



ABN 43 122 911 399

Prospectus

Hastings Rare Metals Ltd

ABN 43 122 911 399

For a non-renounceable pro rata offer to Eligible Shareholders of 2 New Shares for every 5 Existing Shares held on the Record Date at an issue price of \$0.038 per New Share to raise approximately \$2.81 million before issue costs.

Eligible Shareholders may also apply for Shortfall Shares.

ASX Code: HAS

The Offer is fully conditionally underwritten by Equator Star Holdings Limited. See section 8.4 for details of the Underwriting Agreement.

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the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 Prospectus 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 herein have not been and will not be registered under the US Securities Act of 1933, as amended, 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 securities is being made in the United States.

Important Notice

This Prospectus is dated 27 May 2014 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus

The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisors to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Offer period on the Company's website at www.hastingsraremetals.com.au or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.5 of this Prospectus for further information).

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand or Singapore (Relevant Jurisdictions) may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than the Relevant Jurisdictions should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy

Please read the privacy information located in section 8.16 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Enquiries

If you have any questions please call the Company Secretary on +61 8 9481 4400 or Security Transfer Registrars Pty Ltd (**Share Registry**) on +61 8 9315 2333 at any time between 8.00am and 5.00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker or other professional advisor.

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Corporate Directory

Directors

Charles (Foon Keong) Lew	(Non Exec. Chairman)
Anthony Ho	(Non Exec. Director)
Malcolm Mason	(Non Exec. Director)
Simon Wallace	(Non Exec. Director)

Company Secretary

Guy Robertson

Registered and Business Office

Level 9, 50 Margaret Street
Sydney NSW 2000
Tel: +61 2 9078 7674
Fax: +61 2 9078 7661

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Tel: +61 8 9315 2333
Fax: +61 8 9315 2233

Underwriter

Equator Star Holdings Limited
#19-02 International Plaza
10 Anson Road
Singapore 079903

Solicitors to the Offer

Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
West Perth WA 6005

Website

www.hastingsraremetals.com.au

Auditor*

HLB Mann Judd

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus

1 TIMETABLE TO THE OFFER

Lodgment Date	27 May 2014
Ex Date - Shares trade ex Entitlement	30 May 2014
Record date to determine Entitlement	3 June 2014
Prospectus with Entitlement and Acceptance Form dispatched	6 June 2014
Offer opens for receipt of Applications (Opening Date)	7pm (AEST) 6 June 2014
Closing date for acceptances (Closing Date)	7pm (AEST) 18 June 2014
Deferred settlement trading	19 June 2014
Notify ASX of under-subscriptions	23 June 2014
Issue of New Shares and dispatch of holding statements	25 June 2014
Trading of New Shares expected to commence	26 June 2014
Last date to issue Shortfall Shares (see section 8.7 for details)	18 September 2014

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the New Shares are expected to commence trading on ASX may vary.

2 KEY OFFER TERMS AND CAPITAL STRUCTURE

Shares currently on issue ^{1 and 2}	185,199,694
Options currently on issue ²	24,500,000
New Shares offered under this Prospectus at \$0.038 per New Share ¹	74,079,878
Amount raised under this Prospectus (before costs) ¹	\$2,815,035

Note:

- 1 This assumes no further Shares are issued (including by way of exercise of Options) prior to the Record Date.
- 2 See section 5.4 for more details.

3 LETTER TO SHAREHOLDER

Dear Shareholder,

I am pleased to offer you an opportunity to participate in this Rights Issue to acquire New Shares in Hastings on the basis of two (2) New Shares for every five (5) Shares held at the Record Date.

The Offer extends to all Eligible Shareholders the opportunity to acquire, proportionately to their shareholding, Shares at a discount to the market. Eligible Shareholders can also apply for Shortfall Shares over and above their Entitlement. The issue price is \$0.038, a discount of 20% to the 5 day Volume Weighted Average Price of \$0.047.

