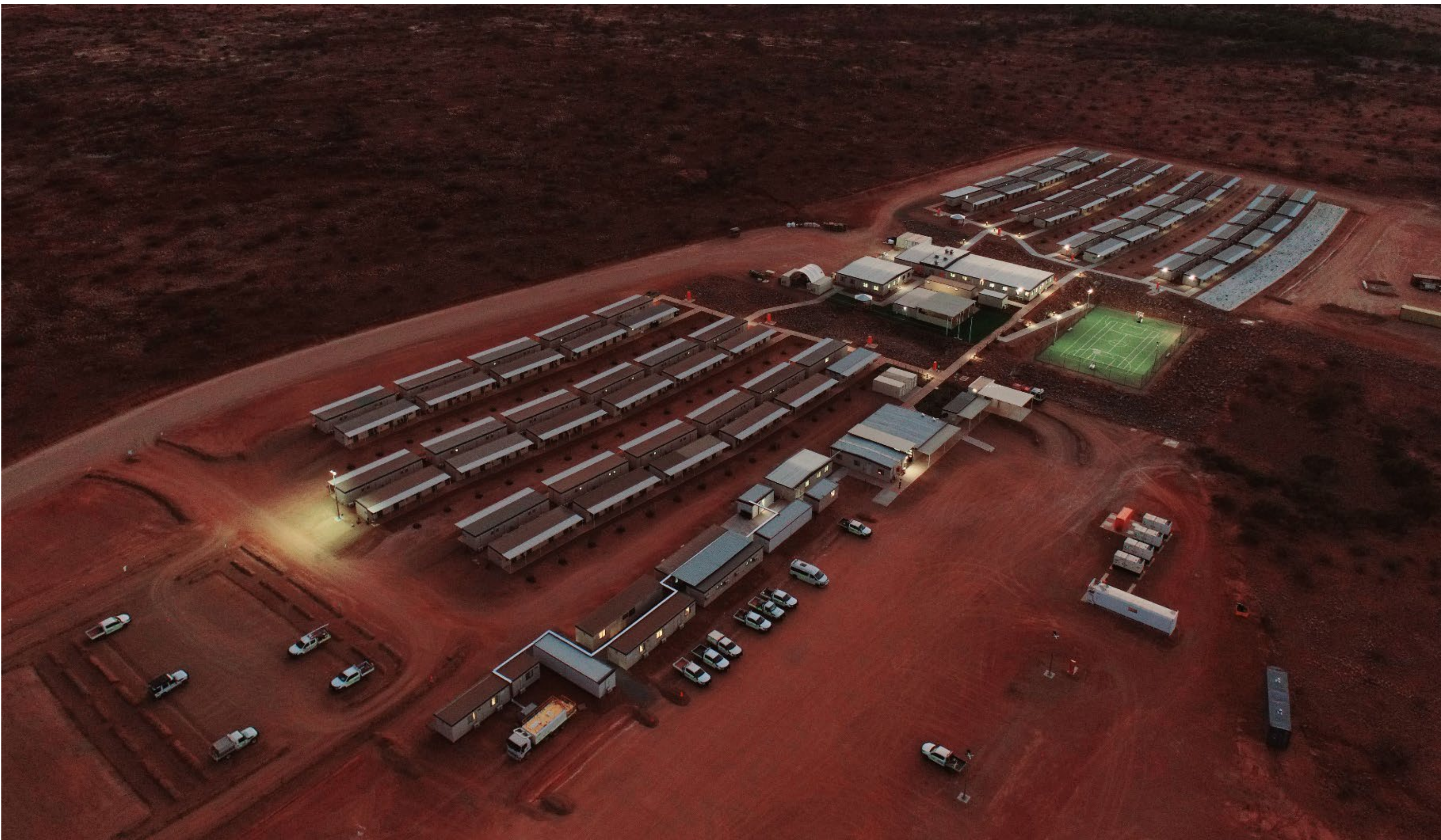
Interim Financial Report

Half year ended 31 December 2023



Hastings Technology Metals Limited
ABN: 43 122 911 399

CORPORATE DIRECTORY

Directors

Charles Lew.......Executive Chairman

Guy Adrian Robertson.......Executive Director

Neil Hackett.......Non-Executive Director

Bruce McFadzean.......Non-Executive Director

Malcolm Randall.......Non-Executive Director

Jean Claude Steinmetz.......Non-Executive Director

Joint Company Secretaries

Guy Robertson

Neil Hackett

Principal Place of Business and Register Office

Address:	Level 6, 197 St Georges Terrace, Perth, Western Australia 6000
Phone:	+61 8 6117 6118
Website:	www.hastingstechmetals.com
Email:	info@hastingstechmetals.com

Auditors

PricewaterhouseCoopers, 125 St Georges Terrace, Perth, Western Australia 6000

Solicitors

King & Wood Mallesons, Level 30, 250 St Georges Terrace, Perth Western Australia 6000

Herbert Smith Freehills, Level 11/1 The Esplanade, Perth Western Australia 6000

Bankers

National Australia Bank, 100 St Georges Terrace, Perth Western Australia 6000

Westpac Banking Corporation, 109 St Georges Terrace, Perth Western Australia 6000

Share Registry

Automic Group, Level 5, 191 St Georges Terrace, Perth, Western Australia 6000

Home Exchange

Australian Securities Exchange Limited, Level 40, Central Park, 152-158 St Georges Terrace, Perth, Western Australia 6000

ASX Code

ASX:HAS

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DIRECTORS' REPORT

Your Directors submit this interim financial report of the consolidated entity consisting of Hastings Technology Metals Ltd ("the Company" or "Hastings") and the entities it controlled during the period (the "Group") for the half year ended 31 December 2023. Pursuant to the provisions of the Corporations Act 2001, the Directors report as follows.

