

8 October 2013

Dear Shareholder,

COMPANY UPDATE

Enclosed please find two Notices of Meetings to be held on 14 November 2013. The first meeting to be held will be the Annual General Meeting.

The second meeting has been called by shareholders holding a mere 5.04% of the Company's capital and seeks to appoint two of their nominees as directors to the Board.

The Board does not support the resolutions to appoint two additional directors and encourages shareholders to read the Explanatory Memorandum attached to this Notice of General Meeting prior to casting their votes by proxy or in person.

During the year the Company achieved a number of significant milestones, including:

- ✓ the completion of a Scoping Study on the Hastings heavy rare earth project;
- ✓ exploration work indicating significant potential to add to the JORC resource through the southern extension and two new target zones;
- ✓ the signing of a Strategic Alliance with a rare earth elements partner to provide for staged funding of the project with the aim of establishing commercial production. The Company has recently provided further samples to an overseas laboratory to allow this partner to undertake comprehensive test work;
- ✓ work undertaken to reduce the estimated capital costs of the Hastings project to de-risk and maximise the value of the Hastings project;
- ✓ strengthening the Board's technical and mining experience through the appointments of Malcolm Mason (B.Sc (Hons) FAus IMM and Vaz Hovanessian (B.Bus M. App Fin, ASCPA, FCSA). Malcolm is a geologist with over 45 years' experience and significant experience in the field of rare earths. Vaz has over 20 years' experience in mining and exploration company management and as a director of ASX companies;
- ✓ significant reduction in running costs in recent months of approximately \$1 million, including management and directors fees, with a focus on incentive driven remuneration, enabling the Company to move its projects forward at lower cost.

In a difficult market for junior explorers and rare earth companies, Hastings has performed relatively better than many of its peers and has a cash balance at 30 September 2013 of \$2.6 million.

The Directors are working to improve the Company's share price and believe that recent improvements in the REE market in North America, firm demand growth forecasted from 2016 and a projected shortage of Heavy Rare Earths are positive signs for Hastings which has one of the largest heavy rare earth deposits in the world.

Hastings is striving to add value for shareholders through lower cost models for the development of its rare earth projects and remain alert for opportunities that will arise in a market that continues to be difficult for many other cash strapped explorers.

The Company filed its Annual Report for the year ended 30 June 2013 with the ASX on 30 September 2013. The report can be obtained on the Company's website at:

<http://www.hastingsraremetals.com/wp-content/uploads/2013/09/HASTINGS-AR-FINAL-30.9.13.pdf>

We thank you for your ongoing support and look forward to providing regular reporting on the Company's progress in the year ahead.



Anthony Ho
Non-executive Chairman

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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% 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 (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 Exploration Results and 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 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.