Hastings Rare Metals Limited

ABN 43 122 911 399

Interim Financial Report

31 December 2013

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DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2013. In accordance with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Charles Lew	Chairman (appointed 9 December 2013)
Anthony Ho	Non-executive Director
Malcolm Mason	Non-executive Director
Simon Wallace	Non-executive Director (appointed 9 December 2013)
Guy Robertson	Executive Director (resigned 9 December 2013)
Steve Mackowski	Executive Director (resigned 23 September 2013)
Vazrick Hovanessian	Non-executive Director (appointed 23 September 2013, resigned 9 December 2013)

Company Secretary

Guy Robertson

Operating Results

The loss of the Group for the half-year after income tax was $959,203 (31 December 2012 loss: $1,089,017).

Review of Operations

Hastings Project



Figure 1: Location map Hastings Project

Location

The Hastings Project is located 18km to the south-east of the township of Halls Creek in the East Kimberley region of Western Australia (Figure 1).

The project site is accessed from the Great Northern Highway, which links Broome and Derby (450km from site) to Wyndham (380km from site), at Halls Creek via the Duncan Highway leading southeast to Palm Springs on the Black Elvire River.

The mineralisation was located in the early 1980s and was the focus of considerable exploration and evaluation over the following ten years. Fine grained rare earths and rare metal mineralisation occurs in a tuffaceous unit that crops out over some 3.5km and locally shows distinctive fluorite content.

Hastings Resource

The current JORC resource area contains **36.2 million tonnes at 0.21% total rare earths (TREO) including 0.18% heavy rare earths (HREO), plus 0.89% ZrO2 and 0.35% Nb2O5*** (comprising 27.1 mt indicated and 9.1 mt inferred).

In mid 2013 the Company completed the work which identified two new targets, Levon and Haig (Figure 2). These are in addition to the Southern Extension to the resource identified in early 2013.

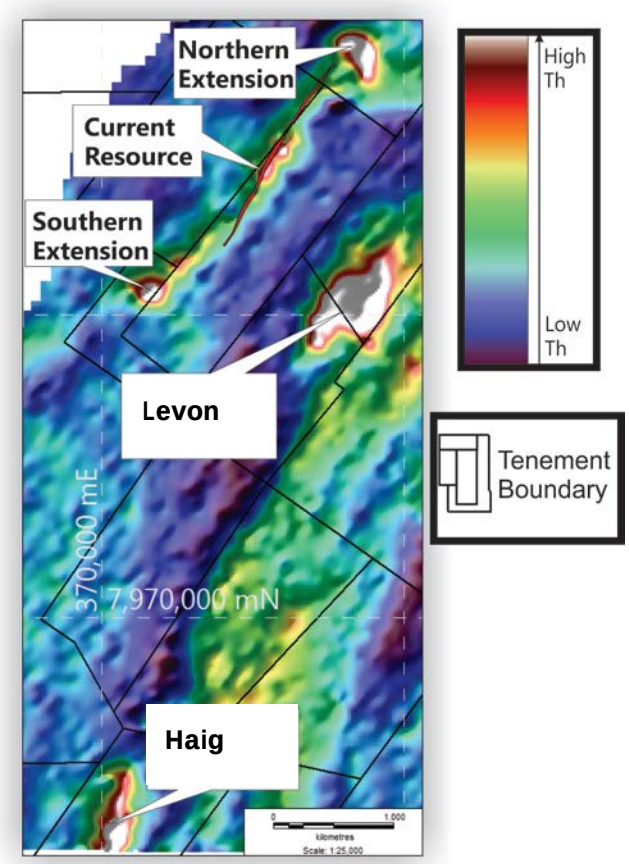


Figure 2. Location of two radiometric targets in relation to the Main Resource and the Southern Extension

Levon

The Levon target was investigated briefly by previous explorers with soil sampling and rock chip sampling programmes, at 20m spacing, returning grades exceeding 0.07% Nb_2O_5 (to a maximum 0.16% Nb_2O_5) and up to 0.06% Y_2O_3 over a continuous 240m wide zone. Based on the radiometric data, this sampling did not appear to have tested the most prospective portion. Levon is centred approximately 1.3km to the southeast of the Main Resource.

Hastings undertook preliminary rock chip sampling with 19 samples collected from the eastern side of Levon. All samples exceeded 1,000ppm TREO, with six exceeding 2,100 TREO which is the average grade of the current resource, and two high assays of **4,281ppm and 5,237ppm TREO exceeded 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

The Haig target, centred approximately 4.5km to the south-southwest of the Main Resource, has received less previous exploration. The geology coincident with the radiometric anomaly had been mapped as a lithophile-enriched volcanic centre, with strong fluorite mineralisation. A historic rock chip sample returned 0.18% Nb_2O_5.

