



ASX: Quarterly Activities Statement

29 April 2021

MARCH 2021 QUARTERLY REPORT

Highlights

- Hastings raised \$100.7 million (before costs) through a two-tranche equity placement priced at \$0.19 per share, with funds to be used to advance development of the Yangibana Rare Earths Project.
- Tranche One raised \$57.2 million and was fully underwritten by Canaccord Genuity and supported by institutional investors. Tranche Two was approved by Hastings's shareholders at a General Meeting on 29th March 2021 and raised an additional \$43.5 million, with strong support from existing sophisticated shareholders as well as from L1 Capital, a well-established global investment manager.
- Drilling at the Yangibana and Auer deposits, part of the Yangibana Rare Earths Project, returned favourable results that extended the mineralisation at depth and remains open, with further follow-up drilling planned.
- Yangibana rare earths project Mineral Resource re-estimation work commenced and is nearing completion based on the five key deposits drilled during the 2020 exploration program.
- Ongoing Mineral Resource and Ore Reserves calculation including detailed mine design and infrastructure optimisation at the Yangibana site will deliver an updated life-of-mine plan in June 2021 quarter.
- Application was submitted for grant funding under the Modern Manufacturing Initiative (MMI) scheme as announced by the Federal Government on 19 February 2021.
- As of the end of the March 2021 quarter, the average price of neodymium praseodymium oxide reached RMB582,500 per tonne (or US\$90 per kg), more than double the price in the same quarter previous year because of strong demand from the renewable energy and EV markets in Europe and China.
- The S&P Dow Jones Indices advised that Hastings was admitted to the S&P/ASX All Ordinaries Index, effective prior to the open of trading on 22nd March 2021.
- Hastings had \$82.7 million in cash and equivalents as at 31st March 2021 prior to the receipt of final \$32.7 million Tranche 2 placement proceeds (before costs).

Australia's next rare earths producer, Hastings Technology Metals Ltd (**ASX: HAS**) (**Hastings** or the **Company**) is pleased to report on exploration and development activities for the three-month period to 31st March 2021. Most of the activity focused on the Company's Yangibana Rare Earths Project ("Yangibana") in the Gascoyne region of Western Australia.

During the quarter under review, zero lost time injuries were recorded with the Company-wide lost time injury (LTI) free status extended to 970 days.

Environment & Permitting

A section 45C application for relocation of the camp, access road, aerodrome and process plant at Yangibana was submitted to the Environmental Protection Authority (EPA).

The Referral for Yangibana's expansion based on the exploration results from the 2020 drilling program was given a Public Environmental Review (PER) level of assessment by the EPA. Hastings has since submitted an Environmental Scoping Document for approval by the EPA detailing the studies to inform and update the PER document. The Referral is now under assessment by the Federal government.

Environmental and cultural heritage surveys have been completed at the preferred hydrometallurgical site location in the Pilbara. Studies included, flora and vegetation, fauna, air quality, hydrogeology, hydrology, noise assessments and base line radiation surveys.

Hastings, in consultation with its project finance lenders, commissioned Ramboll, an internationally recognised leader in sustainability consulting, to assess the Company's environmental and social performance to ensure there is alignment with the International Financial Corporation's (IFC) Performance Standards, with specific attention to the recently revised Equator Principle 4, or EP4 requirements. Ramboll has conducted a robust assessment of Hastings documentation and conducted site visits and interviews with key stakeholders. A favourable high-level assessment has been completed thus far, ahead of Ramboll's delivery of a final report to the lenders in due course.

Yangibana's Mineral Resource Development

During the quarter, Hastings received all of the outstanding laboratory results from the five Yangibana deposits that were drilled as part of the 2020 exploration drilling program.

There is significant exploration upside at Yangibana as numerous shallow high-quality intersections are set to be captured in the Mineral Resource inventory while several deposits remain open along a series of highly prospective rare earths corridors.

