

## 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% Nd<sub>2</sub>O<sub>3</sub>); 7m at 3.39% TREO (0.64% Nd<sub>2</sub>O<sub>3</sub>); 8m at 3.14% TREO (0.61% Nd<sub>2</sub>O<sub>3</sub>); and 4m at 3.28% TREO (0.63% Nd<sub>2</sub>O<sub>3</sub>)**
- **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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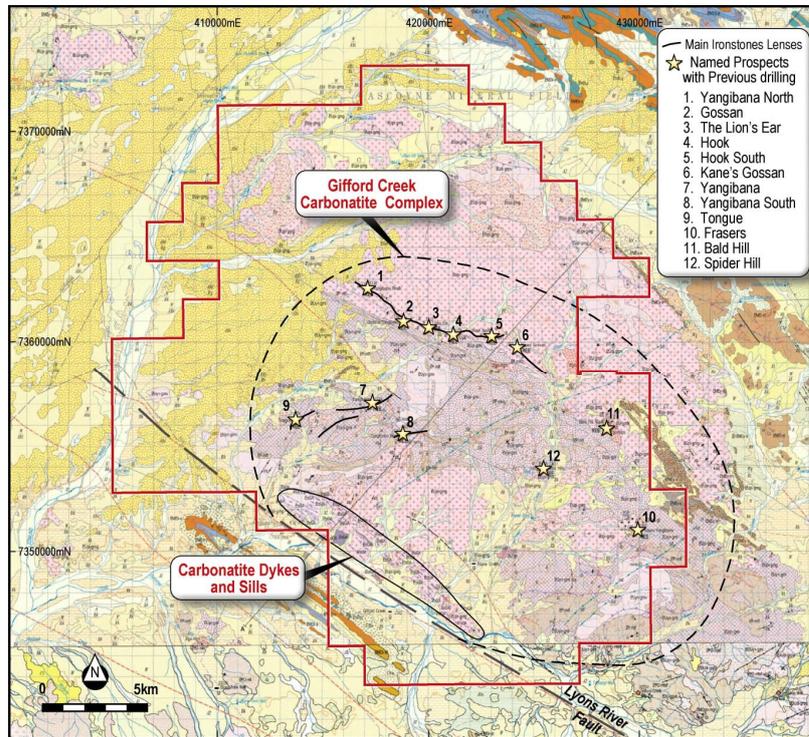


Figure 1 – Hastings tenements, red outline, on regional geology showing main ironstone prospects