All 13 rock chip samples collected by Hastings from Haig 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.

The Company is looking to further the exploration on these two new areas in early 2014.

Yangibana Project (60% Owned)

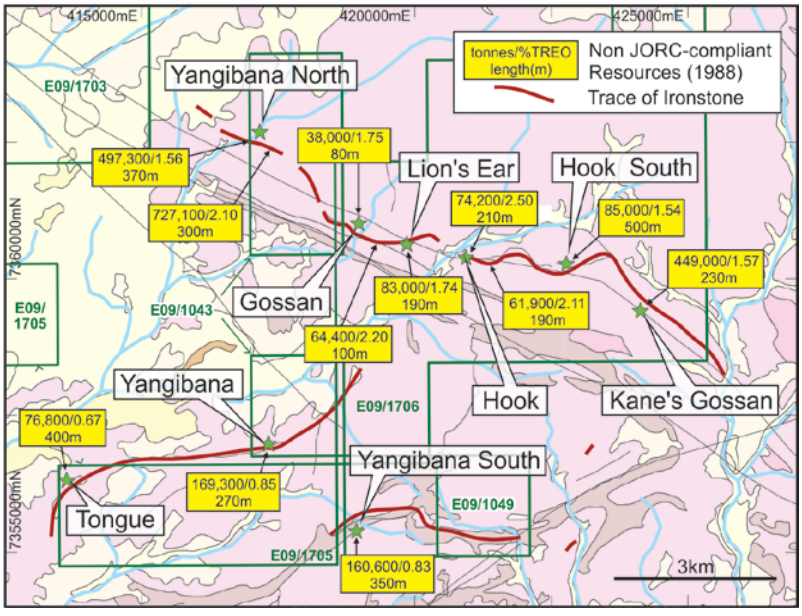


Figure 3 – Yangibana - Locations of the various prospects showing historical, non JORC resources

Hastings Rare Metals Limited holds a 60% interest in, and is manager of, the Yangibana Rare Earths Project comprising six granted Exploration Licences in the Gascoyne region of Western Australia.

Previous exploration at Yangibana has included reverse circulation drilling at a number of prominent targets, both within and beyond Hastings' current tenements, and on the basis of this drilling a non-JORC resource of 3.5 million tonnes at 1.63%TREO has been estimated by a previous explorer. The vast majority of this resource lies in the near surface oxidised zone. Of this resource, approximately 2.5 million tonnes at 1.66%TREO lies within Hastings' current tenement package. The TREO contains an unusually high neodymium value with its oxide, Nd_2O_3, averaging 4000ppm or 25% of TREO. This is the highest proportion of Nd_2O_3 to TREO of all the major rare earths projects excluding China.

The Project has the potential to increase resources by additional drilling along strike in the oxide zone at selected sites, and at depth in the as yet largely untested primary zone of the lenses, and the Company plans to commence this exploration in 2014.

During the period the Company undertook a further site visit to the Yangibana Project area to review logistics and planning for the proposed drilling programme. The main access to site was assessed and recommendations and planning for future exploration work commencing at the end of the current wet season is underway.

At this stage the optimum targets for the proposed RC (reverse circulation) drilling programme is towards the eastern end of the Yangibana North prospect. Limited historical drilling (1988) has indicated that grades might be higher in this area than the Yangibana project average of 1.65% total rare earth oxides (TREO), as indicated in Figure 3. This previous drilling has also shown that the mineralisation in this area has only a shallow dip of around 20-30^{o}.

The proposed drilling programme will test both near-surface oxidised material and deeper primary mineralisation.

The company has recently made application for three Exploration Licences in its own name and has acquired a 95% interest in further tenements in the Yangibana Project area (for $100,000) (see Figure 4 below) which it believes will add significant value to the Yangibana project. Hastings will provide the holders of the remaining 5% a free carried interest in these tenements.

