

## JUNE 2012 QUARTERLY ACTIVITIES REPORT

### HIGHLIGHT

- ANSTO completes first stage of test work program.
- Recoveries of heavy rare earths of 70% to 80% match the historical results.
- Optimisation work commenced to position as a dysprosium and yttrium project.
- Jacobs Engineering on track to complete Scoping Study in August 2012.
- Interpretation of Yangibana airborne hyperspectral survey extends exploration target.

### HASTINGS PROJECT

Hastings Rare Metals Limited (ASX Code: HAS) announced in April that it had engaged the Australian Nuclear Science and Technology Organisation (ANSTO) to review the processing flow sheet for the Hastings project. The primary objective is to validate and verify Stage 1 of the flow sheet that was developed as part of the 1990 pilot plant tests in Warren Spring, UK.

The programme involved a range of bench tests to investigate the extraction of rare earths and other valuable components by sulphation baking and water leaching a representative sample of ore. The programme is focussed on the extraction of heavy rare earths, such as dysprosium and yttrium.

The first stage of test work was completed successfully with rare earths recoveries matching the results of the 1990 pilot plant, being in a range of 70% to 80% when testing at different operating conditions.

Work is continuing on the optimisation of the sulphation and water leach sections of the process, and work has also commenced on optimisation of the product suite.

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Guy Robertson (CFO)

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Tony Grey  
Dr Tony Mariano

[www.hastingsraremetals.com](http://www.hastingsraremetals.com)



Jacobs Engineering is on track to complete the Scoping Study on the Hastings Project in August 2012.

During the quarter Hastings made a presentation to the Jaru Named Applicant Group, the traditional owners of the area surrounding the Company's Prospecting Licences to the southeast of Halls Creek. A site visit with the group is planned for late July to obtain permission for drilling over the southern and northern extensions to the current resource, and infill drilling to upgrade a significant portion of the current JORC Indicated plus Inferred Resources to JORC Measured plus Indicated status.

### YANGIBANA PROJECT

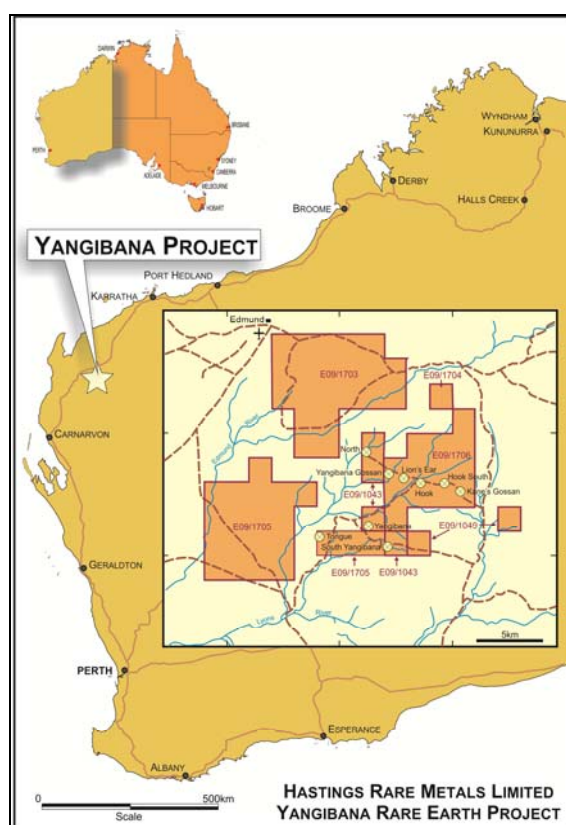


Figure 1 – Yangibana Project Location

The Company received the Processing Report on the HyMap Survey over the Yangibana Project (Figure 1) from HyVista Corporation during the quarter. The survey covered the whole of the area over which Hastings currently holds a 60% interest (approximately 240 square kilometres), and surrounding ground within the Gifford Creek Carbonatite Complex as defined by the Geological Survey of Western Australia.

Interpretation carried out by HyVista confirmed that the isolated ironstone lenses that form the main exploration target within the Yangibana Project are indeed continuous providing a target with a strikelength of around ten kilometres. This target now extends continuously between the Yangibana North prospect and the south-east end of Kane's Gossan as shown Figure 2. Previous drilling has shown these ironstones to average 3-5m in width, to be of variable dip, and to host rare earths with average grades over the field being around 1.6% total rare earth oxides (TREO).



