

JUNE 2014 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Field work commenced on recently identified radiometric anomalies at Hastings**
- **RC drilling programme completed at Yangibana North prospect**
- **Results met or exceeded expectations**
- **Highest grade intersections include 5m at 3.44% TREO (0.65% Nd₂O₃); 7m at 3.39% TREO (0.64% Nd₂O₃); 8m at 3.14% TREO (0.61% Nd₂O₃); and 4m at 3.28% TREO (0.63% Nd₂O₃)**
- **Regional surveys conducted within areas of interest at Yangibana tenements**
- **Results identified Bald Hill as a significant target**
- **RC drilling programme completed successfully at three targets within Hastings tenements**
- **Rights issue raised \$2.8 million with significant shareholders' support**

YANGIBANA PROJECT

During the June quarter the Company completed the first phase of drilling at the Yangibana North prospect within E09/1043 (Hastings 70%), prospect 1 in Figure 1, with 44 reverse circulation (RC) holes drilled for a total of 1,836m. The collar locations and traces of these holes are shown in Figure 2.

Full assay details were provided in the announcement of 15 July 2014. Details regarding hole collar locations, azimuths, declination and final depths were provided in the announcement of 17 June 2014.

All holes intersected the target ironstone/quartz unit that hosts the known TREO mineralisation. As predicted this unit is surrounded by a variable width of fenitic-altered granite that in many cases is mineralised and either enhances the width of the mineralised zone at the cut-off used in the above tabulation or provides a halo of +1000ppm TREO mineralisation.

All intersections were made in oxidised material with no intersection of primary mineralisation. Indications are that the mineralisation remains open in all directions, is improving down dip (see Figure 1) and deeper drilling is warranted to test this potential.

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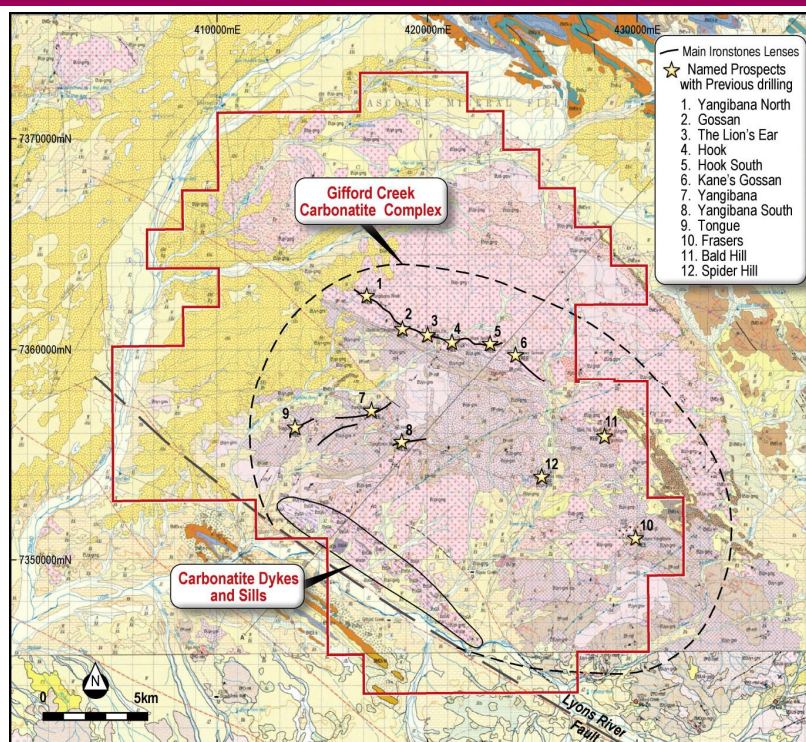


Figure 1 – Hastings tenements, red outline, on regional geology showing main ironstone prospects