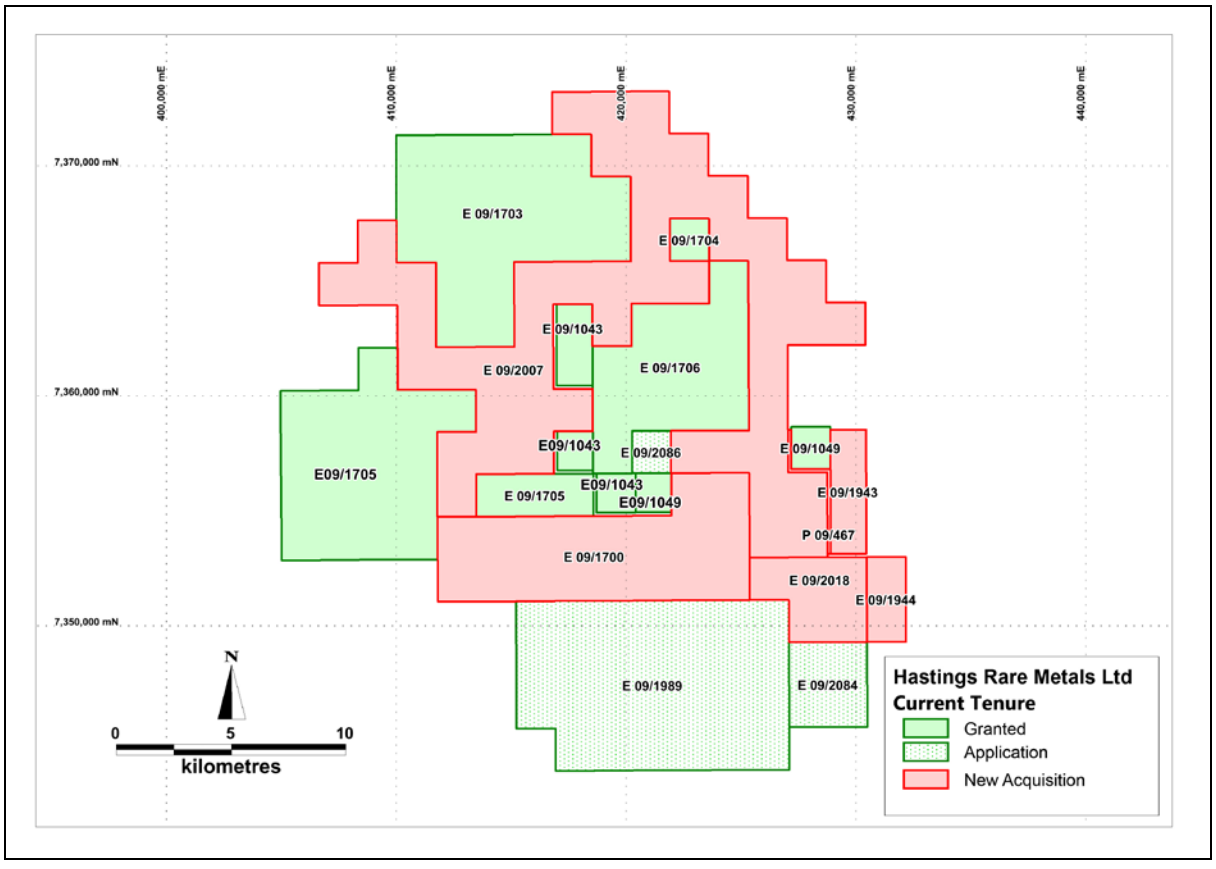


Figure 4: Yangibana Project – Tenement Map

Corporate

During the quarter Mr Charles Lew increased his shareholding to become the largest shareholder in the Company at 14.98% and was appointed a director and Chairman of Hastings Rare Metals Limited.

Mr Lew's considerable experience will assist the Company in taking the Hastings projects through the next phases of development. Mr Lew has more than 25 years of investment banking experience, and was the Managing Director of ABN Amro's investment banking operations in Singapore from 1997 to 2000.

Mr Lew has been an Independent Non-Executive Director of RHB Investment Bank Berhad (in Malaysia) since 2004 and is also on the board of RHB Islamic Bank. He was on the board of RHB Capital Berhad between 2005 and 2007. He previously served as an Independent Director of Singapore Medical Group between 22 June 2007 and 2 December 2013.

Mr Simon Wallace, a corporate lawyer also joined the board during the quarter. Mr Wallace has particular expertise and experience in corporate fundraising, debt issues and acquisitions. Mr Vaz Hovanessian and Mr Guy Robertson resigned from the board on 9 December 2013.

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.

Events Subsequent to Reporting Date

Subsequent to the reporting date the company has made the following announcements:

On 12 February 2014, the Company issued 20,000,000 unlisted options exercisable at 6 cents per share with an expiry date of 30 November 2016.

Other than as outlined above, there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2013.