Hastings has achieved a number of important milestones in the year to date including:

- ✓ the new discoveries at the Hastings HREO project - Levon & Haig
- ✓ ongoing progress in the search for strategic partner relationships in north Asia; and
- ✓ the expansion and revitalization of the Yangibana project.

The funds to be raised through this issue will enable the Company to further its development work on both the Hastings and Yangibana projects. Drilling programmes scheduled for both projects have commenced and work will carry on through to September 2014. It is envisaged that this will result in additional resources and improved economics.

In addition, funds raised will assist the Company in its work to identify suitable north Asian partners who will be interested in bringing the Company's projects forward and towards production.

The Rights Issue is fully underwritten by Equator Star Holdings Limited, a company I control. Those Directors who are Shareholders have also confirmed that they will be taking up their Entitlement. This is an acknowledgment and recognition of the confidence in the strategy undertaken by the Company and focus on the management and technical team in developing the Company's projects.

The Offer is non-renounceable. This means that your rights to these New Shares are not tradable. Details of the Offer and investment considerations relating to the Offer are set out in the Prospectus. I recommend that you read this document carefully.

The Board believes that the Company has an exciting future and given the attractive Offer terms recommends this Rights Issue to you.

Yours faithfully,

Charles Lew

Non-executive Chairman

4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information
What is being offered?	<p>Eligible Shareholders are offered 2 New Share for every 5 Existing Shares held on the Record Date at an issue price of \$0.038 per New Share.</p> <p>Eligible Shareholders can, in addition to their Entitlement, also apply for Shortfall Shares by following the instructions in section 7.3.</p>	Section 5
How will the proceeds of the Offer be used?	<p>The Company intends to use the funds raised from the Offer broadly as follows (assuming full subscription):</p> <ul style="list-style-type: none">• \$1,915,035 for exploration;• \$700,000 for general working capital; and• \$200,000 to pay the costs of the Offer.	Section 5.2
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul style="list-style-type: none">• Exploration risks - Whilst the Company is of the view that exploration by the Company on its projects has yielded results that justifies further exploration, the Company's tenements carry exploration risk.• The Company's future capital needs and additional funding may be required to complete the proposed exploration program.• As a junior explorer with no production or income, the Company is exposed to general market and economic condition risks. <p>Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.</p>	Section 6
Is the Offer underwritten?	<p>The Offer is fully underwritten by Equator Star Holdings Limited, an entity controlled by Mr Lew, the Company's Chairman.</p>	Section 8.4

	The underwriting is subject to conditions ordinarily found in underwriting arrangements, including termination rights in certain circumstances. The Underwriters will be paid a fee of 6% on the amount underwritten.	
What will be the effect on control of the Offer?	<p>The maximum voting power that Equator Star Holdings Limited will acquire is 39.23% (prior to the exercise of any Options), assuming no Eligible Shareholder takes up their Entitlement.</p> <p>No other person will have a voting power of 20% or more as a result of the Offer.</p>	Section 5.7
How do I apply for Shares under the Offer?	<p>Applications can be made by Eligible Shareholders completing the personalised Entitlement and Acceptance Form and sending it to the Share Registry.</p> <p>Eligible Shareholders may also apply for Shortfall Shares by following the instructions in section 7.3.</p>	Section 7.2
How will the Shortfall Shares be allocated?	<p>Any New Shares not applied for as Entitlement will be allocated as follows:</p> <ul style="list-style-type: none"> (a) firstly, to Shareholders who apply for Shortfall Shares, and who hold less than a marketable parcel (to the extent required for them to each have a marketable parcel); (b) secondly, to Shareholders who apply for Shortfall Shares with any oversubscription scaled back pro rata to the amount they applied for; and (c) then to the Underwriter or its nominee. 	Section 8.7
How can I obtain further advice?	Contact the Company Secretary on +61 2 9078 7674 or the Share Registry on +61 8 9315 2333 at any time between 8.00am and 5.00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional advisor.	

