



27 May 2014

Dear Optionholder,

NON-RENOUNCEABLE RIGHTS ISSUE

On 27 May 2014 Hastings Rare Metals Limited (**Company**) announced a non-renounceable pro rata offer to shareholders with a registered address in Australia, New Zealand or Singapore of approximately 74,079,878 fully paid ordinary shares on the basis of 2 new shares for every 5 existing shares held as at 7:00pm (AEST) on 3 June 2014 (**Record Date**), at an issue price of \$0.038 per share (**Rights Issue**). Pursuant to the Rights Issue, the Company may raise a maximum of \$2,815,035 (before costs).

The Rights Issue is fully underwritten by Equator Star Holdings Limited.

Offers under the Rights Issue will be made under the prospectus, a copy of which is available on the ASX website <http://www.asx.com.au>.

The prospectus for the Rights Issue will be despatched to eligible shareholders soon after the Record Date. Eligible shareholders wishing to acquire securities under the Rights Issue will need to complete the personalised entitlement and acceptance form that will accompany the prospectus.

The purpose of this letter is to give you notice that if you wish to participate in the Rights Issue with respect to your options, you must exercise your options before the Record Date by delivering an option exercise notice together with the correct monies to the Company's share registry, Security Transfer Registrars Pty Limited by no later than 2 June 2014. Any notice of exercise of option received after this date cannot be assured of allotment before the Record Date.

If you do not wish to participate in the Rights Issue (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consider the prospectus carefully and if in any doubt, consult with your professional advisor.

Yours faithfully

Guy Robertson
Company Secretary
27 May 2014