



HASTINGS RARE METALS LIMITED

ABN 43 122 911 399

NOTICE OF GENERAL MEETING

A general meeting of the Company will be held in the Hastings Boardroom at Level 9, 50 Margaret Street, Sydney NSW 2000 on 11 April 2012 at 11am (EST).

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

HASTINGS RARE METALS LIMITED

ABN 43 122 911 399

NOTICE OF GENERAL MEETING

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is hereby given that a general meeting of shareholders of Hastings Rare Metals Limited (**Company**) will be held in the Hastings Boardroom at Level 9, 50 Margaret Street, Sydney NSW 2000 on 11 April 2012 at 11am (EST) (**General Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the General Meeting and forms part of this Notice.

Terms and abbreviations used in this Notice are defined in Schedule 1.

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding in the Company and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7pm on 10 April 2012.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

1. **(Appointing a Proxy):** A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote for the Shareholder at the meeting. A Shareholder who is entitled to cast 2 or more votes at the Meeting may appoint a second proxy. The appointment of the second proxy must be done on a separate copy of the proxy form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a Shareholder of the Company.
2. **(Direction to Vote):** A proxy need not vote in that capacity on a show of hands on any Resolution nor (unless the proxy is the Chairman of the Meeting) on a poll. However, if the proxy's appointment specifies the way to

vote on a Resolution, and the proxy decides to vote in that capacity on that Resolution, the proxy must vote the way specified (subject to the other provisions of this notice of general meeting, including the voting exclusions noted below).

3. **(Voting restrictions with respect to undirected proxies)** The Corporations Act prohibits the Company's key management personnel and their closely related parties voting as proxy on Resolutions connected directly or indirectly with the remuneration of key management personnel (such as Resolutions 5, 6, 7, 9 and 10), if the proxy appointment does not specify the way the person is to vote. The prohibition does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise an undirected proxy. If a Shareholder appoints the Chairman of the Meeting as their proxy and the Shareholder does not direct the Chairman of the Meeting how to vote on Resolutions 5, 6, 7, 9 and 10, the Shareholder authorises the Chairman of the Meeting in respect of Resolutions 5, 6, 7, 9 and 10 to exercise the proxy:
- (a) notwithstanding that Resolutions 5, 6, 7, 9 and 10 are connected directly or indirectly with the remuneration of the Company's key management personnel; and
 - (b) even if the Chairman of the Meeting has an interest in the outcome of the vote on Resolutions 5, 6, 7, 9 and 10, and that any votes cast by the Chairman of the Meeting in respect of Resolutions 5, 6, 7, 9 and 10, other than as proxy holder, will be disregarded because of that interest.

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the voting restrictions set out in this notice of general meeting) in favour of each Resolution.

4. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form (and attach any authority under which it is signed or a copy which appears on its face to be an authentic copy) by:
- (a) post to Hastings Rare Metals Limited, Level 9, 50 Margaret Street, Sydney, NSW 2000; or
 - (b) facsimile to the Company on facsimile number +61 2 9078 7661,
- so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

CORPORATE REPRESENTATIVE

A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the Meeting, together with any authority under which it is signed. The appointment must comply with section 250D of the Corporations Act 2001.

ATTORNEY

A Shareholder may appoint an attorney to vote on their behalf. To be effective for the Meeting, the instrument effecting the appointment (or a copy which appears on its

face to be an authentic copy) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours before the Meeting.

Inter-conditional Resolutions

Resolutions 2, 3 and 4 are inter-conditional. If one of these Resolutions is not passed, then none of those Resolutions will be passed.

AGENDA

1. Resolution 1 - Ratification of prior issue of 13,200,000 Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rules 7.1 and 7.4 and all other purposes, Shareholders ratify the allotment and issue of 13,200,000 Shares to institutional and sophisticated investors on the terms and conditions set out in the Explanatory Memorandum."

2. Resolution 2 – Approval to issue 20,600,000 Shares and 20,600,000 attaching Options

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, subject to and conditional upon the passing of Resolutions 3 and 4, Shareholders approve the allotment and issue of a total of:

- (a) 20,600,000 Shares on the terms and conditions set out in the Explanatory Memorandum.*
- (b) 20,600,000 free attaching Options on the terms and conditions set out in the Explanatory Memorandum,*

to institutional and sophisticated investors."

3. Resolution 3 – Approval to issue 33,200,000 attaching Options

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, subject to and conditional upon the passing of Resolutions 2 and 4, Shareholders approve the allotment and issue of a total of 33,200,000 free attaching Options to institutional and sophisticated investors on the terms and conditions set out in the Explanatory Memorandum."

4. Resolution 4 – Approval to Issue Options to Advisors and Consultants

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, subject to and conditional upon the passing of Resolutions 2 and 3, approval

is given for the Company to allot and issue 10,000,000 Options to the advisors and consultants referred to, and on the terms and conditions set out, in the Explanatory Memorandum."

5. Resolution 5 - Approval to Issue Options – Mr David Nolan

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and all other purposes, approval is given for the Company to allot and issue 2,000,000 Options to Mr David Nolan (or his nominee) who is a Director of the Company on the terms and conditions set out in the Explanatory Memorandum."

6. Resolution 6 - Approval to Issue Options – Mr Steve Mackowski

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and all other purposes, approval is given for the Company to allot and issue 2,000,000 Options to Mr Steve Mackowski (or his nominee) who is a Director of the Company on the terms and conditions set out in the Explanatory Memorandum."

7. Resolution 7 - Approval to Issue Options – Mr Anthony Ho

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and all other purposes, approval is given for the Company to allot and issue 500,000 Options to Mr Anthony Ho (or his nominee) who is a Director of the Company on the terms and conditions set out in the Explanatory Memorandum."

