

ASX ANNOUNCEMENT**27 May 2014**

FULLY UNDERWRITTEN RIGHTS ISSUE TO RAISE \$2.8M

- ✓ **Rights issue to raise \$2.8 million to fund further development of Hastings and Yangibana projects**
- ✓ **Priced at 20% discount to 5 day VWAP at \$0.038 per share**
- ✓ **Fully underwritten by the major shareholder**
- ✓ **Participating shareholders will have the opportunity to participate in any shortfall**
- ✓ **Drilling commences at Yangibana Project**

Hastings Rare Metals Limited (ASX: HAS) ("the Company", "Hastings") is pleased to announce a pro rata non-renounceable rights issue ("Rights Issue") of up to 74,079,878 new shares on the basis of two (2) new shares for every five (5) shares held by eligible shareholders on the record date, at an issue price of \$0.038 per share, to raise A\$2.8 million (before costs).

Funds raised from the Rights Issue are intended to be used to further develop the Company's Hastings and Yangibana projects, to identify suitable strategic relationships in north Asia, and to provide operational funds for the next 12 to 18 months.

Pro-Rata Non-Renounceable Rights Issue

The Rights Issue offer price of \$0.038 per share, is priced attractively for shareholders, and represents a 20% discount to the 5 day VWAP preceding this announcement. Shareholders on the record date of 3 June 2014 with a registered address in Australia, New Zealand or Singapore will be entitled to participate.

The Rights Issue is fully underwritten by an entity controlled by Mr Charles Lew, the Company's Chairman. In addition to their entitlement, eligible shareholders may also apply for shortfall, with any shortfall first issued to applying shareholders in priority to the underwriter.

Mr Charles Lew, commented: "The Rights Issue offer by Hastings is at an attractive price for our shareholders. The funds raised will allow the Company to make significant progress on both projects. To demonstrate my confidence in the Company and its projects I have undertaken to fully underwrite this issue. Participating shareholders will be given the opportunity to participate in any shortfall".

Further information on the Rights Issue (including the timetable) will be set out in a prospectus for the offer, which Hastings intends to lodge with ASIC and ASX on or around 27 May 2014.

HASTINGS PROJECT

As announced in the Company's ASX release dated 14 May 2014 results have been received from the systematic sampling and scintillometer-based surveys of the two radiometric anomalies, Levon (Figure 1) and Haig (Figure 2), within its Prospecting Licences at Hastings.

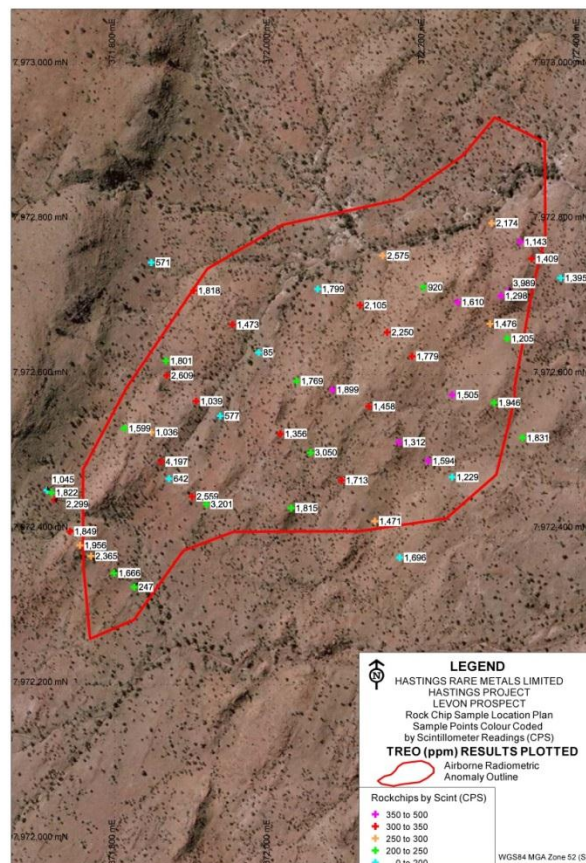


Figure 1 – Levon Prospect – Assay results from recent rock chip sampling programme and radiometric (Th) anomaly

On the basis of these results the Company has identified targets to be drilled in a reverse circulation programme that is planned to commence in June. This programme will include six holes at the previously defined Southern Extension. To enable this drilling to proceed the Company has completed the Native Title Site Clearance for the Levon and Haig areas.

