



ASX Announcement

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ASX Code: HAS

Shares on Issue 71,413,462
Options on Issue 52,500,000

DECEMBER QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Assay results received from the seven diamond drill tails at the Hastings Project with results in line with previously announced JORC-compliant resource estimate
- Metallurgical test work continuing
- The Company completes in-house Scoping Study that shows great potential for success
- World class rare earth resource of 36Mt amenable to simple open cut mining operation with a long mine life
- High HREO to Total Rare Earth Oxide ratio (85%) and relatively high HREO content compared with other projects
- The next development phase is preparation of a Pre-feasibility study
- Assay results from grab samples taken from the Yangibana ironstone lenses return up to 12.6% Total Rare Earth Oxides (TREO)
- Critical rare earth Neodymium accounts for 25% of TREO on average at Yangibana

HASTINGS PROJECT

During the quarter Hastings Rare Metals Limited (ASX:HAS) received the final assay results from its drilling programme at the Hastings Rare Metals Project near Halls Creek in the east Kimberley region (Figure 1). The results relate to the seven diamond drill tails and at a 1500 ppm Nb₂O₅ cut-off these results provided the following intersections:-

Hole No	Section North	From	To	Int	Est TW	ppm ZrO ₂	ppm Nb ₂ O ₅	ppm Ta ₂ O ₅	ppm Ga ₂ O ₅	ppm HfO ₂	ppm TREO	ppm HREO	ppm LREO	Min type
HRCD003	10800	209	220	11	fold	11049	4316	241	114	412	2601	2254	347	P
HRCD011	9200	259	294	35	14	9644	4186	213	116	360	2202	1919	283	P
HRCD013	10000	79	117	38	22	10399	4176	230	129	384	2475	2145	330	P
HRCD016	9400	172	185	13	7	9534	3784	211	117	355	2255	1951	304	P
HRCD020	10600	103	123	20	16	10205	3716	212	114	372	2287	1989	298	P
HRCD030	10200	176	208	32	fold	9916	3734	204	112	362	2216	1934	282	P
HRCD045	9800	99	137	38	fold	8647	3407	192	109	327	2136	1790	346	P

Where:-

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

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.



The drilling programme was completed successfully with fifty one holes collared, with one hole abandoned, two holes failing to intersect mineralisation, and two holes intersecting only weak mineralisation.

On 22 November 2011 the Company announced the results of an internal Scoping Study primarily considering various production scenarios and was based on a plant capacity of 1 million tonnes per annum producing critical Heavy Rare Earths Oxides (HREO) products of yttrium and dysprosium in addition to other rare metal products.

Figure 1: Hastings Project Location

Highlights of Scoping Study

- Mine Life: 15 years
- Production of 150 tonnes of Dy_2O_3 and 1,000 tonnes of Y_2O_3 per annum
- Annual net cash flow (EBITDA) exceeding \$150m per annum
- Short Capital payback period of <5 years
- Heavy Rare Earths (Yttrium/Dysprosium) primary product
 - >8% demand growth in last 3 years
 - Both products on critical supply list of US Department of Energy in short to medium term (5-10 years)
- Financial returns have potential to improve significantly with further work

The Study was undertaken to confirm the economic potential of the Hastings Heavy Rare Earth Project.

The Study modelled an open pit mining operation and the on-site production of marketable products, primarily heavy rare earth oxide and also niobium and zirconium concentrate products. An analysis of varying mill throughput volumes was also assessed.

The Study results show that the Hastings Heavy Rare Earths Project has the potential to become a very profitable operation with a long mine life. The Study assumed an initial mine life of 15 years, however based on the current JORC-compliant Indicated and Inferred Resource of 36Mt the project has a potential operational life exceeding 20 years.

Based on the Study assumptions, the project has a net present value in excess of \$500 million using a discount rate of 10% and an IRR of >20%. These results compare favourably with other heavy rare earth company studies.

An expansion to a 1.5 million tonnes per annum plant would improve the economies of scale and the financials of the project.

Input parameters for the Study included results from historical test work and pilot plant results and a JORC-compliant Resource estimated by an independent geological consulting firm.

Based on a significant amount of historical test work including the construction of a pilot plant in the late 1980s in the United Kingdom, the project mineralisation is amenable to standard rare earth – rare metal treatment involving the following stages of processing:

- Crushing
- Grinding
- Sulphation
- Leaching
- Solvent Extraction
- Refining

Ongoing test work is aimed to verify recoveries achieved by this process but also to test new technologies to determine the optimum route forward. The results of this test work will be incorporated into the Pre-Feasibility Study.

The Study contemplates the annual sale of:

- 150 tonnes of Dy_2O_3
- 1,000 tonnes of Y_2O_3
- 2,500 tonnes of Nb_2O_5
- 6,500 tonnes of ZrO_2

Additional Upside

– Study has only assumed the production of Heavy Rare Earths Oxides of Dysprosium and Yttrium, and Zircon Oxide and Niobium Oxide concentrates.