DIRECTORS

The names of Directors who held office during or since the end of the interim period and to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
Mr Charles Lew	Executive Chairman
Mr Guy Adrian Robertson	Executive Director
Mr Neil Hackett	Independent Non-Executive Director
Mr Bruce McFadzean	Independent Non-Executive Director
Mr Malcolm Randall	Independent Non-Executive Director
Mr Jean Claude Steinmetz	Independent Non-Executive Director

Joint Company Secretaries

Mr Guy Adrian Robertson

Mr Neil Hackett

REVIEW OF OPERATIONS

Yangibana Rare Earths Project

During the half year ended 31 December 2023, significant progress was achieved across development works for the Yangibana Rare Earths Project ("Yangibana Project"). Construction of critical non-processing infrastructure was finalised, including the practical completion of the Kurrbili Accommodation Village, comprising 294 rooms, kitchen, messing facilities, medical centre, administration buildings, sports courts, and landscaping. Airport facilities at the Yangibana Airstrip were also completed.

In December 2023, the Company received delivery of the first piece of major long-lead equipment for the beneficiation plant, with the shell of the SAG Mill arriving at the Port of Dampier. At 31 December 2023, $142 million has been spent on non-process infrastructure and long-lead equipment for the beneficiation plant.

During the period, the long form engineering, procurement, and construction ("EPC") contract was signed with GR Engineering Services Ltd ("GRES") for the delivery of the beneficiation plant and associated infrastructure. Under the $210 million contract, GRES will design and construct the Yangibana Project's beneficiation plant and all associated infrastructure, including engineering, manufacture, supply, installation, dry and wet commissioning, and testing of the facility over a period of 18 months. The EPC contract is conditional upon a variety of conditions precedent, most significantly achieving full funding for the Yangibana Project.

Under an early works agreement, GRES continues to work with the Company on engineering and procurement with detailed engineering and design for the beneficiation plant ahead of schedule at 81% complete. The engineering and design for the bulk earthworks were completed during the half, with civil and structural elements progressing in accordance with plans. Engineering and design of the Tailings Storage Facility ("TSF") are also advancing.

Negotiations of key commercial agreements advanced during the half, including the power purchase agreement for the Yangibana Project's power station. The Kurrbili Accommodation Village catering contract was also issued to the market for competitive tender in December and targeted for award in the next quarter.

SUSTAINABILITY

Health and Safety

During the period, the Company marked five years lost time injury free, demonstrating its strong focus on health and safety. There were no recordable injuries reported during the half year period to 31 December 2023, with a Total Recordable Injury Frequency Rate ("TRIFR") of 2.73, a 72% reduction compared to the prior corresponding period TRIFR of 9.98.

Environmental, Social and Governance

In November 2023, the Company published its annual Sustainability Report. The report provides an overview of the Company's accomplishments over the 12 months to 30 June 2023 and sets out environmental, social, and governance ("ESG") objectives as the development of the Yangibana Project progresses. Some of the performance highlights included a 40.3% female participation rate and non-material breaches across Native Title, Environmental Regulation and Corporate Governance.

During the half, the Company announced it had established a Green Financing Framework under which the Company may issue Green Bonds and Green Loans. The Framework has been independently verified by DNV, confirming alignment with the International Capital Market Association's Green Bond Principles and Loan Market Association's Green Loan Principles. The Company's ESG credentials are aligned with United Nations Sustainability Development Goals as a signatory of the United Nations Global Compact.

The rare earth concentrate produced from the Yangibana Project will realise significant environmental benefits as critical inputs for electrification and renewable energy technologies. In addition, the accreditation also recognises Hastings' commitment to create a more sustainable operation, including:

- A target of 40-80% renewable energy sources;
- 82% of water usage to be met by recovered process water for the Yangibana Project's water requirements; and
- Use of modern efficient engineering designs to achieve high recoveries.

Other ESG activities progressed during the half included:

- Implementation of plans to reduce plastic waste at the Yangibana Project's mine site. This included the scheduled installation of washing basins to facilitate the use of good-quality reusable containers. In the interim, compostable packaging will be provided for crib lunches;
- Ongoing engagement with local governments and communities, including meetings with the Shire of Carnarvon and the Shire of Upper Gascoyne to provide project updates and facilitating a site visit by the Board of Regional Development Australia Midwest and Gascoyne; and
- Ongoing work to clean-up and rehabilitate the location of the Yangibana Project's fly camp, including excavation of redundant buried services, removal of bulk waste items and levelling of redundant windrows.

