ASX Announcement
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MARCH 2015 QUARTERLY ACTIVITIES REPORT

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HIGHLIGHTS

- **Consultants appointed for Pre-Feasibility Study**
- **Beneficiation tests provide further encouragement**
- **Potential capital cost savings indicated**
- **Interpretation of hyperspectral data identifies new targets**
- **Key tenements consolidated - acquisition of remaining 5% of Karramindie Resources Pty Limited**

Yangibana Project

Hastings Rare Metals Limited (**ASX:HAS**) has commenced work on its Pre-Feasibility Study (PFS) for the Yangibana Rare Earths Project in the Gascoyne Region of Western Australia. Consultancy groups have been selected to undertake work within their areas of expertise. Work programmes and schedules, including major drilling, metallurgical and environmental programmes have been developed.

The Company took another step forward to consolidating the Project by acquiring the remaining 5% of Karramindie Pty Limited.

Consultants

Following an exhaustive selection process, Hastings has selected the major international engineering group, Tetra Tech Proteus as Lead Consultant for the PFS. Other consultants are Snowden Mining Consultants, Core Process Engineering, ATC Williams, Ecoscape, Radiation Professionals, and Austwide Mining. Mount Magnet Drilling will undertake both reverse circulation and diamond drilling during the PFS stage.

Metallurgical Test Work

Mineralogical characterisation test results of samples from Yangibana North and Bald Hill South confirmed the main rare earths-bearing mineral to be monazite, with minor florencite and rhabdophane identified in the Bald Hill South sample (Table 1).

These samples are considered to represent all styles likely to occur within the top 50m of the various deposits. As such they represent mineralisation likely to be extracted during the first few years of operation. Further mineralogical studies have confirmed that the monazite is well liberated at a relatively coarse grind size of 75 microns in all samples.

Mineral	Yangibana North %	Bald Hill South %
Bastnaesite	0.14	0.00
Florencite	0.00	0.38
Monazite	**2.25**	**1.80**
Rhabdophane	0.03	0.35
Iron Oxides/Hydroxides	35.24	49.77
Manganese Oxides	3.65	0.18
Carbonates	1.57	0.68
Phyllosilicates	7.73	13.45
Silicates	46.68	32.33
Other	2.71	1.06
Total	**100.00**	**100.00**

Table 1: Mineralogy of the Yangibana Beneficiation Test Samples

More than 50 batch flotation tests have been completed, identifying optimal flotation conditions for the mineralisation. Results have shown that using a moderate grind size, common flotation reagents and a simple flotation flowsheet, a **90% recovery of the total rare earths oxides (TREO) to a >20% TREO concentrate can be achieved into 7% of the initial mass** at both deposits. This indicates that only 10% of the original contained rare earths are lost whilst reducing the waste material by 93%.

The optimised beneficiated concentrates contain approximately 32% monazite plus 3% other rare earths oxides from Yangibana North and approximately 41% monazite plus 9% other rare earths oxides from Bald Hill South.

Table 2 shows the assay data for the two mineralisations and the beneficiated concentrates.

	Yangibana North Min %	Yangibana North Conc %	Bald Hill South Min %	Bald Hill South Conc %
Nd_2O_3	**0.312**	**4.260**	**0.535**	**8.12**
Pr_2O_3	0.093	1.230	0.157	1.71
Dy_2O_3	0.004	0.040	0.009	0.11
Eu_2O_3	0.008	0.110	0.013	0.15
Nd_2O_3-Eq*	***0.62***	***8.29***	***0.98***	***13.99***
Other REO	1.24	15.61	0.92	12.99
Fe_2O_3	26.06	13.22	43.10	26.79
SiO_2	47.30	4.70	31.60	10.76
Al_2O_3	6.27	0.80	10.74	5.65
CaO	1.74	19.67	0.57	6.67
P_2O_5	1.63	22.54	1.40	12.08
ThO_2	0.05	0.57	0.08	0.85
U_3O_8	0.00	0.00	0.00	0.01
Other	15.285	17.24	10.91	14.09
Sum	99.99	99.99	100.03	99.98

Table 2 – Yangibana North and Bald Hill South assay data for mineralisation and beneficiated concentrates

The Yangibana North beneficiated concentrate contains around 4.25%Nd_2O_3 and an Nd_2O_3-Eq* of almost 8.3%. This represents an upgrade of around 13.5 times. At current commodity prices this beneficiated concentrate contains oxides of neodymium, praseodymium, dysprosium and europium worth approximately US$4,900/tonne.