Auditor's Independence Declaration

As per section 307C of the Corporations Act 2001 the auditors, HLB Mann Judd, provide on page 7, the Independence Declaration in relation to the review of the interim financial report. The Independence Declaration forms part of this directors' report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.



Anthony Ho

Non-Executive Chairman

11 March 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Hastings Rare Metals Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
11 March 2014

M R W Ohm
Partner

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Notes	Consolidated 31 Dec 2013 $	Consolidated 31 Dec 2012 $
Continuing operations			
Interest income		38,880	67,558
		38,880	67,558
Office facilities		(124,031)	(118,852)
Marketing		(2,829)	(15,429)
Legal fees		(246,015)	(149,384)
Employee benefits expense		(1,887)	(234,422)
Directors' fees		(117,110)	(119,688)
Consulting and professional fees		(382,429)	(340,826)
Travel expenses		(37,660)	(204,393)
Other expenses		(86,122)	(155,376)
Loss before income tax benefit	2	**(959,203)**	**(1,270,812)**
Income tax benefit		-	181,795
Net loss for the period		**(959,203)**	**(1,089,017)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the period		**(959,203)**	**(1,089,017)**
Basic earnings/(loss) per share (cents per share)		(0.54)	(0.79)

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Consolidated 31 Dec 2013 $	Consolidated 30 Jun 2013 $
Assets			
Current Assets			
Cash and cash equivalents		1,840,386	2,764,469
Trade and other receivables		86,219	63,751
Total Current Assets		1,926,605	2,828,220
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	16,865,319	16,727,765
Total Non-Current Assets		16,865,319	16,727,765
Total Assets		**18,791,924**	**19,555,985**
Liabilities			
Current Liabilities			
Trade and other payables		225,168	706,558
Total Liabilities		225,168	706,558
Net Assets		**18,566,756**	**18,849,427**
Equity			
Issued capital	4	24,566,421	23,889,889
Share option reserve	5	541,271	548,925
Accumulated losses		(6,540,936)	(5,589,387)
Total Equity		**18,566,756**	**18,849,427**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Consolidated

	Issued Capital	Accumulated Losses	Share Option Reserve	Total
	$	$	$	$
Balance at 1 July 2013	23,889,889	(5,589,387)	548,925	18,849,427
Loss for the period	-	(959,203)	-	(959,203)
Total comprehensive loss for the period	-	(959,203)	-	(959,203)
Shares issued during the half year	713,505	-	-	713,505
Share based payments	-	-	-	-
Transaction costs on share issue	(36,973)	-	-	(36,973)
Options expired	-	7,654	(7,654)	-
Balance at 31 December 2013	24,566,421	(6,540,936)	541,271	18,566,756

Consolidated

	Issued Capital	Accumulated Losses	Share Option Reserve	Total
	$	$	$	$
Balance at 1 July 2012	20,963,940	(7,361,228)	3,669,197	17,271,909
Loss for the period	-	(1,089,017)	-	(1,089,017)
Total comprehensive loss for the period	-	(1,089,017)	-	(1,089,017)
Shares issued during the half year	3,280,000	-	-	3,280,000
Share based payments	-	-	42,179	42,179
Transaction costs on share issue	(322,550)	-	138,050	(184,500)
Balance at 31 December 2012	23,921,390	(8,450,245)	3,849,426	19,320,571

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Consolidated	
	31 Dec 2013	31 Dec 2012
	$	$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(1,083,328)	(1,195,690)
Research and development tax rebate	-	181,795
Interest received	39,965	80,884
Net cash (used in) operating activities	**(1,043,363)**	**(933,011)**
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(444,946)	(1,097,347)
Net cash (used in) investing activities	**(444,946)**	**(1,097,347)**
Cash flows from financing activities		
Repayment of borrowings	-	(250,000)
Issue of shares	601,200	3,000,000
Placement costs	(36,974)	(184,500)
Net cash provided by financing activities	**564,226**	**2,565,500**
Net increase/(decrease) in cash held	(924,083)	535,142
Cash and cash equivalents at the beginning of the period	2,764,469	3,218,520
Cash and cash equivalents at the end of the period	**1,840,386**	**3,753,662**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Hastings Rare Metals Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Adoption of new and revised accounting standards

In the half year ended 31 December 2013, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the company and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the company and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Company's accounting policies and the key estimates of uncertainty were the same as those applied for the year ended 30 June 2013.

Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Directors have considered capitalised exploration expenditure as at 31 December 2013 and are satisfied that no impairment indicators exist. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 2: LOSS BEFORE INCOME TAX BENEFIT

	Consolidated	
	Half Year Ended 31 December 2013 $	Half Year Ended 31 December 2012 $
The following expenses are included in other expenses and are relevant in explaining the financial performance for the half-year:		
Insurance	9,164	14,054
Accounting and audit fees	12,000	57,074

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	Half Year Ended 31 December 2013 $	Year Ended 30 June 2013 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	16,727,765	15,011,167
Exploration expenditure	137,554	1,717,447
Write off of exploration expenditure	-	(849)
Total deferred exploration and evaluation expenditure	16,865,319	16,727,765

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 4: ISSUED CAPITAL

	Consolidated	
	Half Year Ended 31 December 2013	Year ended 30 June 2013
	$	$
Ordinary shares - Issued and fully paid		
Opening balance	23,889,889	20,963,940
Shares issued in private placement	601,200	3,000,000
Shares issued to directors in lieu of fees	79,472	-
Shares issued to advisors	32,833	-
Shares issued in lieu of debt repayment	-	280,000
Less share issue costs	(36,973)	(354,051)
Closing balance	24,566,421	23,889,889
Movements in ordinary shares on issue		
Opening balance	166,769,530	129,463,462
Shares issued on cancellation of options	-	7,233,333
Shares issued in lieu of debt repayment	-	2,800,000
Shares issued under private placement	16,700,000	27,272,735
Shares issued to directors in lieu of fees	1,100,000	-
Shares issued to advisors	630,156	-
Closing balance	185,199,686	166,769,530

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 5: OPTIONS

	Consolidated	
	Half Year Ended 31 December 2013	Year ended 30 June 2013
	$	$
Movements in share option reserve were as follows:		
Opening balance	548,925	3,669,197
Options cancelled on issue of shares	-	(3,374,182)
Vesting of options	-	84,360
Options issued to settle share issue costs	-	169,550
Expiry of options	(7,654)	-
Closing balance	541,271	548,925
Movements in options over ordinary shares on issue		
Opening balance	89,436,355	118,350,000
Expiry of options	(500,000)	-
Options issued during the period - listed	-	23,586,355
Options cancelled in return for share issue	-	(52,500,000)
Closing balance	88,936,355	89,436,355

Options carry no voting rights and carry no rights to dividends.

NOTE 6: SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the nature of its interests and projects. Discrete financial information about each of these projects is reported to the executive management team on at least a monthly basis.

Location of interests and nature of projects

Hastings Rare Metals and Heavy Rare Earths Project

The Hastings Rare Metals and Heavy Rare Earths Project comprises of ten (10) wholly owned prospecting licenses in the East Kimberley region of Western Australia. The project hosts significant JORC compliant resources of the heavy rare earths zircon, niobium, tantalum, yttrium and dysprosium.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 6: SEGMENT REPORTING (Continued)

Yangibana Project

The Group owns a 60% interest in the Yangibana Rare Earths Project in the Gascoyne region of Western Australia. The project comprises six (6) granted exploration licenses covering 68 sub-blocks and approximately 203 square kilometres.

The following table presents information regarding the Group's segments provided to the Board for the half-year periods ended 31 December 2013 and 31 December 2012.

Project Segments

	Hastings Project	Yangibana Project	Unallocated	Total
31 December 2013	$	$	$	$
Segment revenue	-	-	38,880	38,880
Segment expenses	-	-	998,083	998,083
Segment result	-	-	(959,203)	(959,203)
Segment assets	14,261,733	2,603,586	1,926,605	18,791,924
Segment liabilities	-	-	225,168	225,168

Project Segments

	Hastings Project	Yangibana Project	Unallocated	Total
31 December 2012	$	$	$	$
Segment revenue	-	-	67,558	67,558
Segment expenses	-	-	1,338,370	1,338,370
Segment result	-	-	(1,270,812)	(1,270,812)
Segment assets	13,447,293	2,449,682	3,893,311	19,790,286
Segment liabilities	-	48,247	421,468	469,715

NOTE 7: DIVIDENDS

The Directors of the Company have not declared an interim dividend.

NOTE 8: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

On 12 February 2014 the Company issued 20,000,000 unlisted options exercisable at $0.06 per share with an expiry date of 30 November 2016.

Other than as outlined above, there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2013.

DIRECTORS' DECLARATION

In the opinion of the Directors of Hastings Rare Metals Limited ('the Group'):

1. The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b. giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year then ended; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



Anthony Ho

Director

11 March 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Hastings Rare Metals Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hastings Rare Metals Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

Accountants | Business and Financial Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hastings Rare Metals Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
11 March 2014