5 PURPOSE AND EFFECT OF THE OFFER

5.1 Introduction

The Company was listed on the ASX in February 2008 and is an explorer for rare earths. The Company has interests in two exploration projects, Hastings and Yangibana which have a predominance of the following rare earth minerals:

- (a) Dysprosium (Dy) & Yttrium (Y) (Hastings)
- (b) Neodymium (Nd) & Europium (Eu) (Yangibana)

The Company is seeking to raise approximately \$2.81 million before issue costs under the Offer, a non-renounceable pro rata offer to Eligible Shareholders at a price of \$0.038 per New Share on the basis of 2 New Share for every 5 Existing Shares held as at the Record Date.

Equator Star Holdings Limited, an associate of the Company's Chairman, Mr Charles Lew, has agreed to fully underwrite the Offer. See section 8.4 for details.

5.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer and cash on hand (as at 31 March 2014) as follows:

Funds available	Full subscription (\$000's)
Cash on hand (31 March 2014)	1,432
Funds raised under the Offer	2,815
Total funds available	4,247
Use of funds	
Exploration	
Drilling at Hastings Southern Extension, Levon & Haig	373
Yangibana drilling - phase 1	479
Hastings infill drilling - measured resource - part	369
Yangibana - additional targets - part	455
Exploration - to be determined	971
General Working Capital	1,400
Costs of the Offer	200
Total use of funds	4,247

Note:

- 1 The table assumes that none of the existing Option holders exercise their Options before the Record Date and participate in the Offer.
- 2 General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs. Further, general working capital may be applied to evaluating new project opportunities that may complement the existing projects of the Company.
- 3 The table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions and Hastings reserves the right to vary the way funds are applied.

5.3 Effect of the Offer on the Company's securities

The effect of the Offer will, assuming that no Options are exercised and that Entitlements are taken up in full, be that:

- (a) cash reserves will increase by approximately \$2.615 million (after costs);
- (b) the number of Options on issue will remain the same at 24,500,000; and
- (c) the number of Shares on issue will increase from 185,199,694 to 259,279,572.

5.4 Consolidated capital structure

Assuming that Entitlements are taken up in full and that no Options are exercised prior to the Record Date, at the close of the Offer, the capital structure of the Company will be:

Shares	Number	%
Existing Shares	185,199,694	71.43
New Shares offered under this Prospectus	74,079,878	28.57
Total Shares	259,279,572	100

Options	Number
Unlisted Options exercisable at \$0.20 each on or before 31 March 2015.	2,500,000
Unlisted Options exercisable at \$0.20 each on or before 31 October 2014.	2,000,000
Unlisted Options exercisable at \$0.06 each on or before 30 November 2016.	20,000,000
Total Options	24,500,000

The terms of the Options on issue do not allow for the exercise price to change following a rights issue, and there will be no change to the exercise price of Options.

5.5 Statement of financial position

Set out in Schedule 1 is the Consolidated Statement of Financial Position of the Company and the Consolidated Pro-Forma Statement of Financial Position (both unaudited), as at 31 March 2014 and on the basis of the following assumptions:

- (a) the Offer was effective on 31 March 2014; and
- (b) no further Shares are issued (including by way of exercise of Options) other than all New Shares offered under this Prospectus.

The significant accounting policies upon which the Consolidated Statement of Financial Position and the Consolidated Pro-Forma Statement of Financial Position are based are contained in the audited financial report for year ended 30 June 2013.

5.6 Effect on control and potential dilution

- (a) Underwriter

Mr Foon Keong (Charles) Lew, the Company's Chairman, currently has a relevant interest in 27,646,955 Shares, or 14.93% of the Company's Shares on issue.

Equator Star Holdings Limited (**Underwriter**), an associate of Mr Lew, has agreed to fully underwrite the Offer. Assuming no further Shares are issued prior to the Record Date, the maximum number of Shares the Underwriter will have a relevant interest in and their voting power will be as follows:

	Equator Star Holdings Limited
Current	
Shares ¹	27,646,955
Voting power (%)	14.93
Full subscription	
Maximum number of Shares ¹	101,726,833
Maximum voting power (%)	39.23

¹ Includes Shares held by associates.