– The Hasting Heavy Rare Earths Project contains other rare earths and rare metals such as Tantalum, Hafnium etc and the addition of these products would add significant value to the project

– Current JORC Compliant Inferred and Indicated Resource of 36Mt has significant potential to increase, particularly to the south where recent geological traverses have identified apparent strong mineralisation over wide intervals. The mineralised zone is known to extend for some 750m to the south of the defined resources (see previous ASX release). An increase in the resource has potential to increase throughput and mine life, with resultant increase in project value.

For further information on the scoping study assumptions, see previous ASX releases.

YANGIBANA PROJECT

During the quarter the Company announced that the results of a recent sampling programme over portions of the previously defined ironstone lenses at the Yangibana Project confirmed the presence of significant rare earth content. Hastings holds a 60% interest in the Yangibana Project that comprises six granted Exploration Licences.

The highest grade returned from 38 samples was 12.6% total rare earth oxides (TREO) which included 2.29% of the so-called critical rare earth oxides defined as being the oxides of neodymium, europium, terbium, dysprosium and yttrium by the US Department of Energy in December 2010. Of these, the neodymium oxide (Nd₂O₅) content of this sample was 2.19%.

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 (Figure 2).

The analyses of the 38 samples provided the following results in percent (%).

Prospect	No	TREO max	TREO min	TREO ave	CREO max	CREO min	CREO ave	Nd ₂ O ₅ max	Nd ₂ O ₅ min	Nd ₂ O ₅ ave
Yangibana North	11	4.89	0.11	1.46	1.07	0.02	0.31	0.97	0.09	0.28
Gossan	3	3.64	0.16	1.67	0.74	0.04	0.36	0.71	0.03	0.34
The Lion's Ear	5	12.80	0.77	4.17	2.29	0.14	0.79	2.19	0.13	0.74
Yangibana	5	0.59	0.25	0.41	0.29	0.11	0.19	0.26	0.10	0.17
Yangibana South	6	2.92	0.04	1.40	1.44	0.02	0.68	1.41	0.02	0.66
Tongue	8	2.68	0.11	0.74	1.26	0.04	0.31	0.35	0.04	0.28
TOTAL AVERAGES	38			1.54			0.42			0.39

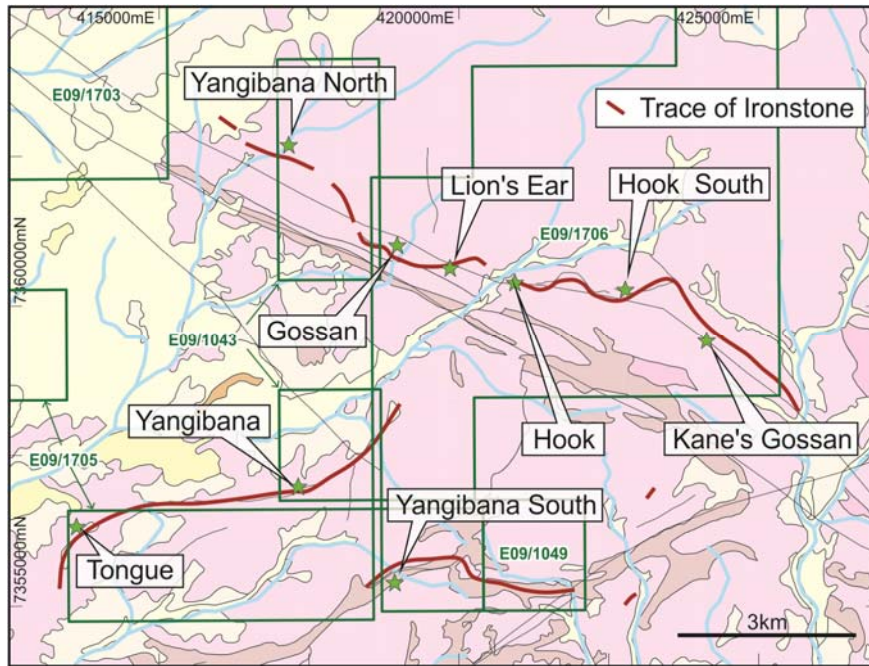


Figure 2: Location of Main Ironstone Prospects at Yangibana

The samples cannot be considered to be either randomly collected or representative of the full width of the area tested at any site. Most samples were selected on the basis of the highest scintillometer reading (counts per second or cps) in a given target site on the assumption that high thorium (Th) content would correspond with high rare earth content as had been indicated by previous exploration. On the basis of the assay results from this sampling programme, however, this assumption is not valid as can be seen in the full table of results at the end of this announcement.

Based on the assays, the distribution of the rare earths in the 38 samples averaged as follows:

oxides	La	Ce	Pr	Nd	Sm	Eu	Gd	Dy	Y
% of TREO	18.6	42.9	5.9	25.5	4.0	0.8	1.4	0.3	0.6
	Light rare earths				Heavy rare earths				

As was previously known, the rare earth distribution of the Yangibana ironstones is heavily biased towards the light rare earth oxides (LREO). Of particular interest, however, is the relatively high proportion of the critical rare earth neodymium in the rare earth mix, at 25%.