8. Resolution 8 – Approval to issue 3,000,000 Shares to Artemis Resources Limited

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, Shareholders approve the allotment and issue of a total of 3,000,000 Shares to Artemis Resources Limited on the terms and conditions set out in the Explanatory Memorandum".

9. Resolution 9 – Approval to issue Shares – Mr Steve Mackowski

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and all other purposes, approval is given for the Company to allot and issue 1,000,000 shares to Mr Steve Mackowski (or his nominee) who is a Director of the Company on the terms and conditions set out in the Explanatory Memorandum."

10. Resolution 10 – Approval to issue Shares – Mr Anthony Ho

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and all other purposes, approval is given for the Company to allot and issue 200,000 shares to Mr Anthony Ho (or his nominee) who is a Director of the Company on the terms and conditions set out in the Explanatory Memorandum."

11. Resolution 11 – Approval to issue 20,000,000 Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 20,000,000 Shares on the terms and conditions set out in the Explanatory Memorandum."

VOTING EXCLUSION STATEMENTS

Under ASX Listing Rule 14.11, the Company will disregard any votes cast on the Resolutions by the following persons:

RESOLUTION	PERSONS EXCLUDED FROM VOTING
1. Ratification of prior issue of 13,200,000 Shares	- Any person who participated in the issue; and - Any of their respective associates.
2. Approval to issue 20,600,000 Shares and attaching 20,600,000 Options	- Any person who may participate in the proposed issue; - Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and - Any of their respective associates.
3. Approval to issue 33,200,000 attaching Options	- Any person who may participate in the proposed issue; - Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and - Any of their respective associates.
4. Approval to issue 10,000,000 Options to advisors and consultants	- Alvito; - Alvito's nominees; - Alvito's respective associates; - Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and - Any of their respective associates.
5. Approval to issue Options – Mr David Nolan	- Mr David Nolan; - Mr Nolan's nominees; and - Any of their respective associates.
6. Approval to issue Options – Mr Steve Mackowski	- Mr Steve Mackowski; - Mr Mackowski's nominees; and - Any of their respective associates.
7. Approval to issue Options – Mr Anthony Ho	- Mr Anthony Ho - Mr Ho's nominees; and - Any of their respective associates.
8. Approval to Issue of 3,000,000 Shares to Artemis Resources Limited	- Any person who may participate in the proposed issue; - Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and - Any of their respective associates.
9. Approval to Issue Shares – Mr Steve Mackowski	- Mr Steve Mackowski; - Mr Mackowski's nominee (s); and - Any of his respective associates.

RESOLUTION	PERSONS EXCLUDED FROM VOTING
10. Approval of Issue of Shares – Mr Anthony Ho	• Mr Anthony Ho • Mr Ho's nominee (s); and • Any of his respective associates.
11. Approval to issue 20,000,000 Shares	• Any person who may participate in the proposed issue; • Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and • Any of their respective associates.

However, the Company need not disregard a vote if:

- (a) It is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy appointment form; or
- (b) It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD OF DIRECTORS

Guy Robertson

Company Secretary

Dated: 9 March 2012

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business specified to be conducted at the General Meeting to be held in the Hastings Boardroom at Level 9, 50 Margaret Street, Sydney NSW 2000 on 11 April 2012 at 11am (EST).

The Directors recommend that Shareholders read this Explanatory Memorandum in full in conjunction with the accompanying Notice of which this Explanatory Memorandum forms a part.

Background to the Placement

On the 8th February 2012 the Company announced a capital raising of \$5,380,000 before costs to institutional and sophisticated investors (**Placement**).

The funds raised by the Placement will be used to advance the Company's Hastings Project in the following manner:

- (a) validation and verification of the previously developed extraction circuit;
- (b) independent scoping study review;
- (c) optimisation of the product circuit to reflect the new emphasis on the heavy rare earths, dysprosium and yttrium, with by-product values from zirconium and niobium;
- (d) pre-feasibility Study; and
- (e) design of the revised pilot plant,

Project Plan.

In addition, funds will be applied to working capital.

Under the Placement, the Company will issue 53,800,000 Shares at \$0.10 each and 53,800,000 free attaching Options exercisable at \$0.15, expiring on 31 March 2014.

The new Shares issued and to be issued under the Placement comprise two tranches:

- (a) **Tranche 1**: 33,200,000 Shares issued to institutional and sophisticated investors on 13th and 14th February 2012 to institutional and sophisticated investors, which consisted of:
 - (i) 20,000,000 Shares as approved at the Annual General Meeting dated 17 November 2011; and
 - (ii) 13,200,000 Shares within the Company's 15% capacity under ASX Listing Rule 7.1,**(Tranche 1 Shares)**; and
- (b) **Tranche 2**: up to 20,600,000 Shares to be issued to institutional and sophisticated investors subject to Shareholder approval under ASX Listing Rule 7.1 (**Tranche 2 Shares**).

In addition, the Company intends to issue up to 53,800,000 free attaching Options, being 1 new option for every new Tranche 1 and Tranche 2 Share issued under the Placement.

The following is a summary of the Shares and Options issued and to be issued under the Placement and the relevant Resolutions (where applicable) approving the Tranche 1 and Tranche 2 Shares and the attaching Options.

