



Share Purchase Plan

Hastings Rare Metals Limited

ABN 43 122 911 399

This is an important document. The Offer does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder. Accordingly, before making a decision on whether or not to accept the Offer, you should consult your financial or other professional adviser. If you have any questions in relation to the Offer or how to complete the Application Form, please call the Company's Share Registry, Security Transfer Registrars Pty Limited on +61 8 9315 2333 or Mr Guy Robertson - Company Secretary on +61 2 8268 8689. This document is not a prospectus or other disclosure document under the Corporations Act. The distribution of this document (including electronic copies) outside Australia and New Zealand may be restricted by law.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS.

This Offer is made in reliance on the exemption under section 272A(1) of the Singapore Securities and Futures Act (SFA). It is not made in or accompanied by prospectus that is registered by the Monetary Authority of Singapore. New Shares shall not be subsequently sold to any person in Singapore, unless the offer resulting in such subsequent sale is made:

- in compliance with Subdivisions (2) and (3) of Division 1, Part XIII of the SFA;
- in reliance on subsection (8)(c) or any other exemption under any provision of Subdivision 4 of Division 1, Part XIII of the SFA (other than subsection 272A(1) of the SFA); or
- where at least 6 months have elapsed from the date the securities were acquired under the initial offer, in reliance on the exemption under this subsection

Important Notice

The Offer contained in this document is not a recommendation to purchase Shares. If you are in any doubt about what to do with the Offer, you should consult your financial or other professional adviser.

If you apply to participate in the Offer by making a BPay® payment (using an Australian bank account) or completing and returning the Application Form with a cheque or bank draft, you are accepting the risk the market price of Shares may change between the date of the Offer and the Issue Date for the New Shares. This means it is possible that, up to or after the Issue Date, you may be able to buy Shares at a lower price than the Offer Price.

Equator Star Holdings Limited and Dr Choon Huat Lee have agreed to severally underwrite the Offer, subject to Shareholder approval. They have not authorised or caused the issue of this Offer Document or the making of the Offer under this Offer Document, and make no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Offer Document.

Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. The New Shares to be offered and sold in the Share Purchase Plan have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, or under the securities laws of any state or other jurisdiction of the United States. This document and any related documents including the Application Form must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person.

Directors recommend you monitor the Company's announcements, which can be found on its website at www.hastingsraremetals.com and on the ASX website at www.asx.com.au (ASX: HAS). The Company's Share price can also be found on its website and the ASX or in the financial pages of major Australian metropolitan newspapers.

Timetable to the Offer

| | |
|---|-----------------------------|
| Record Date - Date for determination of Eligible Shareholders | 7.00pm AEDT 5 December 2014 |
| Announcement of Share Purchase Plan | 8 December 2014 |
| Opening Date for receipt of acceptances - Offer documents and Application Forms mailed to Eligible Shareholders | 19 December 2014 |
| Closing date for acceptances to be received by the Company | 5.00pm AEDT 16 January 2015 |
| Issue Date of New Shares under the Share Purchase Plan | 20 January 2015 |
| Date on which the New Shares are expected to commence trading on ASX | 21 January 2015 |
| Dispatch of holding statements for New Shares issued under the Share Purchase Plan | 21 January 2015 |

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and the Corporations Act, without notice.

Key steps

- Step 1:** Read the terms and conditions of the Share Purchase Plan in full.
- There is no requirement to participate in the Share Purchase Plan.
 - Participation in the Share Purchase Plan is entirely voluntary.
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Step 2: Are you an Eligible Shareholder? (see section 3)

You are eligible to apply for the New Shares if:

- your registered address in the Company's registered members is in Australia, New Zealand or Singapore; and
- you were registered as a holder of Shares as at 7:00pm (AEDT) on 5 December 2014 (**Record Date**).

The Offer is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia, New Zealand or Singapore.

Neither these terms and conditions nor the Application Form constitutes an offer to buy securities in the United States (or to, or for the account or benefit of, US Persons).

Step 3: If you choose to participate in the Share Purchase Plan, you must choose to purchase a parcel of New Shares for one of the following amounts (see section 6):

| | |
|---------|----------|
| \$1,050 | \$7,000 |
| \$1,750 | \$10,500 |
| \$3,500 | \$15,000 |
| \$5,250 | |

Step 4: To apply for New Shares under the Share Purchase Plan, Eligible Shareholders must (see section 11):

- complete the Application Form attached to these terms and conditions; or
 - make a BPay® payment by using the personalised reference number shown on your Application Form, which is required to identify your holding.
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Questions

If you have any in relation to the Offer or how to complete the Application Form, please call the Company's Share Registry, Security Transfer Registrars Pty Limited on +61 8 9315 2333 or Mr Guy Robertson - Company Secretary on +61 2 8268 8689 or email guy@hastingsraremetals.com, or consult your financial or other professional adviser.

