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Hastings Projects - 2014 Exploration & Development Programme

Highlights:

- **Exploration team strengthened**
- **Positive indications from modelling low cost production model – Hastings project**
- **Hastings project – drill programme to test new high grade prospects**
- **Yangibana project – drill programme to establish maiden JORC resource**
- **Yangibana project – discussions underway to enlarge exploration footprint by securing neighbouring tenements**

Hastings Rare Metals Limited (ASX Code: HAS or the Company) is pleased to provide an update on the 2014 work programmes and progress of its two rare earths projects, Hastings and Yangibana.

Following the December 2013 Board restructure and change in major shareholder, the Board has strengthened it technical team to move these projects forward.

Mr Andy Border has re-joined the Company as General Manager - Exploration with effect from late January 2014. Mr Border was previously Exploration Manager for the Company and led the team that defined the JORC resources at the Hastings Project. He has over 35 years' experience in mining and mineral exploration covering a wide range of commodities on projects throughout Australia and overseas, including CEO and COO roles.

Hastings Project (100% interest)

The Company announced in November 2013 that it was investigating a low cost production opportunity for its Heavy Rare Earth Project at Halls Creek, Western Australia ("Hastings Project").

Initial indications are positive and an external consultant has been tasked with updating the "low cost production model" for current data inputs. Once completed, the Company will determine whether it is appropriate to update the 2013 scoping study financial modelling on this basis.

On 1 July 2013 Hastings announced new, relatively high grade discoveries at the Hastings project.

The Company is proposing a systematic rock chip sampling programme and a drilling programme to further evaluate these sites. Current work includes finalising planning which includes defining access tracks and drill targets, obtaining native title clearance and submitting a Programme of Work (POW) to the Department of Mines. The programmes have been designed to also provide samples for mineralogy assessment, beneficiation research and flow sheet development.

Expanding the total resources, and particularly higher grade resources, within the Hastings project could potentially enhance the economics of the Hastings project. The drilling programme is expected to cover all three of these high grade prospects, Levon, Haig and the Southern Extension.

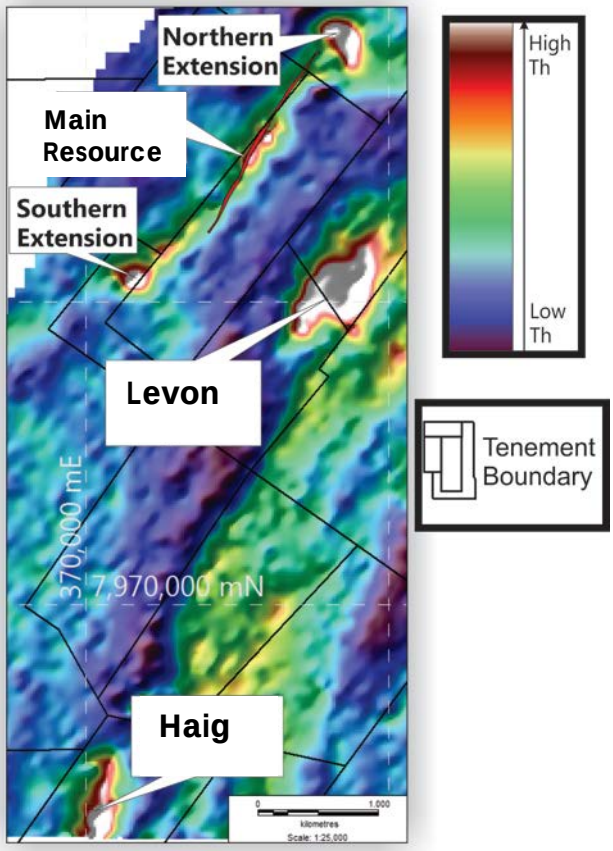
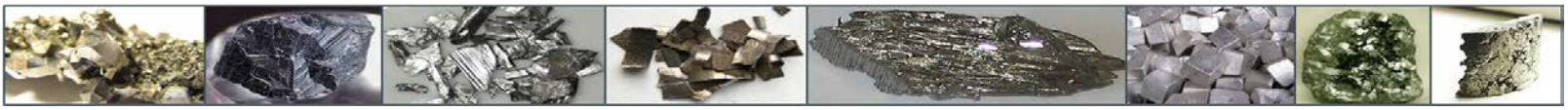


Figure 1 - Location of two radiometric targets in relation to the Main Resource and the Southern Extension



Levon is at least 400m long and averages 65m wide on surface. Haig is at least 500m long and averages 50m wide on surface, while the Southern Extension is approximately 500m long and varies from 5m to almost 30m in width at surface.

Yangibana Project (60% interest)

The Company has in the last two months been planning for a drilling programme at its Yangibana project. This includes identifying drill targets, submission of Programme of Works, and gaining site clearance through the heritage impact assessment process. The programmes have been designed to also provide samples for mineralogy assessment, beneficiation research and flow sheet development.