Item	Description	# of Shares	Resolution
1	Issue of 20,000,000 Shares on 15 February 2012 as approved at the Annual General Meeting dated 17 November 2011	20,000,000	N/A
2	Issue of 13,200,000 Shares on 15 February 2012 under the 15% rule	13,200,000	Resolution 1
3	Issue of 20,600,000 Shares	20,600,000	Resolution 2
	Total Shares issued/to be issued	53,800,000	

Item	Description	Issue of free attaching options	Resolution
4	Issue of 20,600,000 free attaching Options, exercisable at 15c per Share by 31 March 2014	20,600,000	Resolution 2
5	Issue of 33,200,000 free attaching Options, exercisable at 15c per Share by 31 March 2014	33,200,000	Resolution 3
	Total Options to be issued	53,800,000	

The Placement issue price of \$0.10 per Shares represents a discount of 16.67% to the closing price of the Company's Shares on 3 February 2012 (the date prior to the Company requesting a trading halt to conduct and complete the Placement).

1. Resolution 1 – Ratification of prior issue of 13,200,000 Shares

1.1 Background

Under Resolution 1, the Company seeks Shareholder ratification of the allotment and issue by the Company of 13,200,000 Shares to institutional and sophisticated investors on 14 February 2012. These Shares were issued within the Company's existing capacity under ASX Listing Rule 7.1 and form part of Tranche 1 of the Placement. Refer to the Company's 8 February 2012 announcement to the ASX and the background summary at the beginning of this Explanatory Memorandum for further information.

1.2 ASX Listing Rule Requirements

ASX Listing Rule 7.1 provides, in summary, that a listed company must not, subject to specified exceptions, issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

ASX Listing Rule 7.4 provides that an issue by a company of equity securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and the company's members subsequently approve it.

While the outcome of Resolution 1 will have no effect on the issue of the Shares in question, Shareholder approval will restore the Company's ability to

issue further equity securities under ASX Listing Rule 7.1 in the next 12 months from the date of issue, to the extent of the 13,200,000 Shares.

1.3 ASX Listing Rule Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.5:

- (a) *The number of securities allotted*
The number of Shares allotted and issued was 13,200,000.
- (b) *The price at which the securities were issued*
The Shares were issued at a price of \$0.10 per Share.
- (c) *The terms of the securities*
The Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*
The allotment was made to institutional and sophisticated investors.
- (e) *The use (or intended use) of the funds raised*
The funds raised will be used to enable the Company to execute the Project Plan for the Hastings Project and for working capital.
- (f) *Voting Exclusion*
A voting exclusion statement forms part of this Notice.

1.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 1 as it will allow the Company greater flexibility to issue further securities which could assist the Company to raise capital and to preserve cash resources.

2. Resolution 2 – Approval to issue 20,600,000 Shares and 20,600,000 Attaching Options

2.1 Background

Under Resolution 2, the Company seeks Shareholder approval under ASX Listing Rule 7.1 for the allotment and issue by the Company of the Tranche 2 Shares and 20,600,000 free attaching Options as part of the Placement to institutional and sophisticated investors. Refer to the Company's 8 February 2012 announcement to the ASX and the background summary at the beginning of this Explanatory Memorandum for further information.

2.2 ASX Listing Rule Requirements

ASX Listing Rule 7.1 provides, in summary, that a listed company must not, subject to specified exceptions, issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

Resolution 2 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of 20,600,000 Shares, being the Tranche 2 Shares, and 20,600,000 free attaching Options with an exercise price of \$0.15 per Option. The Options are to be issued on the basis of one Option for every Share. In respect of the 20,600,000 Shares to which this Resolution 2 relates, this would mean the issue of 20,600,000 Options.

The effect of shareholder approval of Resolution 2 is that the Shares and Options referred to in Resolution 2 will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

2.3 ASX Listing Rule Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

(a) *The maximum number of securities the entity is to issue*

The maximum number of Shares to be allotted and issued will be 20,600,000 and the maximum number of Shares to be issued if the 20,600,000 Options all become exercisable and are exercised is 20,600,000.

The maximum number of Options to be issued will be 20,600,000. The Options shall be issued for no consideration to allottees of Tranche 2 Shares. One Option shall be issued for every one Tranche 2 Share allotted and issued.

(b) *The date by which the entity will issue the securities*

Subject to Shareholder approval, the Shares and Options will be allotted and issued no later than three months after the date of the Meeting, or such later date as may be approved by the ASX.

(c) *The issue price of the securities*

The price at which the Shares will be issued will be \$0.10 per Share. The Options will be issued at no consideration.

(d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*

The allottees in the placement are institutional and sophisticated investors, or their nominees, and will not be related parties of the Company or their associates, and are as follows:

Swift Venture Holdings Corporation	10,000,000
Jing Jiang	10,000,000
Pinetree Capital Limited	300,000
Euro Pacific Canada Inc.	300,000

(e) *The terms of the securities*

The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Subject to the ASX Listing Rules, it is the Company's intention to apply to the ASX for the Options to be listed on the ASX as soon as practicable following the issue of those Options. The Options will have an exercise price of \$0.15 and will expire on 31 March 2014.

The detailed terms and conditions of the Options are set out in Annexure A.

(f) *The intended use of the funds raised*

The funds to be raised by the Company are intended to be used for the following purposes:

- (i) exploration expenditure in relation to the Company's Hastings' project as outlined above in the Project Plan; and
- (ii) general working capital requirements of the Company.

(g) *The dates of allotment or a statement that allotment will occur progressively*

See paragraph 2.3(b).

(h) *Voting Exclusion*

A voting exclusion statement forms part of this Notice.

2.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2, as the proposed placement will provide the Company with necessary funds to enable it to continue with its exploration program and additional funding to meet the Company's working capital requirements.

If Resolution 2 is approved, its implementation will be conditional upon the passing of Resolutions 3 and 4.