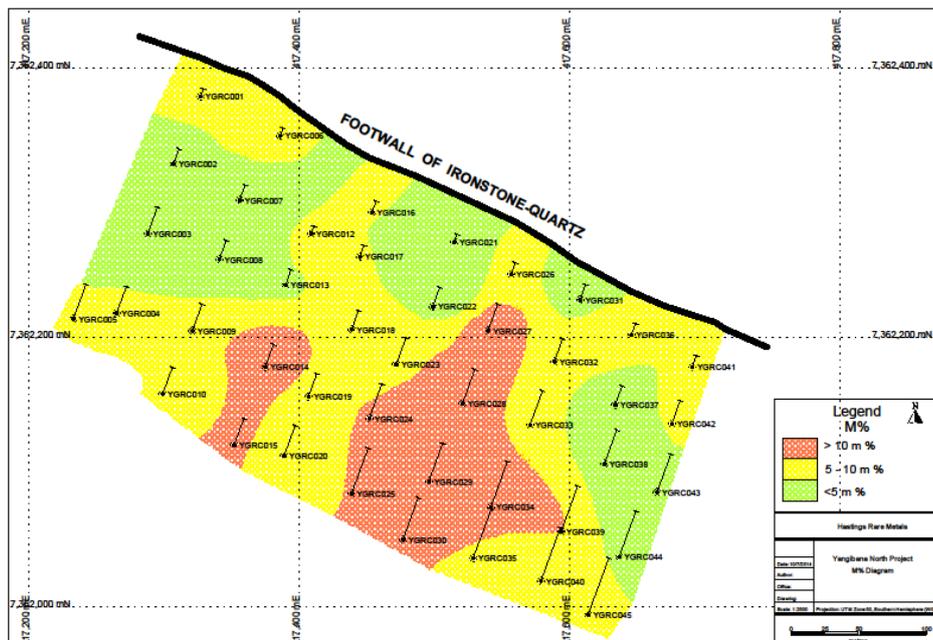


Figure 2 – Yangibana North RC drilling, April 2014 and m-% contours

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 <sub>2</sub> O <sub>3</sub> |
|-----------------|----------|--------|--------------|----------|------------------------------------|
| 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.**

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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.

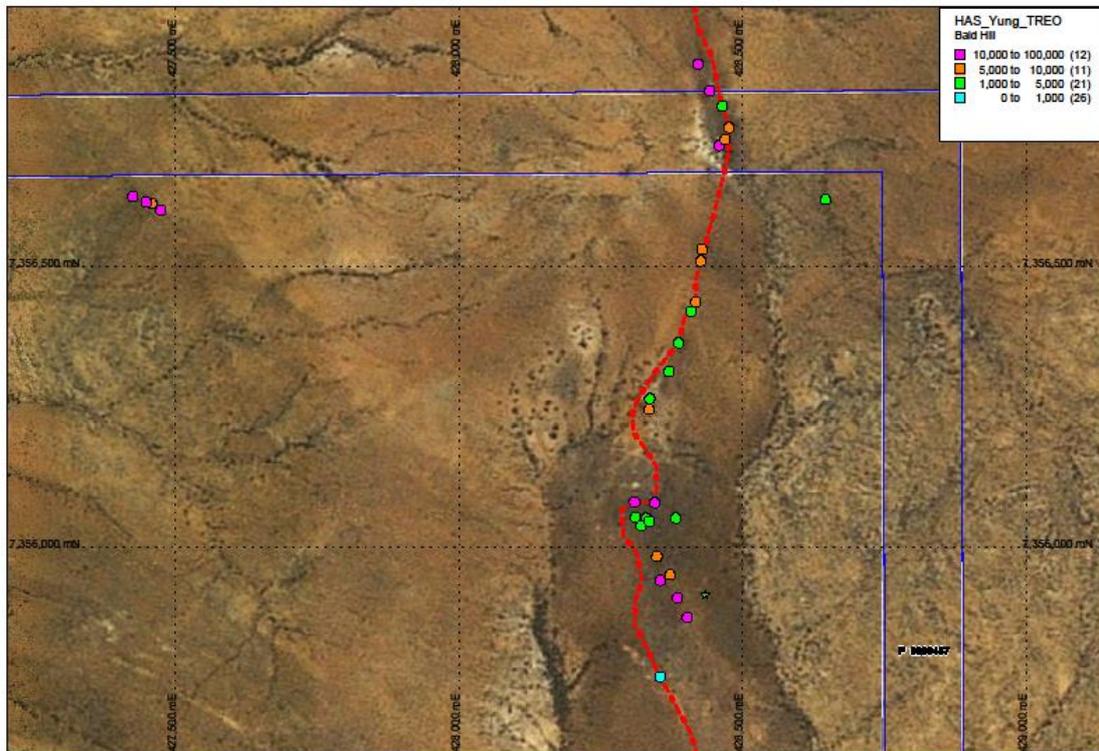
Rock chip sampling was carried out at a number of regional targets including a number of carbonatite sills and ironstone lenses that have not been sampled previously. This included the Bald Hill ironstone that lies within the tenements recently acquired by the Company, prospect 11 in Figure 1.

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 Nd<sub>2</sub>O<sub>3</sub>. Six samples also returned assays exceeding 5,000ppm Nb<sub>2</sub>O<sub>5</sub> with a maximum of 66,010ppm Nb<sub>2</sub>O<sub>5</sub>. 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% ZrO<sub>2</sub> and 0.35% Nb<sub>2</sub>O<sub>5</sub>.
- 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<br>(Application) |
|----------|------------------------------------|