The drilling programme is expected to establish a maiden JORC resource for the Yangibana project and gain an understanding of the mineralisation style and potential of this project.

The Yangibana project is centred approximately 270km east-northeast of Carnarvon on Wanna Station in the Gascoyne region of Western Australia. Rare earth elements are known to occur in association with ironstone lenses within the Yangibana tenements (Figure 2 and Photo 1).

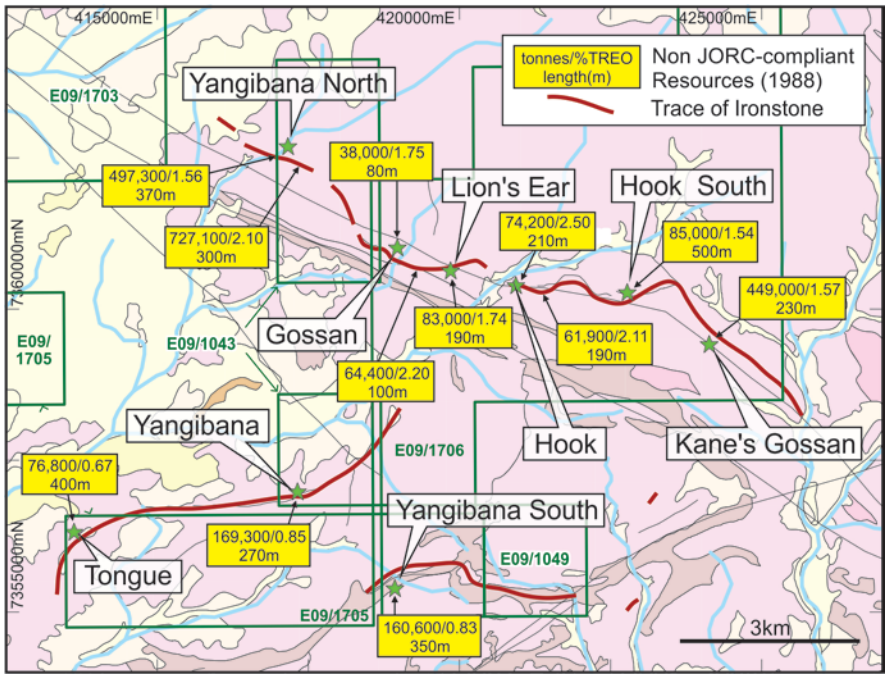


Figure 2 – Yangibana Project tenements, geology and known REE prospects

Limited reverse circulation drilling in the 1980s tested portions of the outcropping ironstones and intersected narrow (to 5m) lenses which returned average grades of around 1.6% total rare earths oxides (TREO*). The primary rare earth-bearing mineral is monazite, a light rare

earths oxide (LREO*)-bearing phosphate mineral with general formula $(REE)PO_4$, with a theoretical total rare earth oxide (TREO) content of almost 70%. Other minerals of potential interest identified from Yangibana are bastnaesite, pyrochlore and ferrocolumbite.

The ironstones host only low grades of the heavy rare earths oxides (HREO*) but of particular interest is the neodymium grade which averages around 4,000ppm Nd_2O_3, or 24% of the TREO. A breakdown of the REOs found in the Yangibana mineralisation based on the drilling results provides the distribution shown in Table 1.

Oxide	ppm	% of TREO
Lanthanum	2750	16.7
Cerium	7600	46.3
Praseodymium	1050	6.4
Neodymium	4000	24.4
Samarium	500	3.0
Europium	110	0.7
Gadolinium	225	1.4
Terbium	23	0.1
Dysprosium	60	0.4
Erbium	32	0.2
Yttrium	75	0.4
TOTAL	**16425**	**100.0**

Table 1 – Breakdown of Rare Earth Oxides based on 1988 drilling

Photo 1 – Typical ironstone ridge at Yangibana

Neodymium is used in the production of high performance magnets used in wind turbines and electric and hybrid cars. Neodymium magnets are much more powerful than traditional ferrite magnet alternatives and provide better performance under a wider range of operating conditions. This allows effective miniaturisation and hence the production of compact, lightweight and powerful motors. Neodymium was listed as one of the five critical rare earths (CREO) listed as being under critical supply risk by the US Department of Energy in December 2010.

A number of rock chip sampling programmes and an auger drilling programme have been carried out more recently. These programmes have returned grades in line with expectations based on the historical drilling.

* 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.

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About Hastings Rare Metals

- Hastings Rare Metals is a leading Australian rare earths company, with two rare earths projects in Western Australia.
- The Hastings deposit contains JORC Indicated and Inferred Resources totaling 36.2 million tonnes (comprising 27.1mt Indicated Resources and 9.1mt Inferred Resources) at 0.21% TREO, including 0.18% HREO, plus 0.89% ZrO_2 and 0.35% Nb_2O_5.
- 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 (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 has recently validated the extensive historical work and completed a Scoping Study to confirm the economics of the Project.

Competent Person's 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 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.