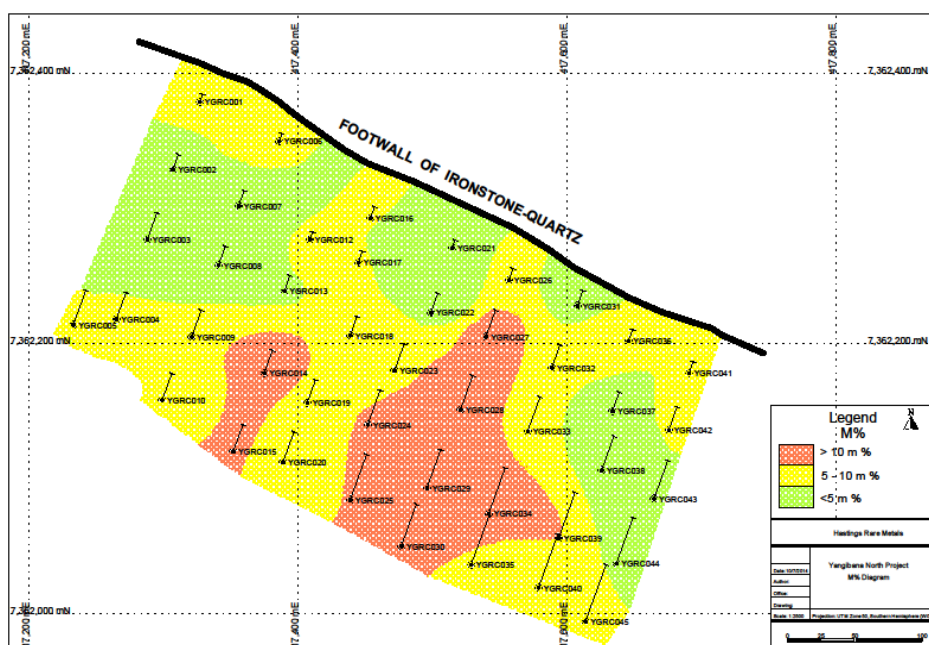


Figure 2 – Yangibana North RC drilling, April 2014 and m-% contours

Based on a 5000ppm (0.5%) Total Rare Earths Oxides (TREO) down-hole cut-off, the following intersections were achieved. Note hole HYNRC11 was not drilled:-

Hole No (HYNRC)	From (m)	To (m)	Interval (m)	ppm TREO	ppm Nd ₂ O ₃
1	2	6	4	15333	3013
2	13	17	4	9250	1668
3	31	32	1	9655	1766
4	38	42	4	15742	3334
5	44	50	6	13803	2689
6	0	6	6	12898	2504
7	13	14	1	7339	1319
8	19	21	2	9381	1721
9	25	33	8	11259	2208
10	28	33	5	11267	2430
12	1	6	5	18010	3425
13	9	13	4	8404	1551
14	9	24	15	9789	1768
15	24	28	4	25752	5061
16	0	6	6	9167	1765
17	3	7	4	13013	2630
18	12	17	5	15142	2826
19	21	24	3	27934	5354
20	35	38	3	26259	4925
21	0	5	5	7466	1617
22	18	21	3	14261	2722
23	26	30	4	17283	3291
24	35	41	6	17682	3669
25	44	53	9	11844	2329
26	7	9	2	30624	6154
27	27	32	5	34449	6541
28	38	45	7	33898	6389
29	47	55	8	31445	6106
30	58	62	4	32788	6275
31	7	8	1	11532	2470
32	27	30	3	26410	5097
33	43	46	3	20217	4087
34	60	64	4	35886	7068
35	65	72	7	13975	3186
36	5	12	7	14429	3130
37	18	22	4	5547	1119
38	38	40	2	8828	1746
39	63	66	3	34793	6945
40	76	80	4	16975	3203
41	5	10	5	11302	2507
42	25	31	6	14001	2777
43	40	42	2	14618	2665
44	63	67	4	10876	2163
45	79	84	5	15666	3337

Table 1 – Mineralised intersections Yangibana North at a 0.5% TREO cut-off.

Note that true widths are estimated to be 97% of intersected widths.

The Company will collect a number of composite samples for preliminary metallurgical test work that will commence in the September quarter.

The Company will undertake a JORC resource estimate for the Yangibana North prospect. It is considered that Hastings' recent drilling will result in tonnages and grades comparable or superior to earlier, non-JORC resource estimations for this deposit.

Rock chip sampling was carried out at a number of regional targets including a number of carbonatite sills and ironstone lenses that have not been sampled previously. This included the Bald Hill ironstone that lies within the tenements recently acquired by the Company, prospect 11 in Figure 1.

Assay results from 20 samples collected from various carbonatite sills from the south-western corner of E09/1700 showed little encouragement, with a maximum of 4,350ppm TREO. These results confirmed the limited previous sampling carried out by the Company. Further analysis is required to determine whether more work is warranted on these sills.

Samples from 10 regional ironstone exposures, mostly within E09/1700, were variable, with three samples exceeding 5,000ppm to a maximum of 12,020ppm TREO. Follow up sampling will be undertaken to determine the significance of these ironstone exposures.

Six samples of fenitic-altered material adjacent to ironstone lenses returned a maximum of 1,790ppm TREO. More information has been derived from the recent drilling programme and will allow a better interpretation of the potential of these fenitic haloes to provide economically-viable mineralisation peripheral to the main target ironstone lenses.

At Bald Hill 19 of 28 samples, mostly within the recently acquired E09/2007, returned greater than 5,000ppm to a maximum of 60,550ppm TREO including 27,120ppm Nd₂O₃. Six samples also returned assays exceeding 5,000ppm Nb₂O₅ with a maximum of 66,010ppm Nb₂O₅. The distribution of the TREO grades is shown in Figure 3. These results are very encouraging and Bald Hill will be considered for further exploration.