Letter to Shareholder

Dear Shareholder,

Offer to participate in Hastings Rare Metals Limited Share Purchase Plan

The Directors of Hastings Rare Metals Limited (**Hastings or Company**) are pleased to extend an invitation to Eligible Shareholders to participate in the Company's Share Purchase Plan (**Plan or SPP**). The Plan allows Eligible Shareholders to purchase up to \$15,000 worth of fully paid ordinary shares in the Company (**Shares**) without any brokerage or transaction costs. The Plan was announced by the Company to the Australian Securities Exchange (**ASX**) on 9 December 2014+.

The Shares under the Plan will be issued at 7 cents per Share, representing a 15% discount to the closing price of the Company's Shares on the ASX on 8 December 2014. The offer of Shares under the Plan is open to all Eligible Shareholders (as defined in the attached Offer) as at 7:00pm (AEDT) on 5 December 2014 (**Record Date**), and is an opportunity for them to participate in the future growth of the Company as it enters the next stage of its development.

The Plan is capped at 28,571,428 Shares, to raise a maximum of \$2 million (**Offer Amount**), and the Directors will scale back (on a pro rata basis) excess applications for Shares. Subject to Shareholder approval, the Offer is fully underwritten by Equator Star Holdings Limited, a company associated with the Company's Chairman, Mr Charles Lew (up to \$1,500,000) and Dr Choon Huat Lee (up to \$500,000).

Participation in the Plan is entirely voluntary. Offers under the Plan are non-renounceable, meaning that you are not permitted to transfer your rights to subscribe for Shares under the Plan.

If after reading the attached Offer you wish to participate in the Plan, you must complete and return the attached personalised Application Form, together with a cheque and return it to the Company's Share Registry on or before 5.00pm (AEDT) on 16 January 2015. Alternatively you may use the BPAY® facility described later in this documentation.

Funds raised under the Plan will be used for a Pre-Feasibility Study of the Yangibana rare earths project. The Pre-Feasibility Study will incorporate the following:

- Mining Lease application(s)
- Further drilling to achieve target tonnage
- Mine design and scheduling
- Metallurgical test work and detailed flow sheet design
- Processing plant design and costing (capital and operating costs)
- Infrastructure review
- Government regulatory approvals
- Environmental study
- Pilot plant confirmation
- Indigenous Culture and Heritage Agreements

Further details of the Plan are set out below.

The Plan allows Eligible Shareholders, irrespective of the size of their shareholding, to apply for one of the following parcels of Shares:

| Offer | Value | Number of Shares |
|-------|----------|------------------|
| A | \$1,050 | 15,000 |
| B | \$1,750 | 25,000 |
| C | \$3,500 | 50,000 |
| D | \$5,250 | 75,000 |
| E | \$7,000 | 100,000 |
| F | \$10,500 | 150,000 |
| G | \$15,000 | 214,285 |

Exploration

Hastings has two JORC compliant rare earths projects in Western Australia -the Yangibana project and the Brockman project (formerly Hastings).

Yangibana - Significant progress has been made on the project during the year:

- The Company expanded its tenement holding acquiring an additional 10% interest (now 70%) in the joint venture (tenements E09/1043, E09/1049, E09/1703, E09/1704, E09/1705 and E09/1706), a 100% interest in Bald Hill (tenement E09/2007) and a 95% interest in Frasers (tenements E09/1943, E09/1944, E09/2018, E09/1700 and P09/467). It was also granted E09/1989, E09/2084, E09/2086, P09/480, P09/481, and P09/482. The Company also has applications for E09/2095 and P09/484.
- Following two reverse circulation (RC) drilling programmes the project achieved a JORC resource of 6.79m tonnes (Indicated 3.96m tonnes and 2.83m tonnes inferred)¹
- Total project resources contain approximately:
 - 23,500 tonnes of Nd₂O₃;
 - 360 tonnes of Dy₂O₃; and
 - 6,600 tonnes of Pr₂O₃;
 - 625 tonnes of Eu₂O₃.
- Scoping Study completed by independent mining consultants Snowden, confirming economic viability of project.

For further information on the Yangibana project see presentation lodged with the ASX on 10 November 2014.

¹ These JORC estimates were previously announced to the market via an ASX Announcement on 10 December 2014 and the Company is not aware of any new information or data that would materially affect the information included in that announcement. Further, all material assumptions and technical parameters underpinning those estimates continue to apply and have not materially changed.

Brockman - During the year the Company drilled additional prospects - Southern Extension, Levon and Haig - to the main zone. While the Southern Extension revealed grades 20% higher than the main zone, the mineralisation continues to be fine grained. Further metallurgy is to be undertaken in the period ahead to determine whether beneficiation can improve the economics of the project.

In summary, given successful exploration at the Yangibana project this year, and positive results of the Scoping Study undertaken by Snowden, the Company has decided to proceed with a Pre-Feasibility Study which will incorporate the steps outlined above and involve significant expenditure over a 15 to 24 month period.

