



ASX Announcement
31 October 2011



SEPTEMBER QUARTERLY ACTIVITIES REPORT

Highlights

- Drilling completed at Hastings Project with 8,100 metres drilled
- New JORC-compliant resource estimate of 36.2 million tonnes containing significant heavy rare earth values
- Processing testwork commences on fresh composite samples
- Site visit and grab sampling undertaken at Yangibana REE project WA

HASTINGS PROJECT

During the quarter Hastings completed its initial drilling programme at the 100% owned Hastings Project near Halls Creek in the East Kimberley Region of Western Australia, with 51 RC holes for 7,443 metres and 739 metres of diamond drilling providing seven core (HQ3) intersections of the mineralised zone.

As announced on 8th September, the drilling resulted in a major increase in the JORC-compliant resources for the project. The upgraded resource estimate was conducted by independent consultants at a 1500ppm Nb₂O₅ cut-off.



Figure 1 - Location of the Hastings and Yangibana Projects (WA)

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David Nolan (Chairman)
Steve Mackowski (Director)
Mathew Walker (Director)
Anthony Ho (Director)

Advisory Board
Tony Grey
Dr Tony Mariano

ASX Code: HAS

Shares on Issue 71,000,000
Options on Issue 37,500,000

Hastings Rare Earth and Rare Metals JORC Resource

	Category		Tonnage	ppm ZrO ₂	ppm Nb ₂ O ₅	ppm Ta ₂ O ₅	ppm Ga ₂ O ₅	ppm HfO ₂	ppm Dy ₂ O ₅	ppm Y ₂ O ₃	ppm TREO	ppm HREO
Main	Indicated	Oxide	1,400,000	8860	3507	183	113	322	190	1132	2151	1828
	Indicated	Fresh	25,400,000	8914	3547	182	110	318	186	1120	2100	1802
HW Zone	Indicated	Fresh	300,000	9080	3625	183	104	311	185	1096	2130	1772
Total	Indicated		27,100,000	8913	3545	182	110	318	186	1120	2103	1803
North Extension	Inferred	Oxide	250,000	8860	3507	183	113	322	190	1132	2151	1828
	Inferred	Fresh	2,100,000	8914	3547	182	110	318	186	1120	2100	1802
Main Deep	Inferred	Fresh	6,750,000	8914	3547	182	110	318	186	1120	2100	1082
Total	Inferred		9,100,000	8914	3547	182	110	318	186	1120	2100	1082
TOTAL			36,200,000	8913	3546	182	110	318	186	1120	2102	1802

See Notes for abbreviations

The new resource represents a major increase in the grade, and contained tonnes of the majority of the potentially economic minerals including total rare earth oxides. In addition, the analyses carried out during the programme provide the first detailed breakdown of the rare earth content of the deposit. Further results are due shortly from 7 diamond drillholes.

The deposit has an unusually high proportion (over 80% of TREO) of the more valuable and in demand heavy rare earth oxides (HREO) to total rare earth oxides (TREO), as shown in the pie chart below.

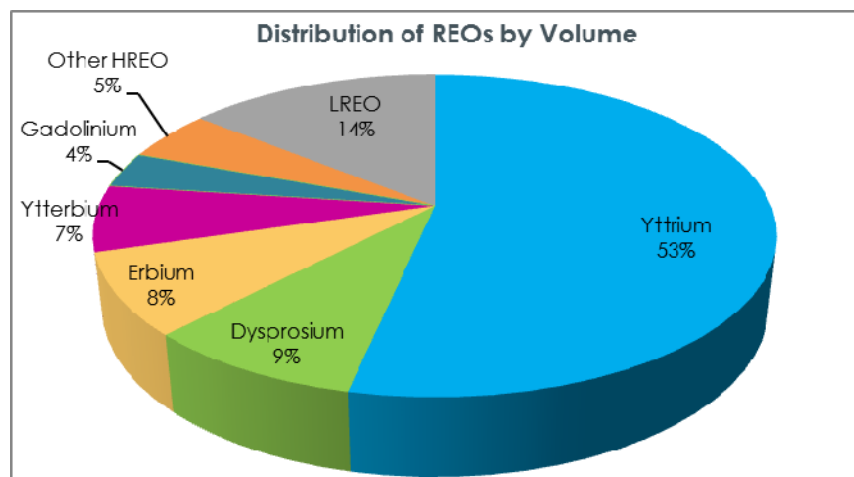


Figure 2 - Hastings Deposit Distribution of REO by Volume

Of particular interest is the presence of the heavy rare earth oxides dysprosium and yttrium which were both identified in December 2010 by the US Department of Energy as being in critical short supply in both the short term (0-5 years) and the medium term (5-15 years).