The Underwriter has informed the Company that, in the event it is issued Shortfall Shares and increases of its voting power in the Company and based upon the Company's present circumstances, it currently does not intend:

- (i) to make any significant changes to the Company's existing business;
- (ii) to become involved in decisions regarding the employment of the Company's present employees and contractors, and contemplates that they will continue in the ordinary course of business;
- (iii) for any property to be transferred between the Company and the Underwriter or any of its associates; or
- (iv) to change the Company's existing financial policies

The above statements are of current intention only, and may change as new information becomes available or circumstances change. Implementing the current

intention is also subject to the legal obligations of the Directors at the time.

(b) Others

As the Offer is non-renounceable, the Company has not appointed a nominee for the purposes of section 615 of the Corporations Act and Shareholders may not rely upon item 10 of section 611 of the Corporations Act to have a voting power of 20% or more as a result of the issue of New Shares.

Other than as disclosed in this Prospectus, no person's voting power in the Company may increase to 20% or more as a result of the issue of New Shares.

(c) Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect (assuming no Options are exercised prior to the Closing Date):

Holder	Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
	Number	%		Number	%
1	5,000,000	2.70	1,500,000	5,000,000	1.93
2	2,500,000	1.35	750,000	2,500,000	0.96
3	1,250,000	0.67	375,000	1,250,000	0.48
4	750,000	0.40	225,000	750,000	0.29

6 RISK FACTORS

An investment in New Shares is highly speculative as the Company is a resource exploration company. Please consider the risks described below and the information contained in other sections of this Prospectus. You should also consider consulting with your professional advisers before deciding whether or not to apply for the New Shares.

The following is a list of the material risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations.

6.1 Risks specific to the Offer

Upon completion of the Offer, assuming no Options are exercised prior to the Record Date, the number of Shares the Company will have on issue will increase from 185,199,694 to 259,279,572.

It is not possible to predict the value of the Company or its Shares following the Offer, and the Directors do not make any representations to such matters. The trading price of the Company's Shares is 4.7 cents per Share as at 26 May 2014, and there is a risk that the New Shares may not trade for this price.

Shareholders should note that if they do not participate in the Offer and because it is fully underwritten, their holdings will be diluted by 28.57%. (as compared to their holdings). Examples of dilution are set out in section 5.6(c). The Underwriter's voting power in the Company may increase up to a maximum of 39.23%. There is a risk that this may result in reduced liquidity for the Company's Shares and the Underwriter exerting increased control over the Company and its affairs.

6.2 Company and industry risks

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

(a) Hastings Project

Exploration is a high risk undertaking. The Company does not give any assurance that exploration of its current projects or any future projects will result in the delineation or discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

In September 2012 the Company announced the results of scoping study for its Hastings Heavy Rare Earths Project. As a result of the subsequent softening in rare earth prices and the significant capital expenditure for whole of ore processing the Company is reviewing low cost capital models. In addition the Company is undertaking further exploration on the Southern Extension, Levon and Haig prospects with a view to further improving the project economics.

(b) Joint venture

Certain tenements within the Yangibana project are subject to a joint venture in which the Company has a 60% interest.. There is a risk that the Company's joint venture partner may not comply with the terms of the joint venture or act in the

best interests of the joint venture. This may have an adverse effect on the interests and prospects of the Company.

(c) Title and application risk

The Company's mining tenements are governed by the *Mining Act 1978* (WA). Each tenement is for a specific term and carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance. There is a risk that the Company could lose title to one or more of its tenements if tenement conditions or annual expenditure commitments are not met.

The Company and its subsidiaries have submitted applications for a further nine (9) exploration licences in the Company's Yangibana project. Whilst the Company is not aware of any reason why these applications will not be granted, the grant involves the exercise of administrative functions by the Department of Mines and Petroleum (Western Australia) which are beyond the control of the Company.

(d) Future capital needs and additional funding

The Company recorded a net loss of \$959,203 and a net outflow from operating and investing activities of \$924,083 for the half year ending 31 December 2013. As at 31 March 2014 it had approximately \$1.432m cash on hand.