Corporate

Hastings has recently announced a share placement issuing 93,500,000 new shares raising \$6.5 million.

This Share Purchase Plan seeks to raise up to \$2 million (28,571,428 new shares at 7 cents each) which will enable the Company to fully fund the Pre-Feasibility Study at the Yangibana Rare Earths Project through to completion.

Should you have any questions in relation to this offer please contact the company secretary, Guy Robertson on +61 2 8269 8689.

Yours faithfully,

Guy Robertson

Company Secretary

Hastings Rare Metals Limited
ABN 43 122 911 399

Share Purchase Plan - Terms and Conditions

1 THE OFFER

1.1 The Offer

The Offer is an invitation to all Eligible Shareholders to subscribe for New Shares at the Offer Price of 7 cents per New Share, up to a maximum subscription of 214,285 New Shares (\$15,000) per Eligible Shareholder. You may choose not to accept the Offer.

The Offer to each Eligible Shareholder is made on the same terms and conditions. The Offer is non-renounceable (i.e. you may not transfer your right to acquire a New Share to anyone else).

The number of New Shares you receive will depend on the value of the parcel of New Shares you apply for and on the total number of New Shares applied for by all Eligible Shareholders. The Company reserves the right to scale back Applications or (subject to the Listing Rules) accept oversubscriptions where the total value of New Shares applied for by all Eligible Shareholders exceeds \$2 million (see section 7 below).

The Offer Price is fixed regardless of any changes in the market price of Shares during the Offer period.

1.2 Offer not taken up

If you are an Eligible Shareholder and do not wish to subscribe for New Shares, you are not obliged to do anything. You will not receive any benefits or New Shares.

The number of Shares you hold as at the Record Date and the rights attached to those Shares will not be affected if you choose not to participate in the Share Purchase Plan.

All New Shares not subscribed for under the Share Purchase Plan will, subject to Shareholder approval, be taken up by the Underwriters at the Offer Price.

2 OPENING AND CLOSING DATES

The Offer will open on 19 December 2014 and close on 16 January 2015. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be) at their absolute discretion without any notice to you, subject to the Corporations Act and the Listing Rules. New Shares not subscribed for under the Plan will, subject to Shareholder approval, be taken up by the Underwriters at the Offer Price.

3 ELIGIBILITY

3.1 Eligibility

You are eligible to apply for the New Shares if:

- (a) your registered address in the Company's register of members is in Australia, New Zealand or Singapore; and
- (b) you were registered as a holder of Shares in the Company as at 7.00pm (AEDT) on 5 December 2014 (**Record Date**).

3.2 Individual Shareholders

If you are the sole registered Shareholder of a holding of Shares, but you receive more than one Offer under the Share Purchase Plan (for example, because you have multiple individual holdings of Shares), you may only apply for one parcel of New Shares with a value of up to \$15,000.

3.3 Joint Shareholders

If you are recorded with one or more other persons as the joint Shareholder of a holding of Shares, that joint Shareholding is considered to be a single registered Shareholding for the purpose of the Share Purchase Plan. The joint Shareholders are entitled to participate in the Share Purchase Plan for the single holding only. If the same joint Shareholders receive more than one offer under the Share Purchase Plan (i.e. due to joint Shareholders having multiple registered holdings), the joint Shareholders may only apply for one parcel of New Shares up to \$15,000.

3.4 Custodians

If you are a Custodian (as defined below) and hold Shares on behalf of one or more persons resident in Australia, New Zealand or Singapore (each a **Participating Beneficiary**), you may be entitled to apply for up to \$15,000 worth of Shares for each Participating Beneficiary provided each Participating Beneficiary is not in the United States and is not acting for the account or benefit of a person in the United States and subject to you providing a certificate to the Company containing the information prescribed by ASIC Class Order 09/425 as modified by ASIC Class Orders 10/105, 10/789, 11/162, 13/762, 13/854, 14/757 and 14/977 (**Custodian Certificate**).

If you are a Custodian and would like a Custodian Certificate or further information on how to apply, you should contact the share registry, Security Transfer Registrars Pty Limited (within Australia) on 1300 850 505 or (outside Australia) on +61 3 9415 4000.

In providing the Custodian Certificate under this section 3.4, the Custodian may rely on information provided to it by the Participating Beneficiary and any person who holds beneficial interests in the Shares held by the Custodian.

If you are a Custodian and you hold Shares on the Record Date jointly on behalf of 2 or more persons:

- (a) the \$15,000 limit applies in relation to that joint holding as if you held the Shares on behalf of a single person; and

- (b) you are taken to have been instructed to apply for Shares on behalf of those persons if:
 - (i) you have received such an instruction in accordance with the terms on which the Shares are held; or
 - (ii) where the terms on which the Shares are held do not cover the giving of instructions of this kind, you have received such an instruction from any of those persons.