3. Resolution 3 – Approval to issue 33,200,000 Attaching Options

3.1 Background

Under Resolution 3, the Company seeks Shareholder approval under ASX Listing Rule 7.1 for the allotment and issue by the Company of 33,200,000 Options as part of the Placement to Shareholders to whom 33,200,000 Shares were issued on 13th & 14th February 2012. Refer to the Company's 8 February 2012 announcement to the ASX and the general background summary at the beginning of this explanatory memorandum.

3.2 ASX Listing Rule Requirements

ASX Listing Rule 7.1 provides, in summary, that a listed company must not, subject to specified exceptions, issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

Resolution 3 seeks Shareholder approval under Listing Rule 7.1 to issue 33,200,000 free attaching Options to the Shareholders to whom 33,200,000 Shares were issued on 13th & 14th February 2012.

The effect of Shareholder approval of Resolution 3 is that the Options referred to in Resolution 3 will not be counted as reducing the number of

equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

3.3 ASX Listing Rule Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *The maximum number of securities the entity is to issue*
The maximum number of Options to be issued is 33,200,000 and the maximum number of Shares to be issued if the 33,200,000 Options all become exercisable and are exercised is 33,200,000.
- (b) *The date by which the entity will issue the securities*
Subject to Shareholder approval, the Options will be allotted and issued no later than three months after the date of the Meeting, or such later date as may be approved by the ASX.
- (c) *The issue price of the securities*
The Options are to be issued at no consideration.
- (d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*
The Options are to be issued to institutional and sophisticated and professional investors to whom Tranche Shares 1 were issued on 13th & 14th February 2012 and will not be related parties of the Company or their associates.
- (e) *The terms of the securities*
Subject to the ASX Listing Rules, it is the Company's intention to apply to the ASX for the Options to be listed on the ASX as soon as practicable following the issue of those Options. The Options will have an exercise price of \$0.15 and will expire on 31 March 2014. The terms and conditions of the Options are set out in Annexure A.
- (f) *The intended use of the funds raised*
No funds will be raised from the issue of the Options.
- (g) *The dates of allotment or a statement that allotment will occur progressively*
See paragraph 3.3(b).
- (h) *Voting Exclusion*
A voting exclusion statement forms part of this Notice.

3.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3 as it will allow the Company greater flexibility to issue further securities which could assist the Company to raise capital and to preserve cash resources.

If Resolution 3 is approved, its implementation will be conditional upon the passing of Resolutions 2 and 4.

4. Resolution 4 – Approval of Issue of Options to Advisors and Consultants

4.1 Background

On 27 January 2012, the Company entered into an agreement with Alvito to issue to Alvito, or its nominees, as consideration for capital raising, investor relations and marketing in Australia and Asia:

- (a) 3,000,000 free Options on receipt by the Company of \$1,000,000 from an investor in Tranche 1; and
- (b) a further 3,000,000 free Options on receipt by the Company of a further \$1,000,000 from the same investor in Tranche 2.

Under Resolution 4, the Company seeks Shareholder approval under ASX Listing Rule 7.1 to issue a total of 10,000,000 Options to the following persons:

- (c) 6,000,000 Options to be issued to Alvito (or its respective nominees) as outlined above; and
- (d) 4,000,000 Options to be issued to advisors and/or consultants to the Company or to their respective nominees.

The Options will have an exercise price of \$0.15 per Option with an expiry date of 31 March 2014. Full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

4.2 ASX Listing Rule Requirements

ASX Listing Rule 7.1 provides, in summary, that a listed company must not, subject to specified exceptions, issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of a total of 10,000,000 Options as described above. The effect of such approval is that those Options will be not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

4.3 ASX Listing Rule Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *The maximum number of securities the entity is to issue*
The maximum number of securities to be issued is a total of 10,000,000 Options and the maximum number of Shares to be issued if the 10,000,000 Options all become exercisable and are exercised is 10,000,000.
- (b) *The date by which the entity will issue the securities*
The Options will be issued no later than three months after the date of the Meeting, or such later date as may be approved by ASX.

- (c) *The issue price of the securities*
- No consideration will be paid by the parties concerned for the grant of their Options.
- (d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*
- The allottees of the Options will be:
- (i) 6,000,000 Options – Alvito, or its nominees; and
 - (ii) 4,000,000 Options - advisors and/or consultants engaged by the Company to assist in the delivery of the Hastings Project. The Options will be granted as part of their remuneration package with the Company, as an incentive to them to assist the Company in taking its business forward and in consideration of the services provided by them to the Company.
- Neither Alvito nor the advisors described above are related parties of the Company or their associates.
- (e) *The terms of the securities*
- Subject to the ASX Listing Rules, it is the Company's intention to apply to the ASX for the Options to be listed on the ASX as soon as practicable following the issue of those Options. The Options will have an exercise price of \$0.15 and will expire on 31 March 2014. The Options will be issued on the terms and conditions set out in Annexure A.
- (f) *The intended use of the funds raised*
- No funds will be raised from the issue of the Options. If all of the Options become exercisable and are exercised at a price of 15 cents per Option, \$1,500,000 of additional funding will be raised for the Company which will be used for working capital purposes.
- (g) *The dates of allotment or a statement that allotment will occur progressively*
- The Options will be allotted progressively.
- (h) *Voting Exclusion*
- A voting exclusion statement forms part of this Notice.

4.4 Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 4 as the issue of the proposed Options will form part of the remuneration of, and accordingly, act as an incentive to Alvito and the advisors in their work for the Company.

If Resolution 4 is approved, its implementation will be conditional upon the passing of Resolutions 2 and 3.