The Bald Hill South beneficiated concentrate contains around 8.1% Nd_2O_3 and an Nd_2O_3-Eq* of almost 14.0%. This represents an upgrade of around 14.5 times. At current commodity prices this beneficiated concentrate contains oxides of neodymium, praseodymium, dysprosium and europium worth approximately US$8,300/tonne.

Potential effect of these results on capital costs

The latest optimised beneficiation results will significantly enhance the economics of the Yangibana Project. The downstream hydrometallurgical plant would only need to treat around 70,000 tonnes per annum (tpa) of concentrate based on a 1.0 million tpa operation, thereby significantly decreasing capital requirements for this section of the processing plant compared to the figure envisaged in the Project's Scoping Study (ASX Announcement of 3rd December 2014) of 200,000 tonnes.

***Metal equivalent calculation**

Hastings has applied the same metallurgical recoveries to praseodymium (Pr), dysprosium (Dy), and europium (Eu) as for neodymium, based on preliminary metallurgical studies of the ore. Calculations are based on the 31 January 2015 spot prices for these oxides (Source "HEFA Rare Earths") (Table 3).

Metal oxide	Assumed commodity price (US$/kg)
Nd_2O_3	59.00
Pr_2O_3	105.00
Dy_2O_3	340.00
Eu_2O_3	680.00

Table 3 – Yangibana Project – Basis of Neodymium-Equivalents (Nd_2O_3-Eq)

Since metallurgical recoveries are the same for all targets, the calculation of neodymium equivalent (Nd_2O_3-Eq) grade is therefore:-

Nd_2O_3-Eq grade = ((Nd_2O_3 grade + ((Pr_2O_3 grade*(Pr_2O_3 price/Nd_2O_3 price)) + ((Dy_2O_3 grade*(Dy_2O_3 price/Nd_2O_3 price)) + ((Eu_2O_3 grade*(Eu_2O_3 price/Nd_2O_3 price)))

Alternative Beneficiation Techniques

Preliminary testing of alternative beneficiation techniques using magnetics and gravity methods at Nagrom's laboratories in Perth provided encouraging results but no further test work on these methods is planned due to the exceptional flotation results.

Ongoing Test Work

A bulk flotation test programme to confirm flotation performance and produce concentrate nears completion allowing the first phase of hydrometallurgical test work commenced towards the end of the quarter.

Interpretation of Hyperspectral Survey Data

Further interpretation of airborne HyMap hyperspectral data over the Yangibana Project has resulted in the identification of a number of potential ironstone targets warranting follow-up exploration. Ironstone units are the host to the near surface rare earths mineralisation defined to date at the Project.

These target areas comprise both strike extensions to known mineralised outcrop, and newly identified target areas.

Processing and interpretation was completed in early 2015 by HyVista Corporation Pty Limited with the aim of identifying potential strike extensions to the known mineralised

areas, and to delineate previously unidentified ironstone units that could potentially host rare earths mineralisation.

Over 200 potential ironstone targets were identified by HyVista and are shown in relation to the main known mineralised trends in Figure 1. All targets warrant further evaluation.