If you, as a Custodian, are not able to provide the Custodian Certificate, then the maximum you, as an eligible Custodian, may invest under the Share Purchase Plan in all capacities is A\$15,000.

3.5 Trustee or nominee

If you hold Shares as a trustee or nominee for another person, but are not a Custodian, you cannot participate for beneficiaries in the manner described in section 3.4. In this case, the rules for multiple single holdings set out in sections 3.2 and 3.3 apply.

3.6 Directors and employees

Directors and employees of the Company who hold Shares and are Eligible Shareholders may participate in the Offer in accordance with its terms.

3.7 Treatment of overseas Shareholders

The Offer is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia, New Zealand or Singapore and no action has been taken to register the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction outside those jurisdictions.

Recipients may not send or otherwise distribute this document or the Application Form to any person outside Australia (other than to Eligible Shareholders or Participating Beneficiary).

Shareholders who hold Shares on behalf of persons who reside outside Australia, New Zealand or Singapore, are in the United States, or are acting for the account or benefit of a person in the United States are not entitled to participate in the Share Purchase Plan on behalf of those persons. A trustee, nominee or custodian must not participate in the Share Purchase Plan on behalf of, nor distribute this document or any other document relating to the Share Purchase Plan to, any person in the United States. Failure to comply with these restrictions may result in violations of applicable securities law.

(a) New Zealand

The Offer to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). In accordance with relevant New Zealand securities law, a person who, on the Record Date, was on the register as a Shareholder but on the Opening Date no longer holds Shares, is not eligible to participate in the Share Purchase Plan.

(b) Singapore

This Offer is made in reliance on the exemption under section 272A(1) of the Singapore Securities and Futures Act (SFA). This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore.

Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

The New Shares under the Offer shall not be subsequently sold to any person, unless the offer resulting in such subsequent sale is made:

- (i) in compliance with Subdivisions (2) and (3) of Division 1, Part XIII of the SFA;
- (ii) in reliance on subsection (8)(c) or any other exemption under any provision of Subdivision 4 of Division 1, Part XIII of the SFA (other than subsection 272A(1) of the SFA); or
- (iii) where at least 6 months have elapsed from the date the securities were acquired under the initial offer, in reliance on the exemption under this subsection.

(c) United States

Neither these terms and conditions nor the Application Form constitutes an offer in the United States (or to, or for the account or benefit of, US Persons).

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to in this document have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of New Shares is being made in the United States.

3.8 Representation by Applicants

By returning a completed Application Form or paying the Offer Price for New Shares by BPay®, you will be taken to represent, warrant and agree:

- (a) you, and each person for whose account or benefit you are acting, are an Eligible Shareholder and eligible under all securities law to receive an Offer and represent and warrant you are not:
 - (i) in the United States and are not acting for the account or benefit of a person in the United States; or

- (ii) otherwise a person to whom it would be illegal to make an offer or issue of Shares under the Share Purchase Plan;
- (b) you have read and understood these terms and conditions and you subscribe for New Shares in accordance with, and subject to, these terms and conditions;
- (c) you accept you will not be able to withdraw or revoke your Application or BPAY® payment once you have sent it in;
- (d) you authorise the Company to correct minor errors in the Application Form if required, and to complete the Application Form by inserting any minor missing details;
- (e) the Company may at any time determine your Application Form is valid, in accordance with these Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (f) you are responsible for any dishonour fees or other costs the Company may incur in presenting a cheque for payment which is dishonoured;
- (g) the Company has not provided you with taxation, investment advice or financial product advice, and it does not have any obligation to provide this advice, concerning your decision to apply for and buy New Shares;
- (h) you acknowledge the Company is not liable for any exercise of its discretions referred to in these terms and conditions;
- (i) the market price of Shares may rise or fall between the date of this Offer and the Issue Date and the Offer Price paid for the New Shares may exceed the market price of the New Shares on the Issue Date;
- (j) the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the US, or in any other jurisdiction outside Australia, New Zealand or Singapore, and may not be offered, sold, transferred or otherwise disposed of except in accordance with an available exemption form, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (k) you have not and will not send this document or the Application Form to any person in the United States or that is, or is acting for the account or benefit of, a US Person; and
- (l) if in the future you decide to sell or otherwise transfer their New Shares, you will only do so in transactions conducted in the ordinary course on ASX where neither you nor any person acting on your behalf knows, or has reason to know, the sale has been pre-arranged with, a purchaser which is in the United States or is a US Person.

4 OFFER PRICE

The Company is inviting Eligible Shareholders to apply for up to a total of 28,571,428 New Shares at the Offer Price to raise up to \$2 million before costs.

The Offer Price of 7 cents represents an approximate 15% discount to the volume weighted market price for Shares traded on ASX calculated over the last five days on which sales in

Shares were recorded on or before 8 December 2014 (the day of the Company announcing the Share Purchase Plan).