The funds raised by the Offer will primarily be used to fund exploration on the Company's projects. There is a risk that these funds will not be sufficient to complete the proposed exploration and that further funding will be required.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

(e) Commodity prices

The Company's business relies primarily on the exploration and potential future production of the heavy rare earth metals including yttrium, zircon, niobium, and tantalum. Prices of these metals fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(f) Environmental

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As

with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and have adverse financial implications.

Rare earth deposits are often associated with thorium, uranium and their daughter products which are radioactive and for which special management plans need to be formulated and agreed with government authorities.

(g) Native title and aboriginal heritage

The effect of the present laws in respect of native title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues, including any compensation arrangement reached in settling native title claims lodged over any of the tenements held or acquired by Hastings.

The presence of aboriginal sacred sites on tenements held by Hastings or its subsidiaries may limit or preclude exploration or mining activities within spheres of influence on those sites and delays and expenses may be experienced in obtaining clearances.

(h) Key personnel

The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its senior management and key personnel. There may be detrimental impact on the Company if one or more of these employees cease their employment.

(i) Contingent liability

Under the terms of the Yangibana acquisition agreement, the Company has a deferred contingent liability of \$2 million to be settled in shares to the vendor of the Yangibana project, payable upon the project achieving bankable feasibility and offer of project financing. These conditions have not been met as at the date of this Prospectus and the contingent liability has not been recognised in the Company's statement of financial position.

6.3 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Sovereign Risk

The capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy which is beyond the control of the Company. All of the Company's projects are located in Australia.

(d) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

7.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all of your Entitlement (see section 7.2);
- (b) apply for Shortfall Shares (see section 7.3); or
- (c) allow all or part of your Entitlement to lapse (see section 7.4).

7.2 To subscribe for all of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

7.3 To apply for Shortfall Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Shares regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.7 for details on how Shortfall Shares will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

7.4 Entitlements not taken up

If you are an Eligible Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement will become available as Shortfall Shares.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

7.5 Payment methods

Cheque, bank draft or money order

The completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Hastings Rare Metals Ltd' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.038

per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at the following address by no later than 5.00 pm (WST) on the Closing Date:

By Post To:	By Delivery To:
Hastings Rare Metals Ltd	Hastings Rare Metals Ltd
c/- Security Transfer Registrars Pty Ltd	c/- Security Transfer Registrars Pty Ltd
PO Box 535	770 Canning Highway
Applecross WA 6953	Applecross WA 6153

BPAY

Alternatively, if you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5pm AEST (3pm (WST)) on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5pm AEST (3pm (WST)) on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

7.6 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application moneys, or by making a payment in respect of an

Application by BPay, constitutes a binding application to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPay, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon allotment of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application moneys is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the application moneys.

8 DETAILS OF THE OFFER

8.1 Shares offered for subscription

By this Prospectus the Company makes a non-renounceable pro rata offer of 2 New Shares for every 5 Existing Shares held as at the Record Date at a price of \$0.038 per New Share to raise approximately \$2.81 million before issue costs (**Offer**). Fractional entitlements will be rounded up to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares are summarised in section 9.

8.2 Minimum Subscription

The Offer is fully underwritten and there is no minimum subscription for the Offer.

8.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

8.4 Underwriting

Equator Star Holdings Limited, an entity associated with the Company's Chairman, Mr Lew, has agreed to fully underwrite the Offer in accordance with the Underwriting Agreement.