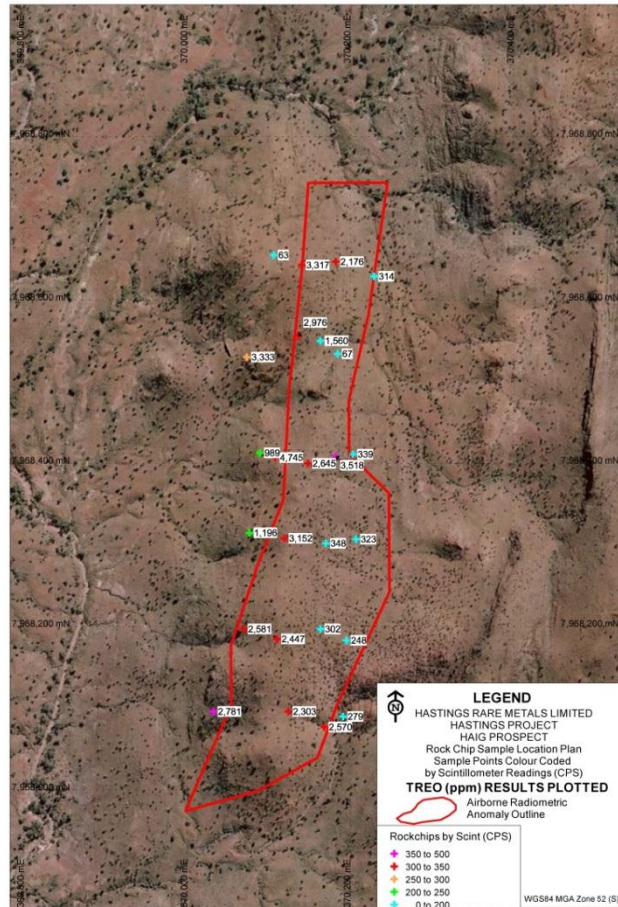


Figure 2 - Haig Prospect - Assay results from recent rock chip sampling programme with airborne radiometric (Th) anomaly

YANGIBANA PROJECT

Reverse circulation (RC) drilling has commenced at the Yangibana North prospect within the Company's extensive landholding at Yangibana.

The planned programme involves drilling on nine sections spaced at 50m along the main outcrop of the Yangibana North prospect. Up to five holes will be drilled on each section as shown in Figure 3. Approximately 350m of drilling is required on each of the nine sections, totalling 3,150m. To date 29 holes have been completed totalling 942 metres. The first seventy samples have been despatched to Genalysis in Perth for analysis.