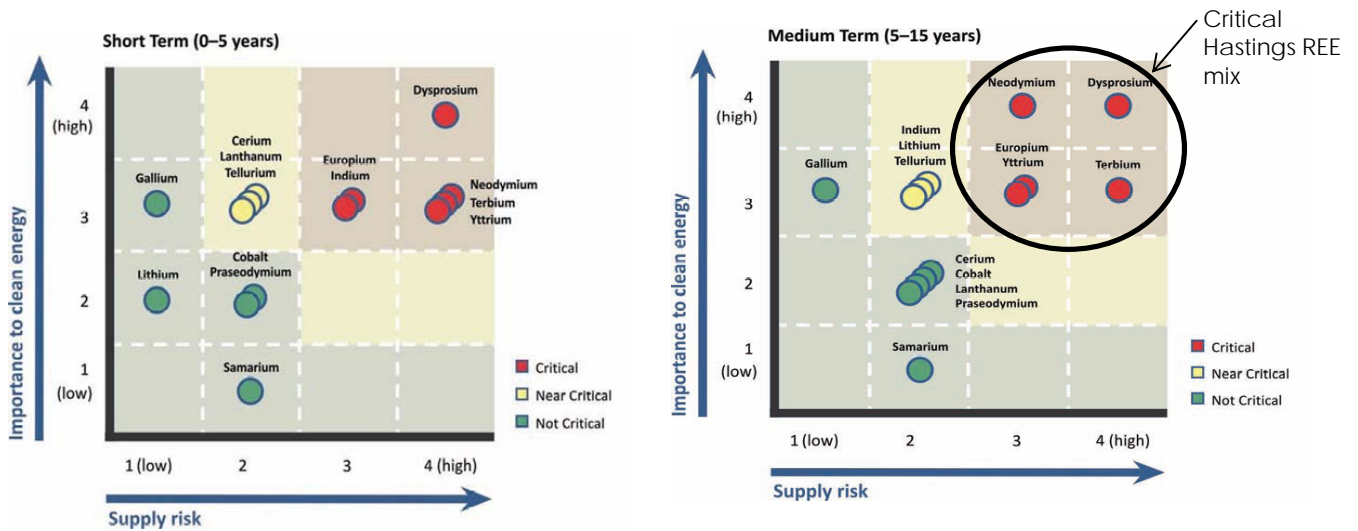


Figure 3 – Critical Supply Matrix for REOs (US Department of Energy, December 2010)

Despite certain rare earth prices weakening, mainly light rare earths, prices remain at significantly higher prices compared to 2009 prices. Continued restriction on exports in China are expected to support strong heavy rare earth oxide prices.

COMPARISON OF SELECTED REO PRICES					
Rare Earth Price in US\$/kg FOB China					
	2009*	2010*	Jun-11*	Sep-11*	Multiple price increase 2009-2011
Neodymium	14	87	317	262	12.9 x
Europium	450	630	2990	3790	8.5 x
Gadolinium	7	44	157	192	27.4 x
Terbium	350	605	2910	3210	9.2 x
Dysprosium	100	295	1485	2290	22.3 x
Yttrium	14	57	155	162	11.6 x
Cerium	4.50	61.0	149	71	15.7 x

* Source: Metal Pages price average for the respective period.

N.B prices are for a nominal 99% REO product, except for Europium which is reported at 99.9%

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Processing testwork has commenced on fresh composite samples. An extensive review on previous testwork and pilot plant results is underway with results of the review proposed to be released in November 2011.

During the December quarter work will concentrate on the processing testwork currently in progress on samples from the Hastings drill programme. The Company will also be progressing a Programme of Work to cover further exploration on the ground for the next year.

YANGIBANA PROJECT

During the quarter the Company undertook a preliminary site visit to the Yangibana Project area in the Gascoyne Region of Western Australia. The majority of the known ironstone outcrops were inspected and thirty-eight (38) rock chip samples were sent for analyses.

