed plan to move the Hastings Project into production.

Hastings strategic partner has access to low cost capital and has strong links with the rare earth processing industry. Funding is to cover the key stages of development including test work, pilot plant studies, BFS and project construction.

Importantly the strategic partner has a deep technical understanding of the separation and refining process required for Heavy Rare Earths.

Hastings has provided test material to the REE partner who is currently conducting technical analysis, and further due diligence before the parties are able to negotiate definitive agreements.

Hastings Rare Metals Limited
ABN 43 122 911 399

ASX Code: Shares - HAS
Listed options - HASO

Level 9, 50 Margaret Street
Sydney NSW 2000
PO Box R933 Royal Exchange
NSW 1225 Australia

Telephone: +61 2 9078 7674
Facsimile: +61 2 9078 7661
admin@hastingsraremetals.com

Board and Management

Anthony Ho (Chairman)
Malcolm Mason (Non-Exec Director)
Vaz Hovanesian (Non-Exec Director)
Guy Robertson (Exec Director)

Advisory Board

Tony Grey

www.hastingsraremetals.com

Media & Investor Relations

Fortbridge +612 9003 0477

Bill Kemmery +61 400 122 449

Marina Trusa +61 404 330 634



The Company will be progressing discussions with the strategic partner over the coming quarter and will keep the market posted of any developments.

SHARE PLACEMENT

Late in the quarter the Company took the opportunity to make a placement to sophisticated investors to raise \$601,200 before costs.

The placement will provide flexibility to fund the further study of a low capital expenditure option in respect of the Hastings Rare Earths Project; provide working capital over the next 12 months; and technical reviews of new opportunities in the minerals and metals sector.

CORPORATE

During the quarter the Board was strengthened with appointment of Mr Vaz Hovanesian. Vaz has over 20 year's experience in exploration and mining company management and has previously acted as Managing Director and Chairman of several ASX listed junior mining and oil and gas companies. Vaz is currently the Chairman of ASX Listed Broad Investments Limited and is part of the executive management team of ASX listed minerals exploration company Ochre Group Holdings Limited. Vaz is also an executive at a corporate advisory firm which provides strategic corporate advice to ASX listed companies.

Vaz will be assisting with Hastings corporate strategy and will be working closely with the Company's technical director Steve Mackowski and management to maximise the value of the Hastings rare metals project.

During the quarter the Company received notices, pursuant to section 249D of the Corporations Act 2001 which require the Company to call a general meeting of shareholders to consider resolutions to appoint two additional directors to the Board. The Board does not support the resolutions to appoint two additional directors which would expand the board to 6 directors without adding new skills and will increase the costs without additional benefit. The Board encourages shareholders to read the Explanatory Memorandum attached to the Notice of General Meeting prior to casting their votes by proxy or in person.

The Company has called the meeting for 10am on the 14th November 2013 and refers shareholders to the Notice of Meeting lodged on 8th October 2013.

The Directors recommend that you vote **AGAINST** the resolutions 1 & 2 to appoint two new directors.

The Directors recommend that you vote **FOR** resolutions 1 to 13 at the Annual General Meeting.



RARE EARTH MARKET

The REE market has been subdued over the last twelve months. Market commentators continue to forecast improving prices, particularly in the scarcer (critical) heavy rare earth elements. This is driven by a lack of supply and increases in demand, driven largely by technology innovation. Whilst the light rare earths such as Cerium (Ce) and Lanthanum (La) are currently in oversupply, prices for the heavy rare earths such as Neodymium (Nd), and Dysprosium (Dy) have improved. The heavy rare earth segment is the area targeted by Hastings.

REE industry watcher and Industry Expert Jack Lifton ("Lifton Unchained"- ProEdge Wire Investortel) believes that a key factor to keep in mind is that China (the worlds' largest producer) now does not have sufficient new heavy rare earth production capacity to meet even its own domestic needs.



Source: Metal Pages

9TH ANNUAL RARE EARTHS CONFERENCE HONG KONG

Hastings will be a presenter at this key REE conference in Hong Kong in November 2013, which provides an opportunity to meet a number of REE investors and companies.

FUTURE WORK PLANS

Hastings will continue to progress the Hastings project with our strategic alliance partner, which will include planned visits to processing plant, undertaking cost effective test work as well as the evaluation of recent high grade discoveries at Hastings.



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.

For further information please contact:

Guy Robertson, Executive Director +61 2 9078 7678

Media & Investor Relations: Fortbridge +612 9003 0477

Bill Kemmery +61 400 122 449 or Marina Trusa +61 404 330 634

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 presentation that relates to metallurgy is based on information compiled by Steve Mackowski, an employee of 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.