An increase to the Measured and Indicated Resources category is being targeted which will underpin new mining studies to commence in the June 2021 quarter. Hastings believes that additional Ore Resources in these intervening areas could result in larger and more continuous open pits than currently planned.

Auer Deposit

The Auer drilling (ASX announcement "Auer Drilling Extends Mineralisation at Yangibana" 15/03/21) successfully delineated consistency within holes and strong continuity of mineralisation between holes and down-dip. Drilling targeted down-dip mineralised extensions at depth, with most holes intersecting economic intercepts.

Auer is becoming a strong future target with 3km of mineralisation already defined, which appears to be parallel and geologically similar to the 8km-long Bald Hill-Simons Find-Frasers trend that was a major feature of the 2020 exploration drill program.

The Company completed 29 holes (Fig. 1) for 2,186m of drilling in the northern portions of the Auer mineralised trend. High-grade intersections from Auer included:

- 5m @ 1.86% TREO from 78m
- 4m @ 1.64% TREO from 92m
- 9m @ 0.78% TREO from 84m

Auer is approximately 10km from Yangibana’s processing plant location and will be an important source of ore during the initial years of production. Auer has an existing JORC Mineral Resource of 2.76Mt @ 1.00% TREO.

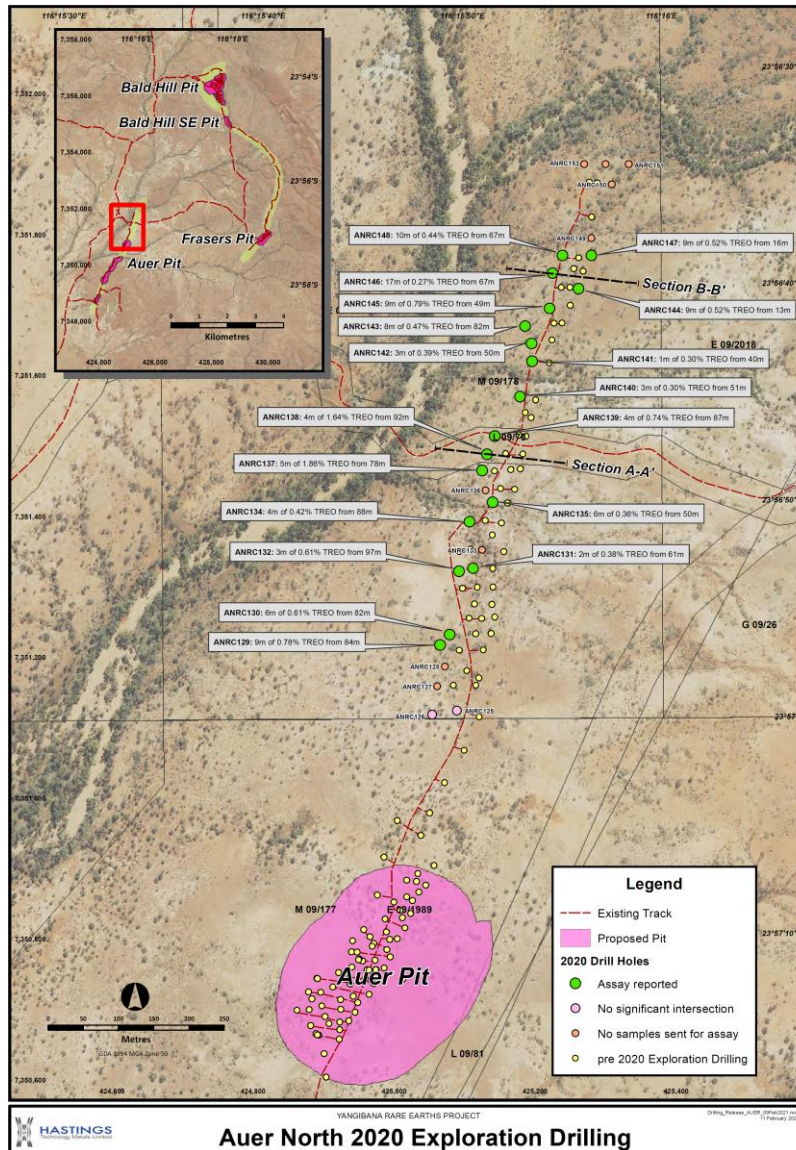


Fig. 1 Auer North Drillhole location map with results

Yangibana Deposit

Drilling at the Yangibana deposit extended mineralisation at depth which remains open, with further follow-up drilling planned (ASX announcement “Yangibana Infill Drilling Confirms Extensions to Orebody” 21/01/21). A total of 3,331m of drilling was completed to in-fill portions of the Mineral Resource model with 34 out of the 35 holes drilled (Fig. 2) intersecting mineralisation above the TREO lower cut-off used in the Mineral Resource estimation process. Results demonstrate geological continuity of grades at depth along the entire 1,000m of strike covered by the drilling. The Yangibana deposit has a JORC Mineral Resource of 1.95Mt @ 0.88% TREO, with 48% of the TREO reported as neodymium and praseodymium – underscoring the high value, world-class geology at Yangibana.

High-grade intersections from Yangibana included:

- 1m @ 1.56% TREO from 53m
- 2m @ 1.19% TREO from 76m
- 7m @ 1.10% TREO from 74m
- 3m @ 0.96% TREO from 95m
- 6m @ 0.81% TREO from 66m

The Yangibana deposit sits within a 20km-long corridor of rare earths mineralisation that is well defined and under explored.

