

JUNE 2013 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Highest ever assay results returned from the Hastings project include: TREO of 4,281 ppm and 5,237 ppm.**
- **Two new zones of near surface, high-grade mineralization discovered.**
- **Low capital production options being evaluated.**
- **Strategic partner discussions progressing.**
- **Renowned rare earths expert joins the Board**
- **Cash \$2.8 million**

HASTINGS PROJECT

Follow up exploration of the radiometric anomalies as reported to the ASX on 21 March 2013, as shown in Figure 1 has returned highly encouraging results at both sites, being the “Northern Target” (**Levon**) and the “Southern Target” (**Haig**). These are located some 1.3km and 4.5km respectively, to the south of the existing JORC Resource which comprises 36.2Mt at 0.21% TREO and 0.18% HREO (**Main Resource**).

Levon

All 19 rock chip samples collected from the eastern side of Levon centred approximately 1.3km to the southeast of the Main Resource exceeded 1,000ppm TREO, with six exceeding 2,100 TREO and two high assays of **4,281ppm and 5,237ppm TREO exceeding any previous samples from the Hastings Project area.** The rock chip assay results and surface dimensions of the mineralised zone indicate the potential for an attractive mining operation.

Haig

All 13 rock chip samples collected from Haig centred approximately 4.5km to the south-southwest of the Main Resource, exceeded 1,000ppm TREO with all but two exceeding 2,100ppm TREO which is the average grade of the current resource. Again, the rock chip assay results and surface dimensions of the mineralised zone indicate that Haig also has potential for an attractive mining operation.

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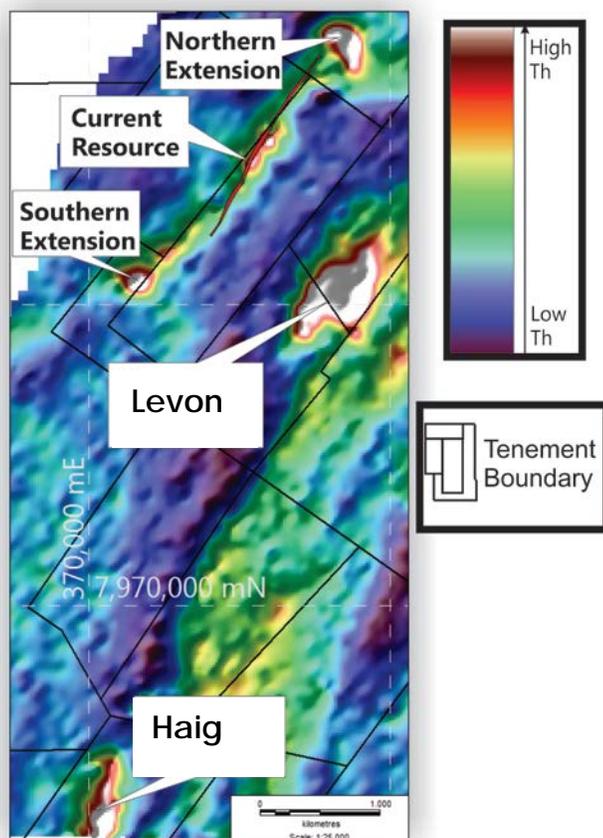


Figure 1. Location of two radiometric targets in relation to the Main Resource and the Southern Extension

Evaluation of Production Options

Hastings is currently working with consultants who have been engaged to review a potential low capital expenditure production opportunity. These options have become viable following the evaluation of higher grade components of the JORC resource, which provide scope for starter pits with attractive low cost economics.

Strategic Partner Discussions

The Company continued discussions during the quarter with a number of parties who are interested in assisting in funding the development of the Hastings Rare Earths Project.

The Hastings Project is at an advanced stage of development, with a completed scoping study delivering sound economics, a JORC compliant resource giving in excess of +20 years of mine life and is fast tracking towards production, subject to satisfactory funding. The Company is investigating a number of options including a strategic alliance, off-take agreements and joint venture proposals.

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Corporate

The Board was strengthened during the quarter with the addition of Mr Malcolm Mason (B.Sc (Hons.) FAus-IMM), an acknowledged rare earths expert.

Mr Mason has more than 45 years' experience in Australian and international exploration and mining. As Executive Technical Director of Greenland Minerals and Energy Limited from 2007 to 2010, Mr Mason had a significant role in further developing Kvanefjeld, the world's largest multi element REO resource by either JORC or Canadian NI 43-101 standards.

Mr Mason's experience covers rare earths, uranium, gold and base metals and extends from acquiring projects and prospects through application or negotiation to conducting exploration and evaluation programmes and completing feasibility studies.

About Hastings Rare Metals

- Hastings Rare Metals is a leading Australian rare earths company, with two rare earths projects in Western Australia.
- The Hastings project is at an advanced stage of development and contains JORC Indicated and Inferred Resources totaling 36.2 million tonnes 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 (HREO) (85%), such as dysprosium and yttrium which are substantially more valuable than the more common light rare earths (LREO).
- 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 study to confirm economics.

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Competent Persons' 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. 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.

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