The Underwriter will be paid a 6% fee on the amount of Shortfall Shares underwritten (**Underwriting Fee**). The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in accordance with the Offer.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) the Company has (subject to certain limitations, including where the loss arises through an Underwriter performing their underwriting obligation) agreed to indemnify the Underwriters, their officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;
- (b) the Company and the Underwriters have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (c) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate their Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:

- (i) there are disruptions to the financial markets of key countries or hostilities commence or escalate in key countries;
- (ii) any of the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index as published by ASX is at any time after this Agreement is at any time after the date of the Underwriting Agreement more than 10% below its respective level at the close of normal trading on the Business Day before the date the Underwriting Agreement was signed;
- (iii) there is an adverse change, or an event occurs which is likely to give rise to an adverse change, in the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of the Company and its subsidiaries, which in the opinion of the Underwriter is material; or
- (iv) the Shares of the Company on the ASX on any trading day after the date of the Underwriting Agreement have a closing price that is less than \$0.038.

The Directors, other than Mr Lew, consider the terms of the underwriting to be on terms that would be reasonable in the circumstances if the Company and the Underwriter were dealing at arm's length so that Shareholder approval of the arrangements is not required.

8.5 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 5pm (WST) on the Record Date; and
- (b) have a registered address in Australia, New Zealand or Singapore.

8.6 Rights trading

The Offer is non-renounceable. This means that the rights of Eligible Shareholders to subscribe for New Shares under this Prospectus are not transferable and there will be no trading of rights on ASX. Eligible Shareholders who choose not to take up their entitlements will receive no benefit and their shareholding in the Company will be diluted as a result.

8.7 Shortfall Shares

Any Entitlement not applied for under the Offer are Shortfall Shares. Subject to the terms of the Underwriting Agreement and set out below, the Directors reserve the right to issue any Shortfall Shares at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Shares by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Shares using the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so

represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer for Shortfall Shares or this Prospectus to be registered.

It is possible that there may be few or no Shortfall Shares available for issue, depending on the level of take up of Entitlements by Shareholders. The Company will allocate Shortfall Shares as follows:

- (a) firstly, to Shareholders who apply for Shortfall Shares, and who hold less than a marketable parcel (to the extent required for them to each have a marketable parcel);
- (b) secondly, to Shareholders who apply for Shortfall Shares with any oversubscription scaled back pro rata to the amount they applied for; and
- (c) then to the Underwriter or its nominee.

Subject to the above, the Directors reserve the right at their absolute discretion to reject any application for Shortfall Shares or to issue a lesser number of Shortfall Shares than that applied for, and it is an express term of the Shortfall Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

8.8 Offer outside Australia, New Zealand and Singapore

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia, New Zealand or Singapore.

8.9 Treatment of Overseas Shareholders

Given the small number of Shareholders with registered addresses outside Australia, New Zealand or Singapore, and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Offer to any Shareholder, as at the Record Date, whose registered address is not situated in those jurisdictions. The Prospectus will not be sent to those Shareholders.

New Zealand

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. The Offer is made to Eligible Shareholders resident in Singapore in reliance of section 273(1)(cd)(i) of the *Securities and Futures Act*. Accordingly this Prospectus and any other document or material in connection with the Offer may not be circulated or distributed, nor any New Shares be offered or sold, or be made the subject on an invitation for subscription or purchase, whether directly or indirectly, to any person who is not an existing Shareholder on the Record Date.

Elsewhere

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction than as set out in this section.

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 herein 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 securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia, New Zealand or Singapore (other than to Eligible Shareholders).

8.10 Beneficial holders, nominees, trustees and custodians

The foreign selling restrictions under the Offer summarised in section 8.9 of this Prospectus apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia, New Zealand or Singapore are responsible for ensuring that applying for New Shares does not breach securities laws in the relevant overseas jurisdictions.

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

8.11 Allotment and application money

New Shares will be issued only after all application money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 25 June 2014 and normal trading of the New Shares on ASX is expected to commence on 26 June 2014.

All application moneys will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application moneys returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

8.12 Quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares

offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application moneys without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

8.13 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 12 months immediately preceding the lodgment of this Prospectus with the ASIC, and the last market sale price on the date before the lodgment date of this Prospectus, are set out below.