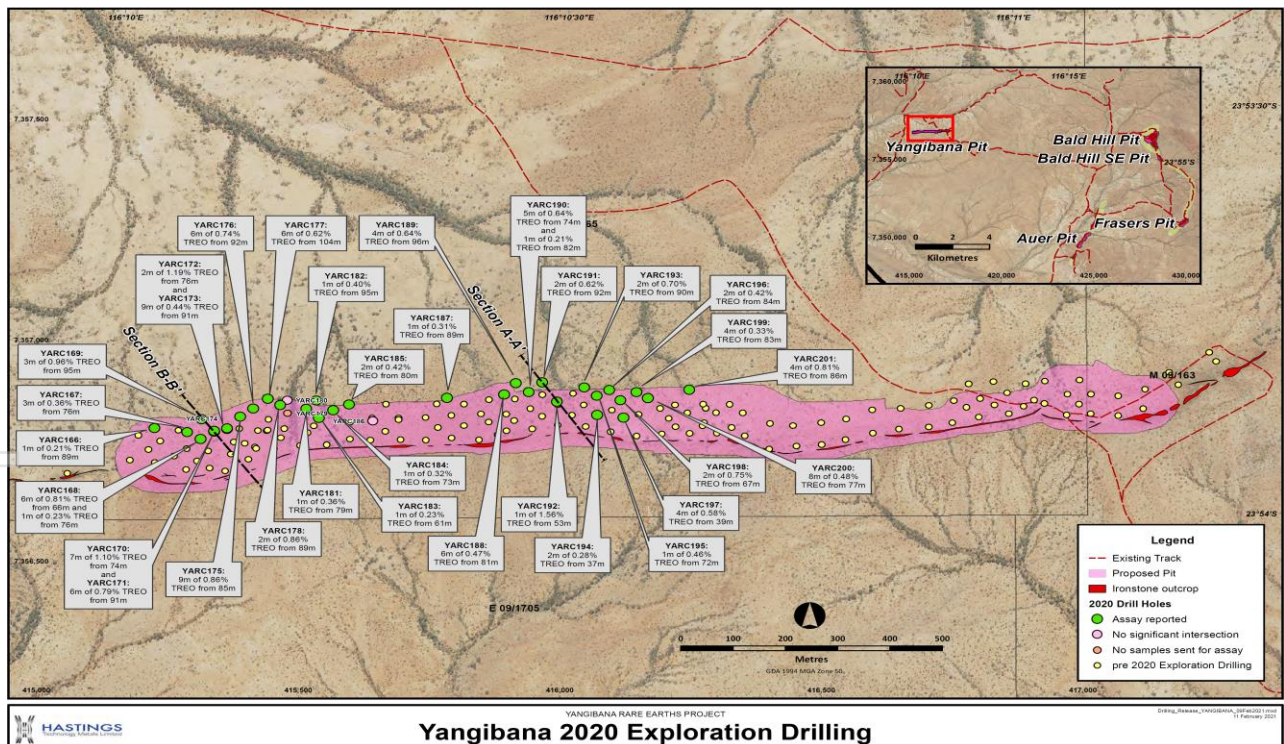


Fig. 2 Yangibana deposit showing drillhole locations with assay results.

Yangibana Project Development

Project development and associated engineering were ramped up significantly during the quarter. This will allow more rapid progress of detailed engineering to finalise the control budget and schedule for the de-coupled processing plan arrangement.

Kiln, Scrubber and Sag Mill packages have been reactivated. To assist with these works, the engineering team has been bolstered with the appointment of an experienced project manager and an experienced earthworks manager. Both appointments are integral as Hastings proceeds towards early infrastructure construction over the coming months.

The updated tailings storage facility design is well progressed and continues to show a range of advantages due to its proximity to the processing plant location, lower cost to construct, smaller footprint and its amenability to future capacity increases. A geotechnical programme has been designed and will be completed during the June 2021 quarter.

The beneficiation plant site layouts and design continue to be optimised. DRA is progressing with detailed engineering to allow quantities of earthworks, concrete, steel, piping and electrical to be estimated ready for tendering.

The 300-man camp scope of work for the design and construct contract has been finalised and will be distributed for tender during the June 2021 quarter.

Both the site access road and the encompassing airstrip design are nearing completion with both packages part of the initial on the ground works to be activated upon start-up.

IT infrastructure is well progressed and includes the finalised design for radio link towers from a Telstra exchange to site.

Negotiations with respect to a long-term land access/rental agreement continue with DevelopmentWA and the Department of Jobs, Tourism, Science and Innovation (JTSI) around Hastings preferred Pilbara coastal site location for its hydrometallurgical plant. Site layouts have been completed with work now focusing on services connections for water, gas and power as well as defining earthworks quantities.

Metallurgy

Hastings continued its research program to improve upon its current metallurgical performance.