5. Resolutions 5, 6 and 7 – Approval to Issue Options to Directors

5.1 Background

Under Resolutions 5, 6 and 7, the Company seeks Shareholder approval under ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of Options to Mr David Nolan, Mr Steve Mackowski and Mr Anthony Ho (and/or their nominees), who are Directors.

Full terms of the Options are set out in Annexure B to this Explanatory Memorandum.

As the Options will be issued for no cash consideration, no cash funds will be raised by the Company from their issue. Any funds received on the exercise of the Options will be used for working capital purposes.

5.2 ASX Listing Rule & Corporations Act Disclosure Requirements

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the prohibition; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months of obtaining the approval.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a public company issuing shares, options and other securities, such as the Options.

Unless one of the exceptions under ASX Listing Rule 10.12 applies, ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval prior to the issue of securities, such as the Options proposed to be issued under Resolutions 4, 5 and 6, to a related party of the Company. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

The Company requires shareholder approval to issue the Options to Messrs Nolan, Mackowski and Ho as, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11, each Director is a related party of the Company.

In accordance with Chapter 2E of the Corporations Act, the Company has lodged a copy of this Notice with ASIC.

For the purposes of ASX Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided to members:

The related party to whom the financial benefit is to be given and the nature of the financial benefit are set out in the table below:

Related Party	Relationship	Number of Options	Exercise Price	Expiry Date
Mr David Nolan	Chairman & Non-Executive Director	2,000,000	\$0.20	31/03/2015

Mr Steve Mackowski	Director	2,000,000	\$0.20	31/10/2014
Mr Anthony Ho	Director	500,000	\$0.20	31/03/2015

The terms and conditions of the Options to be granted to the Directors are set out in Annexure B.

The Directors of the Company are Mr David Nolan, Mr Steve Mackowski and Mr Anthony Ho.

The Directors in the case of each grant of Options to another Director or his Associate consider that the number and terms of the Options constitutes an appropriate number of Options to adequately incentivise each of the Directors in light of their skill, experience and reputation when considered together with their remuneration as Directors.

Mr Mackowski, Mr Ho and Mr Nolan make no recommendations in relation to Resolutions 5, 6 and 7 on the basis that either they (or their nominee(s)) are personally interested in the outcome of a particular Resolution and, in all other cases, there is a conflict of interest.

5.3 Valuation

The Company has engaged Lawler Corporate Finance Pty Limited to prepare a valuation of the Options proposed to be issued to Directors pursuant to Resolutions 5, 6 and 7. It is a requirement of ASIC that a dollar value be placed on the Options to be issued. ASIC has indicated the Black-Scholes option price calculation method is an acceptable method for valuing options. A value for the Options has been estimated using the Black-Scholes method.

In determining this value, the following assumptions have been made:

- (a) the Share price at the issue dates is assumed to be \$0.146 per Share, which is based on the five day volume weighted average price of trading in the Shares up to and including 17 February 2012;
- (b) the Options are to be exercisable at \$0.20;
- (c) the Options are expected to mature within approximately two and a half years of their date of issue, being at the latest 31 March 2015;
- (d) price volatility of the Shares is approximately 80% based on price movements in the past 6 months; and
- (e) the average current risk-free interest rate is 3.65%.

On this basis, the options are valued at approximately \$0.065 per Option for Messrs Nolan and Ho and \$0.060 for Mr Mackowski. Therefore, the implied "value" of the Options proposed to be granted to the Directors pursuant to Resolutions 5, 6 and 7 is as follows:

Related Party	Number of Options	Value
Mr David Nolan	2,000,000	\$129,600
Mr Steve Mackowski	2,000,000	\$119,200
Mr Anthony Ho	500,000	\$32,400

Other information that is reasonably required by members to make a decision whether it is in the best interest of the Company to pass Resolutions 5, 6 and 7 and that is known to the Company or any of its Directors:

- (a) Resolutions 5, 6 and 7 would have the effect of giving power to the Directors to grant a total of 4,500,000 Options. On 17 February 2012, the Company had on issue 104,613,462 Shares and 52,500,000 Options over various exercise periods and at various exercise prices.
- (b) if all of the 4,500,000 Options granted as proposed above are exercised, the effect would be to dilute the shareholding of existing shareholders by approximately 4.31%.
- (c) the market price of the Shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading at a price which is higher than the exercise price of the Options.
- (d) in respect of remuneration and consulting fees payable to Directors:
 - (i) Mr Nolan or his nominee is entitled to be paid \$70,000 in fees per annum;
 - (ii) Mr Mackowski or his nominee is entitled to be paid \$240,000 in fees per annum; and
 - (iii) Mr Ho or his nominee is entitled to be paid \$40,000 in fees per annum.

As at the date of this notice, the Directors have the following interest in the securities of the Company.

Name	Number of Shares	Number of Options
Mr David Nolan	170,000	2,000,000
Mr Steve Mackowski	NIL	NIL
Mr Anthony Ho	NIL	NIL

The following table details the trading history of the Company's Shares on the ASX in the 12 months preceding 17 February 2012:

Date	High (\$)	Low (\$)	VWAP (\$)
As at 17 Feb 2012	0.14	0.12.5	0.13.0
1 month to 17 Feb 2012	0.20	0.11.5	0.146
3 months to 17 Feb 2012	0.20	0.11	0.144
6 months to 17 Feb 2012	0.28.5	0.10	0.159
12 months to 17 Feb 2012	0.41	0.10	0.209

In addition the trading history between the date of the valuation 17 February 2012 and the date of this notice is as follows:

Date	High (\$)	Low (\$)	VWAP (\$)
17 Feb 2012 to 7 March 2012	0.16	0.12	0.137

5.4 ASX Listing Rule Requirements

Unless one of the exceptions under ASX Listing Rule 10.12 applies, ASX Listing Rule 10.11 requires member approval to the issue of securities to a related party of the Company. As Mr Nolan, Mr Mackowski and Mr Ho are related parties of the Company, Shareholder approval under ASX Listing Rule 10.11 is required for the grant of the Options as set out in Resolutions 5, 6 and 7.