5 RIGHTS

The rights and obligations of the New Shares are contained in the constitution of the Company which is available for inspection at the registered office of the Company during the Offer period. The New Shares will be issued with the same terms as all existing Shares and the New Shares will rank equally with existing Shares quoted on ASX. The Company will apply for the New Shares to be quoted on ASX.

6 NUMBER OF NEW SHARES

Each Eligible Shareholder has the right to apply for up to a maximum of 214,285 New Shares for a consideration of \$15,000. Eligible Shareholders may select one of the following alternatives:

| Offer | Value | Number of Shares |
|-------|----------|------------------|
| A | \$1,050 | 15,000 |
| B | \$1,750 | 25,000 |
| C | \$3,500 | 50,000 |
| D | \$5,250 | 75,000 |
| E | \$7,000 | 100,000 |
| F | \$10,500 | 150,000 |

The maximum New Shares purchased by each Eligible Shareholder (including through joint holdings, multiple share accounts or any holding in which they have a beneficial interest) must not exceed the value of \$15,000. The Directors reserve the right to issue to an Eligible Shareholder less New Shares than the number specified in the Application Form (scaled back as set out below) including the possible subscription of over \$15,000 worth of New Shares by an Eligible Shareholder through multiple Applications or joint holdings.

No fractions of New Shares will be issued. Any fraction of a New Share will be rounded down to the nearest whole number of New Shares.

7 SCALE BACK AND OVERSUBSCRIPTION

If the Company receives valid Applications for more than \$2 million of New Shares under the Share Purchase Plan, it may in its absolute discretion undertake a scale-back pro-rata to applications and allocate an Eligible Shareholder a smaller number of New Shares than an Eligible Shareholder has applied for. The Company also reserves the right to accept

oversubscriptions, subject to compliance with all laws, regulations, ASIC class orders, requirements or policies or any ASX Listing Rule.

If there is a scaleback, you may not receive all the New Shares for which you have applied. If a scaleback produces a fractional number when applied to your Application, the number of New Shares you will be issued will be rounded down to the nearest whole number of New Shares.

Where the number of New Shares issued to an Eligible Shares is less than the number applied for, surplus moneys will be refunded by cheque as soon as practicable after the Issue Date. Interest will not be paid on moneys refunded. If the Offer is oversubscribed, the Directors reserve the right to close the Offer early.

8 UNDERWRITING

Equator Star Holdings Limited, a company associated with the Company's Chairman, Mr Charles Lew, and Dr Choon Huat Lee have agreed to severally underwrite the Offer by agreeing to take up (or have sub-underwriters take up) shortfall Shares at the Offer Price up to \$1,500,000 and \$500,000 respectively, subject to:

- (a) prior Shareholder approval being obtained at the General Meeting for the purposes of Listing Rules 10.11 and 7.1 (respectively); and
- (b) the terms of the Underwriting Agreement.

A fee of 6% on the underwritten amounts is payable to the Underwriters. The Directors (other than Mr Lew) have determined that the fee payable to Equator Star Holdings Limited is reasonable in the circumstances if the Company and Equator Star Holdings Limited were dealing at arm's length).

The Underwriting Agreement is conditional upon Shareholder approval. The Underwriting Agreement contains customary conditions, warranties and undertakings and is subject to various termination events exercisable by the Underwriter. Should the Underwriting Agreement for any reason not be approved or be terminated, the Company intends to proceed with the SPP, accepting all valid Applications.

9 PARTICIPATION COSTS

You must pay the Offer Price and any fees or charges incurred by you in completing the Application Form (for example, bank fees or fees of professional advisers). The Company will pay any brokerage or stamp duty.

10 APPLICATION MONEY AND ISSUE OF NEW SHARES

10.1 Application money

All Application money received before the New Shares are issued will be held in a special purpose account. After any Application money is refunded (if required) and New Shares are issued to Applicants, the balance of funds in that account plus accrued interest will be received by the Company.

10.2 Issue of New Shares

Subject to ASX granting the New Shares official quotation, it is expected the New Shares will be quoted on the ASX by 20 January 2015 and trading of the New Shares will be expected to commence on that date. If you trade any New Shares before you receive your holding statement, then you do so at your own risk.

11 PAYMENT FOR THE SHARES

11.1 Application options

If you would like to apply for New Shares under the Share Purchase Plan, you have 2 payment options which are set out below. Cash payments will not be accepted. Receipts for payment will not be issued.

If you apply for:

- (a) less than \$1,500 of New Shares, the Company will not issue any New Shares to you and will refund your Application monies to you;
- (b) between \$1,500 and \$15,000 of New Shares that is not one of the designated amounts set out in section 6, the Company will (subject to any scale back) issue to you the number of New Shares that would have been issued had you applied for the highest designated amount that is less than the amount of cheque or BPay® payment and will refund the excess Application monies to you; or
- (c) more than \$15,000 of New Shares, the Company will allocate to you a parcel of \$15,000 of New Shares and your excess Application monies will be refunded to you.