The company recently completed the planned test program around new flotation technology. The initial test results indicate this technology performs better in both recovery and grade at the same stage of flotation compared with the current baseline.

Validation of ore sorting being inserted into the process flowsheet and finalisation of the process design criteria with a variability test program was completed. Early-stage ore sorting test work indicated that the flotation recovery can be improved after gangue minerals are rejected.

During this quarter, a metallurgical test program for the Simon's Find deposit was completed. The test program validated that the standard DFS flowsheet is compatible to Simon's Find and has produced a concentrate with the highest NdPr Oxide to TREO ratio in the known deposits.

Modern Manufacturing Initiative Grant

The Company has submitted an application for grant funding under the Modern Manufacturing Initiative (MMI) Integration Stream. The Company has highlighted Australia's unique opportunity to play a lead role in providing a sustainable source of critical raw materials to the global supply chain for permanent magnets production. The MMI fund is aimed at driving lasting change for Australian manufacturers to expand capability beyond pure mining operations. The Company has received a letter of support for the application from the Western Australian Deputy Premier and State Minister for Department of Industry, Science, Energy & Resources.

The MMI application is in addition to seeking funding under the Northern Australia Infrastructure Facility (NAIF) development fund.

Project Finance

During the quarter under review, Hastings and its financial advisor KPMG Corporate Finance ("KPMG") continued to engage with interested financiers with regards to the Yangibana project debt financing. This work is being completed in parallel to the updates to the Mineral Resources and Ore Reserves and mine schedule optimisation work expected to be completed in the June 2021 quarter. Accordingly, Hastings is actively engaged with leading project finance banks in Australia and Europe as well as specialist mining funds interested in committing debt funding to Hastings alongside NAIF, Finland's Export Credit Agency Finnvera and German untied loan guarantee scheme, or UFK.