The following information is provided to members for the purpose of Listing Rule 10.13:

- (a) *The name of the person to whom the securities will be issued*
The Options will be granted to Mr Nolan, Mr Mackowski and Mr Ho who are Directors of the Company, or their respective nominees.
- (b) *The maximum number of securities to be issued*
The maximum number of Options to be issued is 4,500,000 and the maximum number of Shares to be issued if the Options all become exercisable and are exercised is 4,500,000.
- (c) *The date by which the entity will issue the securities*
The Options will be issued no later than one month after the date of the Meeting.
- (d) *The issue price of the securities*
The Options will be granted to Mr Nolan, Mr Mackowski and Mr Ho as part of their remuneration and incentive packages with the Company and in consideration of their services to the Company.

No cash consideration will be paid by the Directors on the grant of the Options.

(e) *The terms of the securities*

The terms and conditions of the Options are set out in Annexure B.

(f) *The intended use of funds raised*

No funds will be raised by the grant of the Options. If all of the Options become exercisable and are exercised at the price of \$0.20 cents per Option, \$900,000 of additional funding will be raised for the Company which will be used for working capital purposes.

(g) *Voting Exclusion*

A voting exclusion statement forms part of this Notice.

6. Resolution 8 – Approval to Issue 3,000,000 Shares to Artemis Resources Limited

6.1 Background

On 17 June 2011 the Company announced the acquisition of the Yangibana project from Artemis Resources Limited (**Artemis**).

The Company has subsequently reached an agreement with Artemis to settle the \$1m (Deferred Consideration) by the issue of 3,000,000 shares at 10 c each - \$300,000, and the balance being paid in three tranches before 31 December 2012.

Under Resolution 8, the Company seeks Shareholder approval under ASX Listing Rule 7.1 for the issue to Artemis of 3,000,000 Shares at an issue price of \$0.10 as part payment to Artemis of the Deferred Consideration as outlined above.

6.2 ASX Listing Rule Requirements

ASX Listing Rule 7.1 provides, in summary, that a listed company must not, subject to specified exceptions, issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

Resolution 8 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of 3,000,000 Shares to Artemis.

The effect of the approval is that the Shares referred to in Resolution 9 will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

6.3 ASX Listing Rule Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

(a) *The maximum number of securities the entity is to issue*

The maximum number of Shares to be allotted and issued will be 3,000,000.

- (b) *The date by which the entity will issue the securities*
Subject to Shareholder approval, the Shares will be allotted and issued no later than three months after the date of the Meeting, or such later date as may be approved by the ASX.
- (c) *The issue price of the securities*
The price at which the Shares will be issued will be \$0.10 per Share.
- (d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*
The allottee will be Artemis Resources Limited.
- (e) *The terms of the securities*
The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) *The intended use of the funds raised*
No funds will be raised in this issue. The issue is in part payment of the Deferred Consideration as outlined above.
- (g) *The dates of allotment or a statement that allotment will occur progressively*
See paragraph 6.3(b). The shares will be allotted in total on one date following shareholder approval.
- (h) *Voting Exclusion*
A voting exclusion statement forms part of this Notice.

6.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 8, as the issue of 3,000,000 Shares to Artemis will satisfy part of the Company's existing liability to Artemis in relation to the Company's recent acquisition of the Yangibana project.

7. Resolutions 9 and 10 – Approval to Issue Shares to Directors

7.1 Background

Under Resolutions 9 and 10, the Company seeks Shareholder approval under ASX Listing Rule 10.11 for the issue of Shares to Mr Steve Mackowski, and Mr Anthony Ho (and/or their nominees), who are Directors.

Mr Mackowski, an executive Director of the Company, has agreed to receive 1,000,000 shares at \$0.10 each, in lieu of payment of annual remuneration and bonuses due to Mr Mackowski for the period November 2011 to January 2012.

Mr Ho, a non-executive Director, has agreed to receive 200,000 Shares at \$0.10 in lieu of payment of a portion of his annual remuneration.

This will allow Hastings to apply the funds which would have been applied to each Director's remuneration to its development program and demonstrates each Director's confidence in and commitment to Hastings.

The purpose of Resolutions 9 and 10 is to seek approval of the issue of 1,000,000 Shares to Mr Mackowski, and 200,000 Shares to Mr Ho in lieu of remuneration as outlined above.

7.2 ASX Listing Rule Requirements

Unless one of the exceptions under ASX Listing Rule 10.12 applies, ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval prior to the issue of securities, such as the Shares proposed to be issued under Resolutions 9 and 10, to a related party of the Company. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

The Company requires shareholder approval to issue the Shares to Messrs Mackowski and Ho as, for the purposes of ASX Listing Rule 10.11, each Director is a related party of the Company.