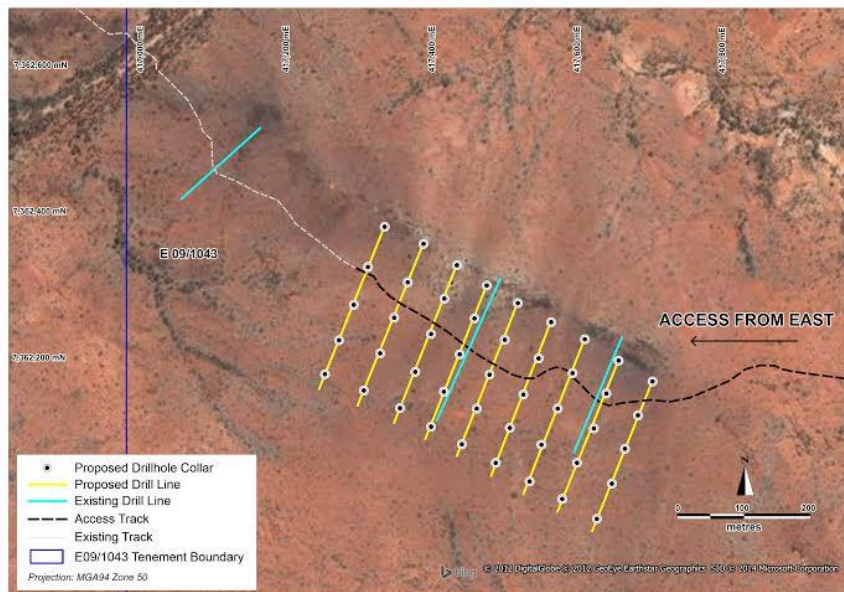


Figure 3 – Aerial view of proposed drill sections

Drilling carried out in the 1980s indicates that mineralisation at Yangibana North has a shallow (20°-30°) dip to the south. The planned drilling is to confirm historical results that indicated average grades of around 1.6% TREO* including 4000ppm Nd₂O₃ from this zone above the water table, and to test the primary mineralisation at greater depth.

* TREO is the sum of the oxides of the heavy rare earth elements (HREO) and the light rare earth elements (LREO).

HREO is the sum of the oxides of the heavy rare earth elements europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), lutetium (Lu), and yttrium (Y)

LREO is the sum of the oxides of the light rare earth elements lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), and samarium (Sm).

Proposed Capital Structure post Rights Issue

On completion of the Rights Issue the Company's capital structure will be as follows:

Capital Structure	Shares	Options	Gross Amount raised
Existing	185,199,694	24,500,000	
Rights Issue Securities	74,079,878	-	\$2,815,035
On completion of Rights Issue	259,279,572	24,500,000	

1. The Company currently has 24,500,000 unlisted options with varying terms on issue.

Use of Funds

It is intended that the majority of funds raised through the Rights Issue will be used to undertake drilling programmes designed to achieve a JORC compliant resource at the Yangibana North project, and to provide further information on the prospectivity of Levon and Haig prospects within the Hastings project. Further exploration work is then expected to expand JORC resources at both projects and to establish metallurgical characteristics of the various mineralisations.

Funds Available		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		
Drilling at Southern Extension Levon & Haig phase 1		373
Yangibana drilling phase 1		479
Yangibana – additional targets		455
Hastings - infill drilling		369
Proposed further exploration and project development		971
Cost of the Offer		200
General Working Capital		1,400
		4,247

The Rights Issue will be made under a prospectus which will be lodged with ASIC on or about 27 May 2014 and mailed to eligible shareholders shortly after the record date of 3 June 2014. Persons should consider the prospectus before deciding whether to acquire shares and will need to complete a personalised entitlement and acceptance form that will accompany the prospectus.

Competent Person's Statement

The information in this report 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 report 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 report and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 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.



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About Hastings Rare Metals

- Hastings Rare Metals is a leading Australian rare earths company, with two rare earths projects in Western Australia.
- The Hastings deposit contains JORC Indicated and Inferred Resources totaling 36.2 million tonnes (comprising 27.1mt Indicated Resources and 9.1mt Inferred Resources) at 0.21% TREO, including 0.18% HREO, plus 0.89% Zirconium oxide (ZrO_2) and 0.35% Niobium Pentoxide (Nb_2O_5).
- Rare earths are critical to a wide variety of current and new technologies, including smart phones, EV/hybrid cars, wind turbines and energy efficient light bulbs.
- The Hastings deposit contains predominantly heavy rare earths (85%), such as dysprosium and yttrium, which are substantially more valuable than the more common light rare earths.
- The Company aims to capitalise on the strong demand for heavy rare earths created by expanding new technologies. It has recently validated the extensive historical work at the Hastings project and completed a Scoping Study to confirm the economics of the Project.
- The Yangibana project contains a number of prospects drilled in the late 1980s that host encouraging rare earths mineralisation. Of particular interest is the high content of CREO (critical rare earth oxides) based largely on the relatively high neodymium and europium contents.