	12 month high	12 month low	Last market sale price
Price	\$0.075	\$0.033	\$0.047
Date	30 October 2013	28 June 2013	26 May 2014

8.14 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

8.15 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to

Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

8.16 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

8.17 Enquiries

Any queries regarding the Offer should be directed to Mr Guy Robertson, Company Secretary on +61 2 9078 7674.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on +61 8 9315 2333.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

9 RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Liquidation rights

The Company has one class of shares on issue, ordinary shares, which rank equally in liquidation.

(g) Variation of rights

Subject to the Listing Rules, the rights attached to the Shares may be varied with the consent in writing of shareholders holding three-quarters of the Shares or by a special resolution passed at a separate meeting of the holders of the Shares in accordance with the Corporations Act

(h) Election of directors

There must be a minimum of 3 but not more than 9 Directors. At every annual general meeting one third of the Directors (rounded to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(k) Shareholder liability

The New Shares are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

10 ADDITIONAL INFORMATION

10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgment of the Company's annual financial statements of the Company for the financial year ended 30 June 2013 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial statements of the Company for the financial year ended 30 June 2013 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
- (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
- (iii) any continuous disclosure notices given by the Company after the lodgment of the financial statements referred to in paragraph (i) and before the lodgment of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since the 2013 audited financial statements:

Date	Description of Announcement
14/05/2014	Rock Chip Results Exceed Expectations at both Levon & Haig
05/05/2014	Change of Director's Interest Notice
29/04/2014	Quarterly Activities Report
29/04/2014	Quarterly Cashflow Report
28/04/2014	Hastings & Yangibana Projects Advanced Towards Drilling Q2
31/03/2014	Appendix 3B
25/03/2014	HAS Expands Exploration Landholding at Yangibana Project
20/03/2014	HAS Projects - 2014 Exploration and Development Programme
17/03/2014	Expiry of Listed Options
11/03/2014	Half Yearly Report and Accounts
28/02/2014	Change of Director's Interest Notice
13/02/2014	Appendix 3B
30/01/2014	Quarterly Activities Report
30/01/2014	Quarterly Cashflow Report
23/12/2013	Appendix 3B
19/12/2013	Becoming a substantial holder

13/12/2013	Change in substantial holding
13/12/2013	Ceasing to be a substantial holder
10/12/2013	Board Restructure and New Substantial Shareholder
10/12/2013	Initial Director's Interest Notice X 2
10/12/2013	Final Director's Interest Notice X 2
09/12/2013	Change of director's Interest Notice X 3
06/12/2013	Appendix 3B
19/11/2013	AGM and GM Outcomes
18/11/2013	Ceasing to be a substantial holder
14/11/2013	Results of General Meeting
14/11/2013	Results of Annual General Meeting
13/11/2013	Deferral of General Meeting from 10am to 4.15pm on same day.
13/11/2013	TOV: HAS Panel Declines to Conduct Proceedings
11/11/2013	Becoming and Change in substantial holder notices
11/11/2013	Change in substantial holding
11/11/2013	Becoming a substantial holder
07/11/2013	Hastings Project & Market Update
06/11/2013	TOV: HAS Panel Receives Application
05/11/2013	Receipt of Application to the Takeovers Panel
01/11/2013	Becoming a substantial holder
31/10/2013	Quarterly Activities Report
31/10/2013	Quarterly Cashflow Report
31/10/2013	Letter to Shareholders
30/10/2013	Response to ASX Price Query
08/10/2013	Company Update

08/10/2013	Notice of Meeting - s249D
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08/10/2013	Notice of Annual General Meeting/Proxy Form
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ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from www.asx.com.au.

10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Director	Charles Lew	Anthony Ho	Malcolm Mason	Simon Wallace
Shares	27,646,955	1,220,000	660,666	-
Options	-	500,000	-	-
Entitlement	11,058,782	488,000	264,266	-

Remuneration paid to Directors in the two years prior to the date of this Prospectus				
	2012/2013		2013/2014 ¹	
	Directors Fees	Other	Directors Fees	Other ²
Charles Lew ³	-	-	19,466	19,466
Anthony Ho	28,752	38,472	26,658	26,658
Malcolm Mason	1,667	1,667	20,000	20,000
Simon Wallace ³	-	-	22,247	-

Notes:

¹ These are fees for a full financial year on the basis the Director continues to 30 June 2014.