If Shareholder approval is obtained under Resolutions 9 and 10, the Shares referred to in Resolutions 9 and 10 will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

7.3 ASX Listing Rule Disclosure Requirements

The following information is provided to members for the purpose of Listing Rule 10.13:

- (a) *The name of the person to whom the securities will be issued*
The Shares will be granted to Mr Nolan, Mr Mackowski and Mr Ho, who are Directors of the Company, or their respective nominees.
- (b) *The maximum number of securities to be issued*
The maximum number of Shares to be issued is 1,000,000 Shares to Mr Mackowski and/or his nominee, and 200,000 Shares to Mr Ho and/or his nominee.
- (c) *The date by which the entity will issue the securities*
Subject to Shareholder approval, the Shares will be allotted and issued no later than one month after the date of the Meeting, or such later date as may be approved by the ASX.
- (d) *The issue price of the securities*
The price at which the Shares will be issued will be \$0.10 per Share.
- (e) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*
The allottees will be Mr Mackowski and Mr Ho and/or their nominees.
- (f) *The terms of the securities*
The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (g) *The intended use of the funds raised*
No funds will be raised in this issue. The issue is in part payment of remuneration owing to Mr Mackowski and Mr Ho as outlined above.

(h) *Voting Exclusion*

A voting exclusion statement forms part of this Notice.

7.4 Directors' Recommendation

Mr Nolan and Mr Ho recommend that Shareholders vote in favour of Resolution 9. Mr Mackowski abstains from making a recommendation to Shareholders in respect of Resolution 9 as he is personally interested in the outcome of Resolution 9 in that he (or his nominee(s)) is the proposed recipient of the Shares.

Mr Nolan and Mr Mackowski recommend that Shareholders vote in favour of Resolution 10. Mr Ho abstains from making a recommendation to Shareholders in respect of Resolution 10 as he is personally interested in the outcome of Resolution 10 in that he (or his nominee(s)) is the proposed recipient of the Shares.

8. Resolution 11 – Approval to Issue 20,000,000 Shares

8.1 Background

Resolution 11 seeks Shareholder approval for the allotment and issue of up to 20,000,000 Shares (**Future Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 11 will be to allow the Directors to issue the Shares pursuant to the Future Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

8.2 Technical information required by ASX Listing Rule 7.3

The following information is provided in accordance with ASX Listing Rule 7.3:

(a) *The maximum number of securities the entity is to issue*

The maximum number of Shares to be issued will be 20,000,000.

(b) *The date by which the entity will issue the securities*

Subject to Shareholder approval, the Shares will be allotted and issued no later than three months after the date of the Meeting, or such later date as may be approved by the ASX.

(c) *The issue price of the securities*

The issue price of the Shares to be issued pursuant to the Future Placement will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed.

- (d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*

The Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company.

- (e) *The terms of the securities*

The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

- (f) *The intended use of the funds raised*

The Company intends to use the funds raised from the Future Placement towards project development, working capital, debt retirement and possible acquisition.

- (g) *The dates of allotment or a statement that allotment will occur progressively*

See paragraph 8.2(b). The allotment will occur progressively.

- (h) *Voting Exclusion*

A voting exclusion statement forms part of this Notice.

Schedule 1 - Definitions

In this Explanatory Memorandum and Notice of General Meeting:

Alvito means Alvito Capital Holdings Inc.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and the market operated by it, as the context requires.

ASX Listing Rules means the Listing Rules of ASX and any other rules of ASX which are applicable while the entity is admitted to the official list of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

Board means the Board of Directors.

Company or **Hastings** means Hastings Rare Metals Limited ABN 43122911399.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

EST means Eastern Standard Time, in Sydney, New South Wales.

Explanatory Memorandum means the explanatory memorandum which accompanies and forms part of this Notice.

General Meeting or **Meeting** means the general meeting of the Company to be held on 11 April 2012 at 11am (EST), convened by this Notice.

Notice means this Notice of General Meeting.

Option means an option to subscribe for a Share.

Proxy Form means the proxy form accompanying this Notice.

Resolution means a resolution referred to in this Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Swift means Swift Venture Holdings Corporation.

In this Notice, words importing the singular include the plural and vice versa.

Annexure A (Resolutions 2, 3, & 4)

The terms and conditions of the Annexure A Options shall be as follows:

- (a) Each Annexure A Option entitles the holder to acquire one (1) Share.
- (b) The Annexure A Options are exercisable at any time on or prior to 5.00pm EST on 31 March 2014 (**Annexure A Option Exercise Period**) by completing an Annexure A Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Annexure A Options are exercised to the registered office of Hastings or to the share registry of Hastings.
- (c) The Annexure A Option exercise price is \$0.15 per Annexure A Option.
- (d) The Annexure A Options will be freely transferable in whole or in part at any time prior to expiry.
- (e) Shares issued on the exercise of an Annexure A Option will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Annexure A Option will rank equally with the then issued ordinary shares of the Company in all respects. Official Quotation of those Shares on the ASX will be sought.
- (f) Annexure A Option holders shall be permitted to participate in new issues of securities on the prior exercise of Annexure A Options in which case the Annexure A Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise their Annexure A Options.
- (g) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Annexure A Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (h) If there is a bonus issue to Shareholders, the number of Shares over which the Annexure A Option is exercisable may be increased by the number of Shares which the holder of the Annexure A Option would have received if the Annexure A Option had been exercised before the record date for the bonus issue.
- (i) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Annexure A Option may be reduced in accordance with ASX Listing Rule 6.22.
- (j) Reminder notices will be forwarded to the Annexure A Option holders prior to the expiry of the Annexure A Options. Annexure A Options not exercised before the expiry of the Annexure A Option Exercise Period will lapse.
- (k) The Annexure A Options will be recorded on the Company's register of Option holders maintained at the share registry. The register will be open for inspection by an Annexure A Option holder free of charge. Shares to be allotted on exercise of Annexure A Options will be recorded on the Company's share register.

- (l) Quotation of the Annexure A Options on the ASX will be sought.
- (m) The Annexure A Option holder, if appearing on the Company's register of Option holders at the relevant date, will be entitled to receive and will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meetings and will have the right to attend but shall have no right to vote at such meetings.