Due to access difficulties to the eastern portion of the tenements, this sampling programme was confined to the Yangibana North, Gossan and Lion's Ear prospects on the main northern zone of mineralisation, and the Yangibana, Yangibana South and Tongue prospects to the south.

Results from this programme are currently being analysed.

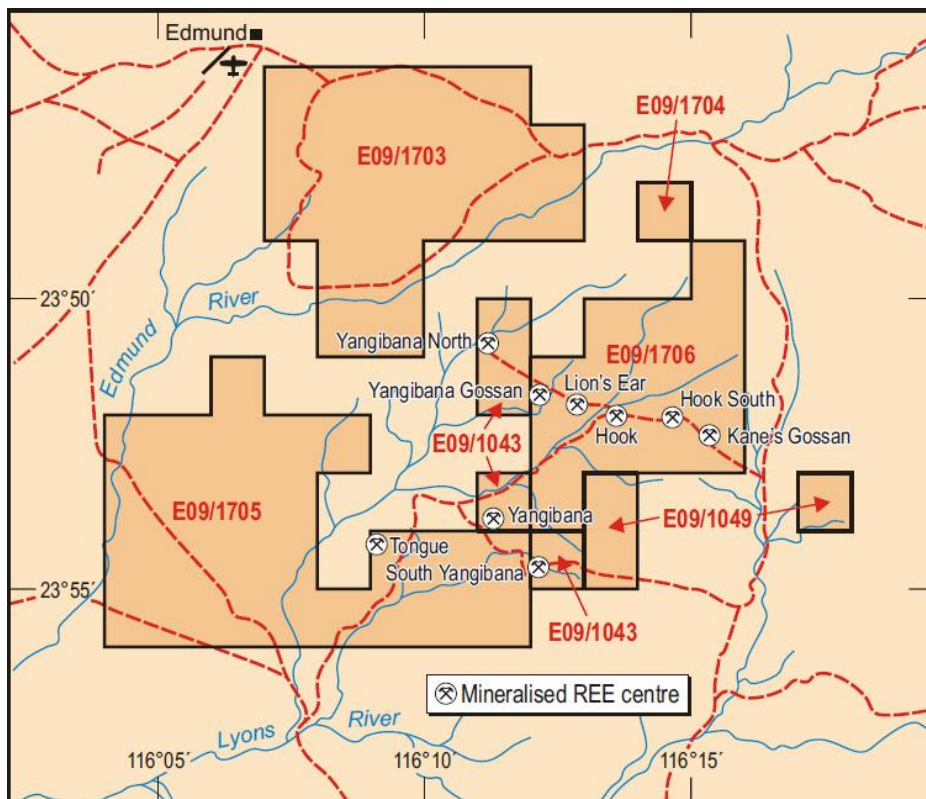


Figure 4 – Location of Prospects at Yangibana

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CORPORATE

Mr Steve Mackowski (BAppSc) was appointed to the Board on 12 October 2011. Mr Mackowski will be designing and overseeing the technical assessment of the Hastings two key rare metal / earth projects at Hastings and Yangibana in Western Australia.

Mr Mackowski is a qualified engineer in mineral processing with 30 years technical and operation experience in rare earths, uranium, industrial minerals, nickel, kaolin and iron ore. He has also worked at a number of major mining companies where he led the feasibility and development of projects. These include Iluka, TiWest, WMC, Comalco, Hamersley Iron and Mary Kathleen Uranium Ltd.

The Board has approved, subject to shareholder approval, the issue of 2 million share options to Mr Mackowski with an exercise price of 20 cents per share, an expiry date of 31 October 2014, and vesting equally on 30 June 2012 and 30 June 2013.

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Notes and abbreviations to JORC resource table

TW is true width, ZrO₂ is zirconium oxide, Nb₂O₅ is niobium oxide, Ta₂O₅ is tantalum oxide, Ga₂O₅ is gallium oxide, HfO₂ is hafnium oxide, and

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).

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

Mineralisation types are either P primary or O oxidised. There is a small transition zone but this will not affect metallurgical performance.

Competent Person's Statement

The information in this presentation 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 Australian Institute of Mining and Metallurgy. Simon Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this presentation 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"). Simon Coxhell consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

The information in this presentation that relates to Exploration Results is based on information compiled by Andy Border. Andy Border is a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy. Andy Border has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this presentation 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"). Andy Border consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

For further information please contact:

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