Updated due diligence workstreams have been progressed pending the finalisation of the mine-schedule and revised NPV. These revised financials and the long-term offtake contracts will influence the ongoing negotiations on the final terms for the debt package with lenders.

During the quarter, Hastings closed a \$100.7 million placement (before costs) to institutional and sophisticated investors. Hastings had \$82.7 million in cash and equivalents as at 31st March 2021 prior to the receipt of final \$32.7 million Tranche 2 placement proceeds (before costs). The Company also has 127.6 million listed options on issue (ASX: HASO), which have an expiry date of 12 April 2022. If all HASO are exercised, the Company's cash balance will be supplemented by a further \$31.6 million.

As previously announced to the ASX, the equity component of Yangibana's capital costs is estimated to be \$124 million. Since the commencement of Yangibana project work in 2014, the Company has raised approximately \$233 million in equity capital which will underpin a senior debt facility required for the project of approximately \$350 million to \$ 400 million.

Hastings remains focused on building on the strong fundamentals of Yangibana. Against the background of favourable EV thematic and a world-class leading NdPr:TREO ratio orebody, the Company aims to secure an optimal debt/equity structure with the objective of delivering long-term value to all stakeholders.

Commercial

Post the quarter, Hastings announced on 20th April that it had signed a major binding offtake contract with thyssenkrupp Materials Trading GmbH (TK). This binding offtake requires Hastings to supply 9,000 tonnes per annum of mixed rare earth carbonate (MREC) (equivalent to 60% of Yangibana's annual production) for the first five years; and for the subsequent five years, 5,000 tonnes per annum of MREC (equivalent to 33% of annual production) from its rare earth mine and processing facilities. Over a 10-year period, total MREC volume committed by TK amounts to 70,000 tonnes. MREC pricing is referenced to Asian Metals average 90-days Ex Works price or at an agreed price between the parties.

In the long term, this contract strategically positions Hastings to supply its high grade NdPr:TREO product to an emerging mine to magnets supply chain in Europe and North America. TK's global reach in raw material trading will be strengthened Hastings's product marketing in the current pandemic environment where border closures and travel restrictions makes it inconvenient and challenging to develop end user customer relationships.

Hastings has previously signed an offtake contract with China based, Baotou Skyrock (see ASX announcement dated 28 November 2018) and a Master Supply Agreement with Schaeffler Technologies AG (see ASX announcement dated 3 June 2020). Any uncommitted Yangibana volume will be sold in the spot market.

As at 31 March 2021, the average price of neodymium praseodymium (**NdPr**) oxide reached RMB582,500 per tonne (or US\$90/kg), which is more than double the price in the previous year – the price at the beginning of March 2020 was RMB279,000/t (US\$43/kg).

This doubling in NdPr oxide price is driven by a few factors including:

- Significant uptick in the demand for EVs since the December 2020 Quarter because of government subsidies in major markets like China and Europe, to which consumers have responded favourably;
- The military coup in Myanmar has resulted in a sudden fall off in NdPr oxide supply, which historically finds its way into the Chinese rare earths market; and
- China's strong economic growth post-Wuhan lockdown (March 2021 Quarter GDP growth rate of 18.3%) has seen a surge in domestic demand for numerous consumer and industrial electronic products, which uses neodymium magnet-powered motors.

Most commodity market analysts predict a strong price for NdPr oxides in the next five to seven years and possibly beyond as the global appetite for permanent magnets continues to grow at a compound annual growth rate of approximately 10%.

Hastings' world-class Yangibana project is well timed and positioned to take advantage of this emerging opportunity.

Salaries and fees paid to Directors during the quarter amounted to \$242,000.