Annexure B (Resolutions 5, 6 and 7)

The terms and conditions of the Annexure B Options shall be as follows:

- (a) Subject to paragraph (l), each Annexure B Option entitles the holder to acquire one (1) Share.
- (b) The Annexure B Options are exercisable at any time on or prior to 5.00pm EST on 31 October 2014 (for Annexure B Options issued to Steve Mackowski) and 31 March 2015 (for all other persons) (**Annexure B Option Exercise Period**) by completing an Annexure B Option exercise form (**Exercise Notice**) and delivering it together with the payment for the number of Shares in respect of which the Annexure B Options are exercised to the registered office of Hastings or to the share registry of Hastings.
- (c) The Annexure B Options vest as follows (**Annexure B Option Vesting Date**):

Name	Number of Options	Exercise Price	Vesting Date
Steve Mackowski	2,000,000	\$0.20	1,000,000 on 30/6/2012 1,000,000 on 30/6/2013
David Nolan	2,000,000	\$0.20	1,000,000 on grant 1,000,000 on 30/6/2013
Anthony Ho	500,000	\$0.20	250,000 on grant 250,000 on 30/6/2013

save that any Annexure B Options for which the Annexure B Option Vesting Date has not occurred will automatically lapse on the day the holder, or the person on whose behalf the Annexure B Options are held, ceases to be an employee or consultant of the Company.

- (d) The amount payable upon exercise of each Annexure B Option will be \$0.20 (**Exercise Price**).
- (e) The Annexure B Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 2 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Ordinary Shares required under these terms and conditions in respect of the number of Annexure B Options specified in the Exercise Notice.
- (i) The Annexure B Options are not transferable except with the prior approval of the board of directors of the Company.
- (j) All Shares allotted upon the exercise of Annexure B Options will upon allotment rank pari passu in all respects with other Ordinary Shares.

- (k) The Company will not apply for quotation of the Annexure B Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Annexure B Options on ASX within 2 Business Days after the date of allotment of those Ordinary Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Annexure B Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Annexure B Options prior to the date for determining entitlements to participate in any such issue.
- (n) Subject to paragraph (l), an Annexure B Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Annexure B Options can be exercised.
- (o) Notwithstanding paragraph (c), all Annexure B Options may be exercised prior to the Annexure B Option Vesting Date:
 - (i) in relation to a takeover bid in respect of the Shares, during the bid period, as defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the bid period will be deemed to have commenced at the date of that announcement;
 - (ii) at any time after a Shareholder, or a group of associated Shareholders, becomes entitled to sufficient Shares to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Directors;
 - (iii) at any time after, on an application under section 411 of the Corporations Act, a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company, or its amalgamation with any other company.

PROXY 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.

HASTINGS RARE METALS LIMITED

REGISTERED OFFICE:
LEVEL 9
50 MARGARET STREET
SYDNEY NSW 2000

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:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

OR

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 11:00am on Wednesday 11th April 2012 in The Hastings Boardroom at Level 9 50 Margaret Street Sydney NSW 2000 and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

RESOLUTIONS	For	Against	Abstain*		For	Against	Abstain*
1. Ratification of prior issue of 13,200,000 Shares	☐	☐	☐	7. Approval to issue Options to Anthony Ho	☐	☐	☐
2. Approval to issue 20,600,000 shares and 20,600,000 attaching options	☐	☐	☐	8. Approval to issue Shares to Artemis Resources Ltd	☐	☐	☐
3. Approval to issue attaching 33,200,000 Options	☐	☐	☐	9. Approval to issue shares to Steve Mackowski	☐	☐	☐
4. Approval to issue options to Advisors and Consultants	☐	☐	☐	10. Approval to issue shares to Anthony Ho	☐	☐	☐
5. Approval to issue Options to David Nolan	☐	☐	☐	11. Approval to issue 20,000,000 Shares	☐	☐	☐
6. Approval to issue Options to Steve Mackowski	☐	☐	☐				

☐

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolution.

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

5684125674

Reference Number:

1

HAS

1

NAME _____

[illegible]
$$\left(\begin{array}{|c|} \hline \\ \hline \end{array} \right) \begin{array}{|c|} \hline \\ \hline \end{array}$$

1. Name and Address

2. Appointment of a Proxy

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Hastings Rare Metals Limited.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 11:00am on Monday 9th April 2012, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:
Alexandrea House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

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 on the address on this form.

IMPORTANT NOTE FOR RESOLUTIONS 5, 6, 7, 9 and 10

Where authorised to do so, the Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 5, 6, 7, 9 and 10.

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box at the end of section B.

By marking this box, you authorise the Chairman of the Meeting to exercise your proxy as an undirected proxy:

- notwithstanding that Resolutions 5, 6, 7, 9 and 10 are connected directly or indirectly with the remuneration of the Company's key management personnel; and
- even if the Chairman of the Meeting has an interest in the outcome of the vote on Resolutions 5, 6, 7, 9 and 10, and that any votes cast by the Chairman of the Meeting on Resolutions 5, 6, 7, 9 and 10, other than as proxy holder, will be disregarded because of that interest.

If the Chairman of the Meeting has been appointed as your proxy and you do not mark this box, and you have not directed your proxy how to vote on Resolutions 5, 6, 7, 9 and 10, the Chairman of the Meeting will not cast your votes on Resolutions 5, 6, 7, 9 and 10 and your votes will not be counted in calculating the required majority.

If you do not wish to appoint the Chairman of the Meeting to vote on Resolutions 5, 6, 7, 9 and 10 in the manner indicated above, it will be important for you to complete the voting directions in Section B.