² Share based payments which will be subject to shareholder approval.

³ Messrs Lew and Wallace were appointed as Directors on 10 December 2013.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company. The Company paid a premium of \$18,181 in 2012 financial year and \$16,478 in 2013.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer.

Equator Star Holdings Limited will be paid up to approximately \$168,000 (exclusive of GST) for underwriting the Offer. Equator Star Holdings Limited has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

Kings Park Corporate Lawyers have acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$12,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Kings Park Corporate Lawyers have not

received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role
Kings Park Corporate Lawyers	Lawyers
Security Transfer Registrars Pty Ltd	Share Registry
Equator Star Holdings Limited	Underwriter

10.5 Expenses of the Offer

The minimum total expenses of the Offer (exclusive of GST) are estimated to be \$200,000, consisting of the following:

Cost	\$
Underwriting fee	168,902
ASIC fees	2,225
ASX fees	6,000
Legal fees	12,000
Printing, postage and other expenses	10,873'

Total	200,000
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These expenses have or will be paid by the Company.

10.6 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

10.7 Competent person 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 Australasian Institute of Mining and Metallurgy. The information in this presentation 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 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"). Each consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 27 May 2014



.....
Signed for and on behalf of
Hastings Rare Metals Ltd by
Malcolm Mason

12 GLOSSARY

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

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time.
Applicant	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.
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.
Board	the board of Directors.
Closing Date	the date set out in section 1.
Company or Hastings	Hastings Rare Metals Ltd (ABN 43 122 911 399).
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Deeds	the indemnity, insurance and access deeds between the Company and each of the Directors.
Director	a director of the Company.
Eligible Shareholders	a Shareholder as at the Record Date with a registered address in Australia, New Zealand or Singapore.
Entitlement	a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form attached to this Prospectus.
Ex Date	the date set out in section 1.
Existing Share	a Share issued as at 5pm (WST) on the Record Date.
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.

Listing Rules	the listing rules of the ASX.
New Shares	Shares issued pursuant to this Prospectus.
Offer	an invitation made in this Prospectus to subscribe for New Shares.
Official List	the official list of the ASX.
Opening Date	the date set out in section 1.
Option	an option to purchase a Share.
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 1.
Share	a fully paid ordinary share in the Company.
Share Registry	Security Transfer Registrars Pty Ltd (ABN 95 008 894 488).
Shareholder	the registered holder of Shares in the Company.
Shortfall	will occur if all of the Entitlement offered under the Prospectus are not taken up by Eligible Shareholders by the Closing Date.
Shortfall Offer	has the meaning given in section 8.7.
Shortfall Shares	New Shares not applied for under the Offer.
Underwriter	Equator Star Holdings Limited, an entity associated with the Company's Chairman, Mr Lew.
Underwriting Agreement	the underwriting agreement between the Company and the Underwriter executed on 27 May 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.
WST	Western Standard Time, Western Australia.

**SCHEDULE 1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH
2014**

	Unaudited 31 March 2014 \$	Unaudited Pro forma 31 March 2014 \$
Current Assets		
Cash and cash equivalents	1,432,414	4,047,449
Trade and other receivables	266,923	266,923
Total Current Assets	1,699,337	4,314,372
Non-Current Assets		
Fixed assets	7,975	7,975
Evaluation and exploration expenditure	17,004,506	17,004,506
Total Non-Current Assets	17,012,481	17,012,481
TOTAL ASSETS	18,711,818	21,326,853
Current Liabilities		
Trade and other payables	214,478	214,478
Total Current Liabilities	214,478	214,478
TOTAL LIABILITIES	214,478	214,478
NET ASSETS	18,497,340	21,112,375
EQUITY		
Share Capital	24,566,422	27,181,457
Reserves	541,270	541,270
Accumulated losses	(6,610,352)	(6,610,352)
TOTAL EQUITY	18,497,340	21,112,375