The Company spent \$1.2 million on exploration during the quarter substantially related to the drilling programmes referred to above and a further \$0.4m on capital equipment relating to the project.

This report has been approved by the Board for release to the ASX.

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About Hastings Technology Metals Limited

Hastings Technology Metals Limited (ASX: HAS) is a well-managed Perth based rare earths company primed to become the world's next producer of neodymium and praseodymium concentrate (NdPr). NdPr are vital components used to manufacture permanent magnets used every day in advanced technology products ranging from electric vehicles to wind turbines, robotics, medical applications, digital devices, etc.

Hastings' flagship Yangibana project, in the Gascoyne region of Western Australia, contains one of the most highly valued NdPr deposits in the world with NdPr:TREO ratio of up to 52%. The site is permitted for long-life production and with offtake contracts signed and debt finance in advanced stage targeted for completion in 3Q2021. Construction is scheduled to start in mid-2021 ahead of first production in late 2023.

Hastings also owns and operates the Brockman project, Australia's largest heavy rare earths deposit, near Halls Creek in the Kimberley. Brockman hosts a JORC compliant Mineral Resource hosting Total Rare Earths Oxides (TREO).

For further information on the Company and its projects visit www.hastingstechmetals.com

Competent Person Statements

The information in this announcement that relates to Exploration Results in relation to the Yangibana Project is based on information compiled by Mr. Andrew Reid BSc (Hons) MSc FAUSIMM, a Competent Person, who is a Fellow of the Australian Institute of Mining and Metallurgy. Mr. Reid is a full-time employee of the company and has sufficient experience that is relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Mr. Reid consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

APPENDIX – MINING TENEMENTS HELD AS AT 31 MARCH 2021

YANGIBANA PROJECT			
All tenements are in Western Australia			
Gascoyne Metals Pty Ltd (100% subsidiary)			
Tenement	Locality	Status	Holder/s
E09/1989	WA	Granted	Gascoyne Metals Pty Ltd
E09/2007	WA	Granted	Gascoyne Metals Pty Ltd
E09/2084	WA	Granted	Gascoyne Metals Pty Ltd
E09/2086	WA	Granted	Gascoyne Metals Pty Ltd
E09/2095	WA	Granted	Gascoyne Metals Pty Ltd
E09/2129	WA	Granted	Gascoyne Metals Pty Ltd
E09/2137	WA	Granted	Gascoyne Metals Pty Ltd
E09/2334	WA	Granted	Gascoyne Metals Pty Ltd
E09/2364	WA	Granted	Gascoyne Metals Pty Ltd
E09/2403	WA	Application	Gascoyne Metals Pty Ltd
E09/2404	WA	Application	Gascoyne Metals Pty Ltd
G09/10	WA	Granted	Gascoyne Metals Pty Ltd
G09/14	WA	Granted	Gascoyne Metals Pty Ltd
G09/23	WA	Application	Gascoyne Metals Pty Ltd
G09/24	WA	Application	Gascoyne Metals Pty Ltd
G09/25	WA	Application	Gascoyne Metals Pty Ltd
L09/66	WA	Granted	Gascoyne Metals Pty Ltd
L09/67	WA	Granted	Gascoyne Metals Pty Ltd
L09/68	WA	Granted	Gascoyne Metals Pty Ltd
L09/69	WA	Granted	Gascoyne Metals Pty Ltd
L09/70	WA	Granted	Gascoyne Metals Pty Ltd
L09/71	WA	Granted	Gascoyne Metals Pty Ltd
L09/72	WA	Granted	Gascoyne Metals Pty Ltd
L09/74	WA	Granted	Gascoyne Metals Pty Ltd
L09/75	WA	Granted	Gascoyne Metals Pty Ltd
L09/80	WA	Granted	Gascoyne Metals Pty Ltd
L09/81	WA	Granted	Gascoyne Metals Pty Ltd
L09/82	WA	Granted	Gascoyne Metals Pty Ltd
L09/83	WA	Granted	Gascoyne Metals Pty Ltd
L09/85	WA	Granted	Gascoyne Metals Pty Ltd
L09/86	WA	Granted	Gascoyne Metals Pty Ltd
L09/87	WA	Granted	Gascoyne Metals Pty Ltd
L09/89	WA	Granted	Gascoyne Metals Pty Ltd
L09/91	WA	Granted	Gascoyne Metals Pty Ltd
M09/157	WA	Granted	Gascoyne Metals Pty Ltd