11.2 To pay by cheque or bank draft

Complete the accompanying Application Form in accordance with the instructions set out in that form and return it together with your cheque or bank draft made payable to “Hastings Rare Metals Limited” and crossed “Not Negotiable” for the appropriate Application money in Australian dollars.

The completed Application Form and your cheque or bank draft must be received by the Company’s Share Registry at the following address by no later than 5:00pm (AEDT) on 16 January 2015. The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

By Post To:

Hastings Rare Metals Ltd
c/- Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

By Delivery To:

Hastings Rare Metals Ltd
c/- Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

You cannot withdraw or revoke your Application once you have sent in an Application Form.

11.3 To pay by BPay®

You may make a BPay® payment by using the personalised reference number shown on your Application Form which is required to identify your holding.

Eligible Shareholders should be aware their own financial institution may implement earlier cut-off times with regards to electronic payment. It is the responsibility of each Applicant to ensure the Application money is submitted through BPay® with sufficient time for it to be processed by their financial institution and received by the Company no later than 5:00pm (AEDT) on 16 January 2015.

If you make your payment using BPay®, you do not need to return your Application Form. You cannot withdraw your Application once you have paid via BPay®.

11.4 Certification by an Eligible Shareholder

An Eligible Shareholder, in applying for New Shares under this Offer is certifying to the Company the total of the application price for New Shares under this Offer does not exceed \$15,000 in total in any consecutive 12 month period, when aggregated with the total contributions for any of the following:

- (a) the New Shares the subject of the Application under the Share Purchase Plan;
- (b) any other New Shares applied for by the Eligible Shareholder under the Share Purchase Plan or any other Shares issued to the Eligible Shareholder under an arrangement similar to the Share Purchase Plan in the 12 months before the Application under the Share Purchase Plan;
- (c) any other New Shares which the Eligible Shareholder has instructed a Custodian to acquire on their behalf under the Share Purchase Plan; and
- (d) any other Shares issued to a Custodian under an arrangement similar to the Share Purchase Plan in the 12 months before the Application under the Share Purchase Plan as a result of an instruction given by the Eligible Shareholder to the Custodian or another Custodian and which resulted in the Eligible Shareholder holding beneficial interests in the Shares,

except to the extent the Eligible Shareholder is issued with Shares as a Custodian and is subject to section 3.4 above.

12 COMPANY'S DISCRETION REGARDING APPLICATIONS

The Company may accept or reject Applications including (but not limited to) cases where:

- (a) an Application Form is incorrectly complete, incomplete or otherwise determined by the Company to be invalid;
- (b) a cheque is dishonoured or has not been completed correctly;
- (c) a cheque, bank draft or money order is not made out for the exact amount of the parcel of New Shares selected on the Application Form;
- (d) a BPAY® payment is not submitted within sufficient time for it to be received by the Company by the Closing Date, is not received or is incomplete or invalid;

- (e) an Applicant appears to be applying for more than A\$15,000 of New Shares (in aggregate) at the Offer Price;
- (f) an Application Form is received after the Closing Date. While the Company has discretion to accept late BPAY® payments, Application Forms and cheques, bank drafts or money orders, there is no assurance it will do so. Late BPAY® payments, Application Forms and cheques, bank drafts or money orders, if not processed, will be returned to you at your registered address or refunded without interest;
- (g) the Company believes an Applicant is not an Eligible Shareholder (subject to compliance with any applicable ASIC or ASX requirements) or has otherwise failed to comply with any of the terms and conditions of this Offer; or
- (h) the Company believes issue of New Shares to an Applicant would contravene any law, regulation, ASIC class order, requirements or policy or any ASX Listing Rule.

13 ADMINISTRATION OF THE SHARE PURCHASE PLAN

The Company may withdraw, suspend or terminate the Share Purchase Plan at any time up to the Issue Date. Details of any withdrawal, suspension or termination of the Share Purchase Plan will be provided to ASX and any Application monies refunded (without interest). Failure to notify Eligible Shareholders of changes to or the suspension or termination of the Share Purchase Plan will not invalidate the change, suspension or termination.

The Company may amend the terms and conditions of the Share Purchase Plan. The Company may act or omit to act in relation to the Share Purchase Plan (including applying the terms of the Share Purchase Plan) in its absolute discretion. The Company may settle any question of fact or interpretation in relation to the Share Purchase Plan in any matter it thinks fit, whether generally or in relation to any participant, Application or New Share. The Company's decision will be conclusive and binding. The Company reserves the right to waive strict compliance with the terms of the Share Purchase Plan. The Directors of the Company or any authorised delegate may exercise the powers of the Company under the terms of the Share Purchase Plan.