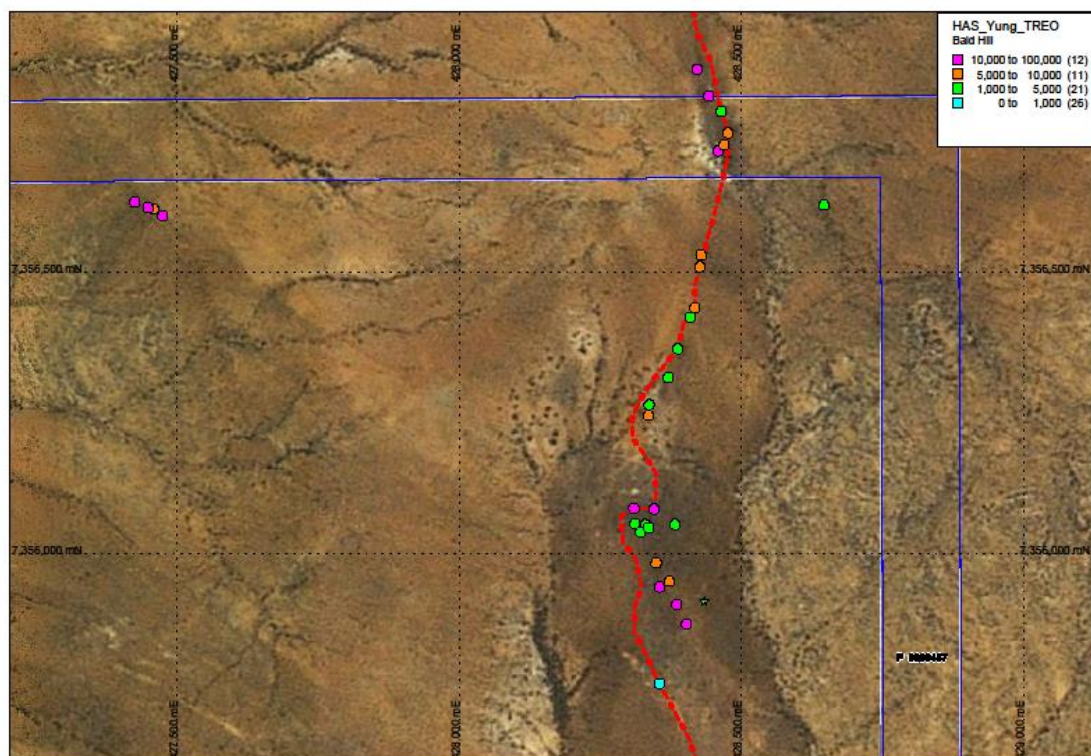


Figure 3 – Bald Hill Ironstone prospect, Rock Chip Samples, TREO values, May 2014

HASTINGS PROJECT

During the period Hastings has also successfully completed a nine-hole (1,011m) drilling programme within its Hastings Prospecting Licences. Three targets were tested, with six holes into the Southern Extension, two holes into the Levon prospect and one into the Haig prospect.

At the Southern Extension prospect, drilling tested the folded southern extension to the current resources. Niobium Tuff-style mineralisation was encountered in each of the six holes. This area also appears to host elevated rare earths within the host trachytic lava sequence.

At Levon prospect, two holes tested the large scintillometer- and geochemically-anomalous target defined by the Company in 2013. Both holes intersected predominantly trachytic lava with elevated scintillometer readings. As noted in previous announcements, these elevated scintillometer readings indicate the presence of low levels of thorium, an element known to be associated with rare earth mineralisation in the Hastings environment.

At Haig prospect, only one hole was drilled due to access limitations. This hole intersected a homogenous trachytic lava sequence with consistent anomalous scintillometer readings.

All samples collected have been sent to Genalysis in Perth for analysis.

Preliminary metallurgical test work will commence in the September quarter.

CORPORATE

During the quarter the Company rights issue successfully raised \$2,815,035 (before costs) with 86.3% of the rights shares being subscribed for by shareholders, with the balance being taken up by the underwriter. This resulted in the issue of 74,079,878 new shares and the total shares on issue after the rights issue of 259,279,572 .

During the quarter Hastings increased its interest in the Yangibana joint venture project, acquiring an additional 10% interest for \$150,000. This takes its interest in the joint venture project to 70%.

Hastings contact details have changed with effect from 1 July 2014 as follows:

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*TREO is the sum of the oxides of the heavy rare earth elements (HREO) and the light rare earth elements (LREO).

HREO is the sum of the oxides of the heavy rare earth elements europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), lutetium (Lu), and yttrium (Y)

LREO is the sum of the oxides of the light rare earth elements lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), and samarium (Sm).

CREO is the sum of the oxides of Nd, Eu, Tb, Dy and Y that were so designated by the US Department of Energy (2010) based on the availability and future perceived requirements for these particular rare earths.

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:

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Competent Persons' 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 presentation of the matters based on his information in the form and context in which it appears.

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 70% interest in the following Yangibana Project tenements

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 a 95% interest in the following Yangibana Project tenements

E09/1943	Western Australia
E09/1944	Western Australia
E09/2018	Western Australia
E09/1700	Western Australia
P09/467	Western Australia
E09/2007	Western Australia

Owns 100% of the additional Yangibana EL Application

E09/1989	Western Australia (Application)
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