

## CHINA TO CLOSE RARE EARTHS OPERATIONS

### HIGHLIGHTS

- **China's Ministry for Industry and Information Technology announces a new standard limiting rare earths mining and processing**
- **Closures of more than one third of rare earths mines and up to half of China's smelters and extracting enterprises expected**

The Chinese central government has announced a new standard designed to optimise production of rare earths, slow depletion of the country's reserves, and reduce the impact of rare earths mining and processing on the environment. The new standard announced this week will encourage development of rare earths projects outside China to meet the looming shortfall of world supply.

The Hastings project in northern Western Australia is the largest heavy rare earths project in Australia and the world's fourth largest. Its main output will be the heavy rare earths dysprosium and yttrium, both nominated by the US Department of Energy in 2010 as "critical". The Hastings project is expected to have a mine life capacity exceeding 25 years.

China possesses less than 25% of the world's rare earths reserves, but accounts for over 90% of production. Rare earths are critical to the making of high-technology and low-emission manufactured goods such as hybrid vehicles, wind turbines, smart phones, wireless devices, cordless electrical tools and flat screen televisions. The benefits include reduced weight, greater efficiency and lower energy consumption.

The new standard is expected to reduce the 23 rare earths mines in China by more than a third and the 99 smelting and extracting enterprises by up to one half. It also imposes for the first time minimum production levels on those surviving enterprises, of 20,000 tonnes per year for mines and 2,000 tonnes a year for smelters.

An official from the Ministry for Industry and Information Technology, Mr Yinsong, is quoted in the *China.org.cn* website saying that, "besides weeding out sub-standard companies, the merger and recombination of rare earth enterprises within the industry will continue." Lin Boqiang, director of the China Energy Research Centre at Xiamen University, told *China.org.cn* that the government was "more likely to support three or four domestic rare earths enterprises so they can control the international market price in the future". Rare earths metals have typically traded in China at prices below international prices.

Hastings Rare Metals Limited  
ABN 43 122 911 399

ASX Code: HAS

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

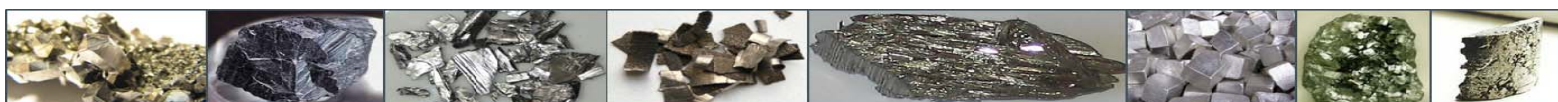
#### Board and Management

David Nolan (Chairman)  
Alastair Metcalf (CEO)  
Anthony Ho (Non-executive Director)  
Steve Mackowski (Technical Director)  
Guy Robertson (CFO)

#### Advisory Board

Tony Grey  
Dr Tony Mariano

[www.hastingsraremetals.com](http://www.hastingsraremetals.com)



Alastair Metcalf, the CEO of Hastings Rare Metals, which is developing the largest heavy rare earths project in Australia in northern Western Australia, said, "China has limited reserves of rare earths. The actions it is taking to address its challenges can only reduce the supply of rare earths to world markets. Major manufacturers are right to be concerned about the supply of heavy rare earths. The Hastings resource is one of very few projects that can provide a secure supply of heavy rare earths for over 25 years."

It has been widely reported that over the past two years that China is moving to restrict output and exports of rare earths and recently began stockpiling. Early this year, the US, Japan and European nations started proceedings in the World Trade Organisation against China claiming it was in breach of its free trade commitments.

In June, the Chinese government published a White Paper which outlined moves to optimise its rare earths reserves and slow their depletion. These included moratoriums on the issue of new exploration and mining licences and prohibiting existing mines lifting their output. The new standards announced this week continue the trend of consolidating the Chinese rare earths industry and are beneficial to Hastings Rare Metals.

**For further information please contact:**

Alastair Metcalf, CEO +61 2 9078 7678  
Mark Westfield, Westfield | Wright +61 457 805 838

**About Hastings Rare Metals**

- Hastings Rare Metals is a leading Australian rare earths company, with two rare earths projects in Western Australia.
- Rare earths are critical to a wide variety of current and new technologies, from smart phones to hybrid cars and from wind turbines to energy efficient light bulbs.
- The Hastings deposit contains predominantly heavy rare earths (85%), such as Dysprosium and Yttrium, which are substantially more valuable than the more common 'light' rare earths.
- 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 studies to confirm economics.
- More Information is available at [www.hastingsraremetals.com](http://www.hastingsraremetals.com)



For personal use only