14 RISK CONSIDERATIONS

While the Offer Price represents an approximate 15% discount to the volume weighted market price for Shares traded on ASX calculated over the last five days on which sales in Shares were recorded on or before 8 December 2014 (the day the Company announcing the Share Purchase Plan), a subscription for New Shares under the Share Purchase Plan is a speculative investment. The market price may change between the dates you apply for the New Shares and the Issue Date. Accordingly, the value of the New Shares which you applied for may rise or fall.

This Offer is not made under a prospectus or a disclosure document and does not require the types of disclosures required under the Corporations Act. You must rely on your own knowledge of the Company, previous disclosures made by the Company to ASX and, if necessary, consult your professional adviser when deciding whether or not to accept the Offer and participate in the Share Purchase Plan.

15 PRIVACY

By completing the Application Form, you will be providing personal information to the Company. The *Privacy Act 1988* (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The Company collects information about each Applicant provided on an Application Form for the purposes of evaluating and processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company. If the Company is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for the Company's records, the Company will destroy or de-identify it.

By submitting an Application Form, each Applicant agrees the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry (Computershare Investor Services Pty Limited), the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to process your Application.

An Applicant has a right to gain access to the information the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

16 GOVERNING LAW

These terms and conditions are governed by the laws in force in New South Wales and are to be interpreted in accordance with their spirit, intention and purpose. By participating in the Share Purchase Plan, you submit to the non-exclusive jurisdiction of the courts of New South Wales.

17 GLOSSARY

Where the following terms are used in this Offer Document they have the following meanings:

| | |
|---------------------------------|--|
| \$, A\$ or Dollars | Australian dollars unless otherwise stated. |
| AEDT | Australian Eastern Daylight Saving Time. |
| Applicant | a person who submits a valid Entitlement and Acceptance Form pursuant to this Offer Document. |
| Application | a application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Offer Document. |
| ASIC | the Australian Securities & Investments Commission. |
| ASX | ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited. |
| Closing Date | 16 January 2015. |
| Company or Hastings | Hastings Rare Metals Ltd (ABN 43 122 911 399). |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth). |
| Corporations Regulations | the <i>Corporations Regulations 2001</i> (Cth). |
| Custodian | a persons that: <ul style="list-style-type: none">(a) holds an Australian financial services licence that:<ul style="list-style-type: none">(i) covers the provision of a custodial or depository service; or(ii) includes a condition requiring the holder to comply with the requirements of ASIC Class Order 02/294; or(b) is exempt under:<ul style="list-style-type: none">(i) paragraph 7.6.01(1)(k) of the Corporations Regulations; or(ii) paragraph 7.6.01(1)(na) of the Corporations Regulations; or(iii) ASIC Class Order 05/1270 to the extent that it relates to ASIC Class Order 03/184; or(iv) ASIC Class Orders 03/1099, 03/1100, 03/1101, 03/1102, 04/829 or 04/1313; or |

| | |
|------------------------------------|--|
| | <ul style="list-style-type: none"> (v) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (iv); or (vi) paragraph 911A(2)(h) of the Corporations Act; from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service; or |
| | <ul style="list-style-type: none"> (c) is a trustee of a: <ul style="list-style-type: none"> (i) self-managed superannuation fund; or (ii) superannuation master trust; or (iii) is the responsible entity of an IDPS-like scheme; or (d) is the registered holder of Shares or interests in the class and is noted on the register of members of the Company as holding the Shares or interests on account of another person. |
| Director | a director of the Company. |
| Eligible Shareholder | a Shareholder as at the Record Date with a registered address in Australia, New Zealand and Singapore. |
| General Meeting | the general meeting of Shareholders to be held on 20 January 2015 to ratify the prior issue of 17,856,134 Shares and the issue of the issue of underwritten shortfall Shares. |
| Issue Date | the issue date for the New Shares. |
| Listing Rules | the listing rules of the ASX. |
| New Shares | Shares issued pursuant to the Plan. |
| Offer | an invitation made in the Plan to subscribe for New Shares. |
| Offer Price | \$0.07 per New Share. |
| Opening Date | 19 December 2014. |
| Record Date | 5 December 2014. |
| Share | a fully paid ordinary share in the Company. |
| Share Purchase Plan or Plan | the issue of up to 28,571,428 New Shares to Eligible Shareholders, each of which is entitled to apply for a parcel of New Shares valued at up to \$15,000 in accordance with these terms and conditions. |
| Share Registry | Security Transfer Registrars Pty Ltd (ABN 95 008 894 488). |
| Shareholder | the registered holder of Shares in the Company. |

| | |
|--------------------------------|---|
| Underwriters | severally, Equator Star Holdings Limited, an entity associated with the Company's Chairman, Mr Lew and Dr Choon Huat Lee. |
| Underwriting Agreements | the underwriting agreements between the Company and the Underwriters executed on 15 December 2014. |
| US person | has the meaning given to that term in Regulation S under the US Securities Act. |
| US Securities Act | the <i>United States Securities Act of 1933</i> , as amended. |