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Tenement	Locality	Status	Holder/s
M09/160	WA	Granted	Gascoyne Metals Pty Ltd
M09/164	WA	Granted	Gascoyne Metals Pty Ltd
M09/165	WA	Granted	Gascoyne Metals Pty Ltd
M09/177	WA	Application	Gascoyne Metals Pty Ltd
M09/179	WA	Application	Gascoyne Metals Pty Ltd
P09/482	WA	Granted	Gascoyne Metals Pty Ltd
P09/489	WA	Granted	Gascoyne Metals Pty Ltd

Gascoyne Metals Pty Ltd (70%) Joint Venture			
Tenement	Locality	Status	Holder/s
E09/1703	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
E09/1704	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
E09/1705	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
E09/1706	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
E09/2296	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
E09/2298	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
E09/2333	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
G09/11	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
G09/13	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
M09/159	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
M09/161	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)
M09/163	WA	Granted	Gascoyne Metals Pty Ltd (70%) Mojito Resources Limited (30%)

Yangibana Pty Ltd (100% subsidiary)			
Tenement	Locality	Status	Holder/s
E09/1700	WA	Granted	Yangibana Pty Ltd
E09/1943	WA	Granted	Yangibana Pty Ltd
E09/1944	WA	Granted	Yangibana Pty Ltd
E09/2018	WA	Granted	Yangibana Pty Ltd
G09/17	WA	Granted	Yangibana Pty Ltd
G09/18	WA	Granted	Yangibana Pty Ltd
G09/20	WA	Granted	Yangibana Pty Ltd
G09/21	WA	Granted	Yangibana Pty Ltd
G09/22	WA	Application	Yangibana Pty Ltd
G09/26	WA	Application	Yangibana Pty Ltd
G09/27	WA	Application	Yangibana Pty Ltd
G09/28	WA	Application	Yangibana Pty Ltd
L09/93	WA	Granted	Yangibana Pty Ltd
L09/95	WA	Granted	Yangibana Pty Ltd
L09/96	WA	Application	Yangibana Pty Ltd
L09/97	WA	Application	Yangibana Pty Ltd
M09/158	WA	Granted	Yangibana Pty Ltd
M09/162	WA	Granted	Yangibana Pty Ltd
M09/176	WA	Application	Yangibana Pty Ltd
M09/178	WA	Application	Yangibana Pty Ltd

BROCKMAN PROJECT			
All tenements are in Western Australia			
Brockman Project Holdings Pty Ltd (100% subsidiary)			
Tenement	Locality	Status	Holder/s
E80/5248	WA	Application	Brockman Project Holdings Pty Limited
M80/636	WA	Application	Brockman Project Holdings Pty Limited
P80/1626	WA	Granted	Brockman Project Holdings Pty Limited
P80/1627	WA	Granted	Brockman Project Holdings Pty Limited
P80/1628	WA	Granted	Brockman Project Holdings Pty Limited
P80/1629	WA	Granted	Brockman Project Holdings Pty Limited
P80/1630	WA	Granted	Brockman Project Holdings Pty Limited
P80/1631	WA	Granted	Brockman Project Holdings Pty Limited
P80/1632	WA	Granted	Brockman Project Holdings Pty Limited
P80/1633	WA	Granted	Brockman Project Holdings Pty Limited
P80/1634	WA	Granted	Brockman Project Holdings Pty Limited
P80/1635	WA	Granted	Brockman Project Holdings Pty Limited

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