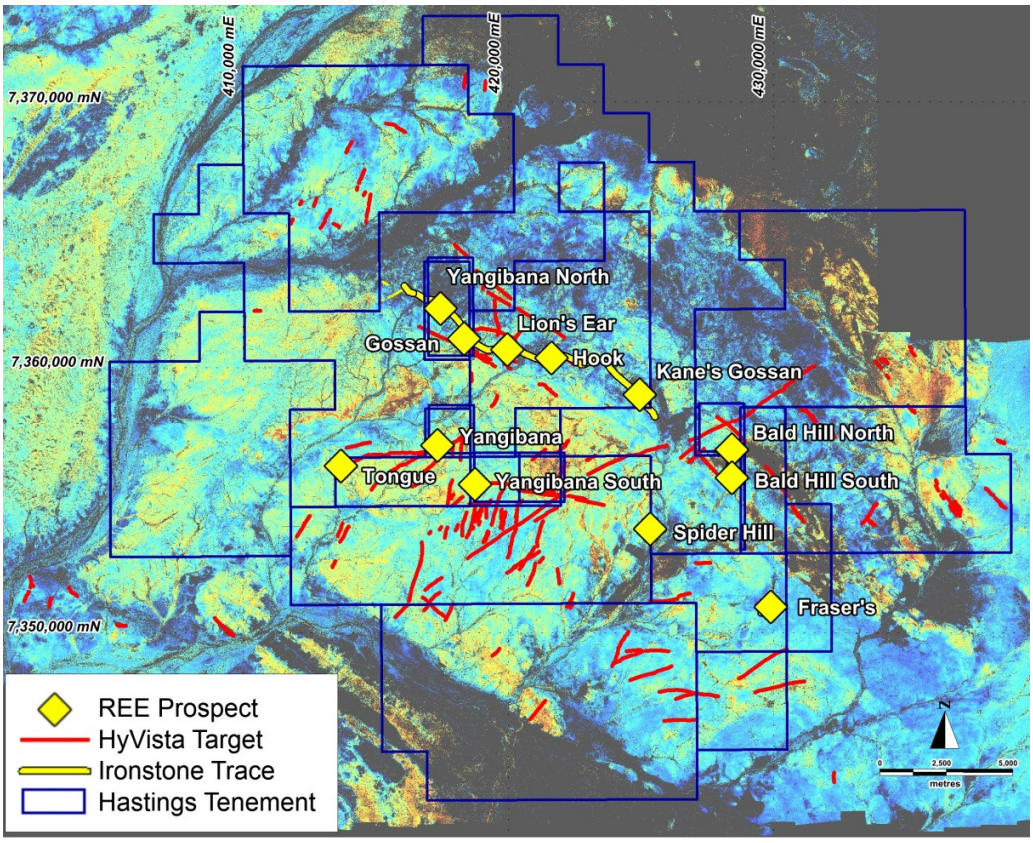


Figure 1: HyVista – Potential Ironstone Targets

Bald Hill South – Fraser's

Analysis and interpretation of the HyMap data has identified a semi-continuous lineament, interpreted to potentially be an ironstone unit, covering approximately 5.7 kilometres of strike length between the Bald Hill South and Fraser's prospects. Both of these deposits contain a significantly higher proportion of the Company's target rare earths of neodymium, praseodymium, dysprosium, and europium oxides.

The identification of potential significant strike extensions between these two deposits is highly encouraging and represents excellent potential for the discovery of further relatively high-value mineralisation within this area.

Yangibana North – Hook

Interpretation has identified a number of sub-parallel linear targets within the HyMap data immediately to the north and south of known ironstone occurrences between the Yangibana North and Hook Prospects. The four prospects shown (Yangibana North,

Gossan, Lion's Ear and Hook) were drill tested over approximately 6 kilometres of strike length during 2014.

The presence of potential parallel ironstone units both to the north and south of the main Yangibana North ironstone unit is highly encouraging, and represents excellent potential for the discovery of new mineralised zones proximal to current resources.

The targets identified along strike between Bald Hill South and Fraser's, and those identified sub-parallel to the main Yangibana North zone, are considered priorities for field verification to confirm that the responses identified in the HyMap data are related to ironstone outcrop, and potential associated rare earths mineralisation.

Brockman (formerly Hastings) Project

No work was undertaken on the Brockman project during the quarter.

*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.

CORPORATE

During the quarter the Company acquired the remaining 5% of Karamindie Pty Limited which contains Yangibana tenements E09/1743 & 1744, E09/2018, E09/1700 and P09/467.

In late March the Company presented the Yangibana project to a conference in Berlin, Germany on "The Future of Mining in Australia" and met with a number of participants in the rare earths industry.

About Hastings Rare Metals

- Hastings Rare Metals is a leading Australian rare earths company, with two rare earths projects in Western Australia.
- The Yangibana deposit is at an advanced stage of evaluation and contains JORC Indicated and Inferred Resources totalling 6.79 million tonnes at 1.52% TREO, including 0.69% Nd_2O_3-Eq (comprising 3.96 million tonnes at 1.59% TREO Indicated Resources and 2.83 million tonnes at 1.43% TREO in Inferred Resources).
- The Brockman project contains JORC Indicated and Inferred Resources totalling 36.2 million tonnes 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 (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.

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 2012 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.

TENEMENT SCHEDULE (All tenements are in Western Australia)

YANGIBANA PROJECT

Hastings Rare Metals Limited

E09/2084	100%
E09/2086	100%
E09/2095	100%
P09/480-482	100%
MLA09/157	100%
ELA09/2129	100%

Gascoyne Metals Pty Limited (100% subsidiary)

E09/1989	100%
E09/2007	100%
E09/1043	70%
E09/1049	70%
E09/1703-1706	70%
MLA09/159	70%

Karramindie Resources Pty Limited (100% subsidiary)

E09/1700	100%
E09/1943-1944	100%
E09/2018	100%
P09/467	100%
MLA09/158	100%

BROCKMAN PROJECT

Hastings Project Holdings Pty Limited (100% subsidiary)

P09/1626-1635	100%
E09/4555	100%