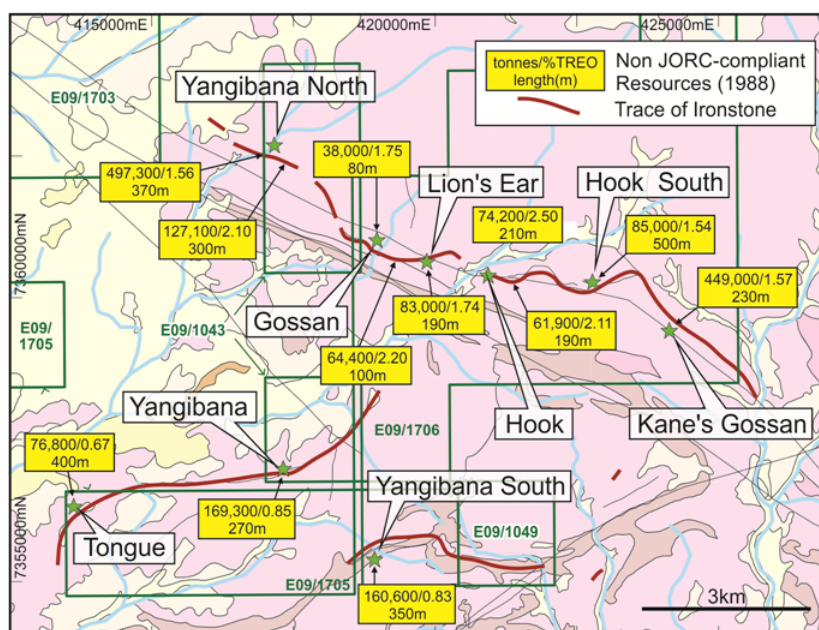
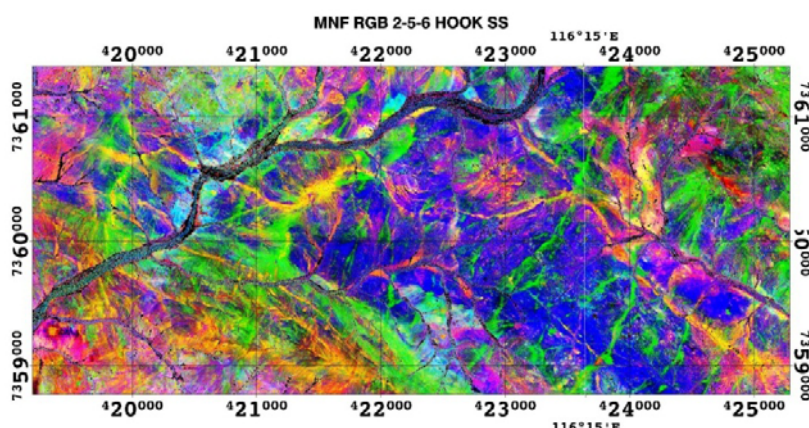


Figure 2 – Yangibana Tenements showing the known ironstone lenses and the non JORC resources based on these lenses

Of most interest within the rare earth content are the average grades of around 4,000ppm neodymium oxide ( $Nd_2O_3$ ) or 25% of TREO, and 115ppm europium oxide ( $Eu_2O_3$ ). Neodymium oxide is the only member of the so-called Light Rare Earth group that has been classified as being in critical supply risk in the medium term (5-15 years) by the U.S. Department of Energy in December 2011.

The hyperspectral survey has collected data that can be manipulated to identify various mineral components and to show these as different colour composites. Figure 3 shows the ironstone lenses as the yellow line, with the figure including the section between Lion's Ear and Kane's Gossan.



In addition Figure 3 shows a number of SW-NE trending lenses in the eastern portion of the figure which interpretation has identified as being possible pegmatite bodies. Such bodies have not been reported in the area, but they could potentially host rare earths or rare metal mineralisation. The



interpretation of the hyperspectral survey extends the exploration target and requires further ground checking and sampling.

#### **CORPORATE**

##### ***European Trade Mission***

During the quarter the Company took part in a European trade mission which included sessions with representatives of major German industries. This initiative is part of the Company's objective of identifying and meeting major users of heavy rare earth projects in all continents with a view to developing strategic relationships.

##### **About Hastings Rare Metals**

- Hastings rare metals is a leading Australian rare earths company, with two rare earths projects in Western Australia.
- Rare earths are critical to a wide variety of current and new technologies, from smart phones to hybrid cars and from wind turbines to energy efficient light bulbs.
- The Hastings deposit contains predominantly heavy rare earths (85%), such as dysprosium and yttrium, which are substantially more valuable than the more common 'light' rare earths.
- 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 studies to confirm economics.

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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.*