SHARE PURCHASE PLAN APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
SUITE 2508
LEVEL 25
31 MARKET STREET
SYDNEY NSW 2000
AUSTRALIA

HASTINGS RARE METALS LTD

ABN: 43 122 911 399

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

Holder Number:

Record Date:

NON-RENOUNCEABLE SHARE OFFER CLOSING AT 5.00PM AEDT ON 16 JANUARY 2015

(1) I/We, the above mentioned, wish to apply for the number of Fully Paid Ordinary Shares which will be issued in accordance with the Share Purchase Plan (SPP) and the Constitution of the Company as stated below: *(please mark "X" to indicate one choice only)*

| | TOTAL SUBSCRIPTION AMOUNT @ \$0.07 PER SHARE | NUMBER OF SHARES | | TOTAL SUBSCRIPTION AMOUNT @ \$0.07 PER SHARE | NUMBER OF SHARES |
|----------------------------|---|-------------------------------------|----------------------------|---|--------------------------------------|
| <input type="checkbox"/> A | <input type="text" value="\$1,050"/> | <input type="text" value="15,000"/> | <input type="checkbox"/> E | <input type="text" value="\$7,000"/> | <input type="text" value="100,000"/> |
| <input type="checkbox"/> B | <input type="text" value="\$1,750"/> | <input type="text" value="25,000"/> | <input type="checkbox"/> F | <input type="text" value="\$10,500"/> | <input type="text" value="150,000"/> |
| <input type="checkbox"/> C | <input type="text" value="\$3,500"/> | <input type="text" value="50,000"/> | <input type="checkbox"/> G | <input type="text" value="\$15,000"/> | <input type="text" value="214,285"/> |
| <input type="checkbox"/> D | <input type="text" value="\$5,250"/> | <input type="text" value="75,000"/> | | | |



- (2) I/We have enclosed/made payment for the amount shown above (following the payment instructions as detailed overleaf).
 (3) I/We hereby authorise you to place my/our name(s) on the register of members in respect of the New Securities allotted to me/us.
 (4) I/We agree to be bound by the Constitution of the Company and the terms of the SPP.
 (5) I/We hereby agree to accept any lesser number of new Shares applied for.
 (6) I/We hereby certify that the amount of Shares subscribed for by me/us pursuant to the SPP (being a maximum of \$15,000 worth of Shares) does not exceed \$15,000 taking into account the Shares the subject of this application and any other Shares applied for by me/us under the SPP or any other similar arrangement within the 12 months prior to this application including other beneficial interests. **Limit on Participation and Custodian Certification- see overleaf for details.**
 (7) My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER
()

EMAIL ADDRESS

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.

| | | |
|---|--|-----------------------------------|
| <p>PAYMENT INFORMATION - Please also refer to payment instructions overleaf.</p> | | <p>REGISTRY DATE STAMP</p> |
|  <p>Billers Code: 159483 Ref: <input type="text"/></p> <p>BPAY® this payment via internet or phone banking. Your BPAY® reference number is unique to this offer and is not to be used for any other offer.</p> |  <p>CHEQUE/MONEY ORDER All cheques (expressed in Australian currency) are to be made payable to HASTINGS RARE METALS LIMITED SHARE REGISTRY A/C and crossed "Not Negotiable".</p> | <p>E & O.E.</p> |

PAYMENT INSTRUCTIONS



Biller Code: 159483

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return this form if you have made payment via BPAY.

Your BPAY reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Securities for which you have paid.



CHEQUE/MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm AEDT on the closing date.

CERTIFICATION

By making payment for the application monies, I/we hereby:

1. Acknowledge that I/we have read and understood the Terms of the SPP;
2. Agree to be bound by the Terms of the Constitution of the Company and the SPP;
3. Agree to accept any lesser number of new Securities than the number of Securities applied for; and
4. (If not a Custodian as defined in ASIC Class Order 09/425) Certify that the amount of Securities subscribed for by me/us pursuant to the SPP does not exceed the maximum amount taking into account the Securities the subject of this application and any other Securities applied for by me/us under the SPP or any other similar arrangement within the 12 months prior to this application including joint and other beneficial interests.

LIMITATION ON PARTICIPATION

The maximum subscription limitation of \$15,000 will apply even if an eligible Holder has received more than one form (whether in respect of a joint holding or because the eligible Holder has more than one holding under separate Security accounts).

CUSTODIAN CERTIFICATION

If you are a Custodian (as defined in ASIC Class Order 09/425), you must submit a custodian certificate to HASTINGS RARE METALS LTD. If you did not receive a custodian certificate, contact Security Transfer Registrars Pty Limited. If you need further information to determine whether you are a Custodian, refer to the terms and conditions of the Plan which accompany this Share Purchase Plan Application Form or contact Security Transfer Registrars Pty Limited.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them at the address on this form.