Rare Earth Market Conditions

The supply/demand conditions for individual rare earths and the effects of the global economic and financial situation are causing a progressive decline in REO prices from historically extremely high levels to a more sustainable position. The industrial commodity REO, cerium and lanthanum, have come off to 33% of high; the industrial necessity REO, neodymium and praseodymium, have come off to 30% of high; the technology and green energy REO, yttrium has come off to 50% of high; and, dysprosium has come off to 75% of high. This highlights a current adjustment in the market place as the effects of new conditions unfold.

It is Hastings' belief that:

(a) market conditions for the industrial commodity REO will continue to soften as non-China supply increases with the Molycorp and Lynas outputs. The effects of the high prices on the proportion of substitution are yet to be felt but are expected to be significant in volume requirements and subsequent reduction in price as supply exceeds demand. Market conditions in the industrial commodity REO are therefore expected to be difficult;

(b) market conditions for the industrial necessity REO will remain robust as the magnet market retains its high prominence, particularly in the wind turbine market;

(c) market conditions in the High Technology and Green Energy REO will continue to improve as the volume of Yttrium containing high resolution screen applications (iPod, iPhone, Plasma etc) continues to grow; whilst the volume of Dysprosium in high efficiency magnets in wind turbines accelerates rapidly.

These beliefs were recently acknowledged at the November International Rare Earths conference in Hong Kong. It was acknowledged by senior executives of Molycorp and Neo Metals that at least three new HREO projects need to come on-stream in the very near future to meet the demand for HREO that LREO operations coming on-stream cannot provide. Hastings estimates that at least five new HREO projects are required to meet the demand at the end of the decade. An additional HREO project is required each year thereafter to cater for growth.

YANGIBANA GRAB SAMPLES - SEPT 2011

Sample Number	Easting	Northing	cps	%TREO	%CREO	%Nd2O5	
Yangibana North							
YANG	1	417046	7362546	960	1.81	0.32	0.30
YANG	2	417034	7362544	1400	4.89	1.07	0.97
YANG	3	417174	7352545	3090	0.41	0.10	0.09
YANG	4	417203	7362481	1030	0.50	0.10	0.09
YANG	5	417223	7362466	680	2.02	0.47	0.43
YANG	6	417545	7362282	700	1.62	0.31	0.29
YANG	7	417519	7362288	700	0.46	0.10	0.09
YANG	8	417494	7362304	1050	1.57	0.29	0.28
YANG	9	417679	7362203	940	2.30	0.47	0.45
YANG	10	417674	7362214	1400	0.11	0.02	0.02
YANG	11	417629	7362246	570	0.38	0.10	0.09
Gossan							
YANG	12	418392	7361154	1150	3.64	0.74	0.71
YANG	13	418410	7361138	510	0.16	0.04	0.03
YANG	14	418427	7361115	1220	1.22	0.29	0.27
Lion's Ear							
YANG	15	420072	7360697	610	0.77	0.14	0.13
YANG	16	420214	7360732	660	3.99	0.60	0.58
YANG	17	420240	7360748	860	1.30	0.23	0.22
YANG	18	420409	7360678	1010	1.99	0.69	0.60
YANG	19	420452	7360647	1020	12.80	2.29	2.19
Tongue							
YANG	20	413388	7355135	1440	0.37	0.13	0.11
YANG	21	413398	7355177	1755	0.33	0.10	0.10
YANG	22	413387	7355212	5000	2.68	1.26	1.14
YANG	23	413397	7355312	2200	1.06	0.38	0.35
YANG	24	413388	7355419	1120	0.35	0.12	0.11
Yangibana							
YANG	25	417201	7356871	1870	0.34	0.14	0.13
YANG	26	417127	7356830	5000	0.25	0.11	0.09
YANG	27	417238	7356896	1360	0.31	0.13	0.12
YANG	28	417279	7356921	2400	0.55	0.29	0.23
YANG	29	416933	7356838	1100	0.59	0.28	0.26
Yangibana South							
YANG	30	418556	7355260	2680	2.35	1.17	1.13
YANG	31	418577	7355306	3140	2.92	1.44	1.41
YANG	32	418627	7355346	2000	0.85	0.42	0.40
YANG	33	418659	7355367	2360	1.92	0.88	0.84
YANG	34	418808	7355489	1360	0.44	0.04	0.02
YANG	35	419041	7355589	1480	0.34	0.16	0.15
Tongue East							
YANG	36	414722	7356688	1200	0.35	0.16	0.15
YANG	37	414685	7356679	1630	0.11	0.04	0.04
YANG	38	414659	7356669	1200	0.71	0.26	0.25

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Corporate

Hastings has agreed with Artemis Resources Limited to defer payment of \$1 million owing in relation to the acquisition of the Yangibana project, which was payable on 31 December 2011. The amount will now be payable over the balance of 2012, and is subject to an interest rate of 12% and is secured over the project. Artemis has an option to convert a portion of this amount to equity.

For further information please contact:
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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. Simon 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.