Native Title Agreement

In October 2023, Hastings and the Thiin-Mah Warriyangka Tharrkari Jiwarli ("TMWTJ") People completed the five-year review of the Project Agreement signed in 2017. The Implementation Committee, established in 2023 to oversee the review, met on-country and reaffirmed their mutual commitment to working collaboratively to develop the Yangibana Project.

The review included discussions around employment, training, and business opportunities as well as a review of appropriate goals and targets and included a visit to heritage sites around Yangibana with TMWTJ Senior Elder Peter Salmon.

Hastings has worked closely with the TMWTJ People since 2017 to co-design the Yangibana Project with cultural consideration in mind, and to protect important heritage sites.

CORPORATE

Management Update

In September 2023, experienced mining executive, Mr Paul Brown, commenced as Chief Executive Officer bringing a strong track record built over two decades in various senior roles in the resources sector, including the delivery and operation of several significant mining projects.

Most recently, Mr Brown spent eight years at Mineral Resources Limited ("MinRes"), where he was Chief Executive – Commodities and also held the position of Chief Executive – Lithium. Prior to joining MinRes, Mr Brown's career spanned general management, operational leadership, technical direction, project and studies management, business enhancement, mineral resource assessment, and mine strategy, including at Leighton Holdings Limited, HWE Mining Pty Ltd and Fortescue Metals Group Limited.

The Company promoted Mr Tim Gilbert to its Executive Leadership Team as Executive General Manager Mining Operations, with oversight of operations, operational readiness, health and safety, environmental approvals, and exploration. With over three decades of experience across a range of strategic, operational, and technical roles in the resources sector, including as General Manager Operations for Covalent Lithium Pty Ltd, Mr Gilbert will be critical to ensuring the business is ready for the Yangibana Project's critical commissioning phase.

Commercial

Subsequent to 31 December 2023, Hastings announced it had signed a binding term sheet with Baotou Skyrock Rare Earth New Material Co. Ltd ("Baotou Skyrock") for an integrated processing and offtake arrangement ("Integrated Arrangement") where the Company will receive payment for rare earth oxides, less a capped multi-stage processing fee. Negotiations are ongoing with other potential customers to conclude similar offtake arrangements for the remaining Yangibana Project volumes, potentially via the offtake arrangement with thyssenkrupp Materials Trading ("thyssenkrupp").

Additionally, Hastings has been reviewing opportunities to optimise Stage 1 (Yangibana mine and beneficiation plant) of the Yangibana Project to further de-risk the Yangibana Project and enhance economic returns. This included a review of the mine plan which has been optimised for the first five years by bringing forward the mining of lower strip ratio zones while maintaining the grade to the beneficiation plant, resulting in higher free cashflow in the early years of operations.

Capital Cost Estimate

Subsequent to 31 December 2023, Hastings announced an increase in the capital cost estimate of Stage 1 of the Yangibana Project to $503 million. This increase was as a result of the requirements to install a concentrate dryer to meet product moisture content specifications, as well as additional holding costs due to changes in the funding and production schedule. The remaining capital cost is estimated at $361 million, with $142 million already invested in early works as of 31 December 2023.

Project Finance

Following the completion of the Staged Development Feasibility Study in the first half of calendar year 2023, the Company completed refreshed independent due diligence reports during the period, including a technical review by lenders' Independent Technical Expert, Behre Dolbear Australia Pty Ltd ("BDA") which considered cost estimations to be reasonable and appropriate.

A refreshed market consultant report by CRU has also verified the Yangibana Project's competitive position on the first quartile of the global margin curve, confirming that Hastings will be one of the highest margin producers of rare earths globally.

During the half, Hastings received non-binding indicative financing proposals from multiple parties, including from global mining funds, senior debt, and fixed income investors (debt capital markets), to fund the Yangibana Project in line with the target gearing ratio of 60% of the total funding package. This is in addition to the previously announced financing support from commercial banks and government agencies.

Final due diligence has progressed which included investor and bank site visits, and due diligence calls with Hastings' partners such as thyssenkrupp, ALS and GRES.

Following confirmatory due diligence by various financiers and favourable debt capital market conditions, Hastings will progress determining the optimal financing pathway and harmonise terms and pricing with the preferred syndicate/consortium.

As part of the Company's project funding strategy, Hastings secured an At-the-Market ("ATM") facility with Alpha Investment Partners ("AIP"). This ATM facility represents a strategic equity financing option for up to $50 million, offering the Company the flexibility to raise capital incrementally over a four-year period at an issue price referable to prevailing market prices, subject to a floor price that is set by Hastings.

The ATM facility does not impose restrictive conditions, preserving the Company's operational and capital raising freedom. This makes the ATM facility a compelling option for Hastings, aligning with the Company's long-term growth strategy and commitment to maximising shareholder value.

This standby equity capital facility aligns with Hastings' commitment to prudent financial management, facilitating a controlled approach to capital raising, and minimising shareholder dilution. The facility may be terminated by Hastings at any time without penalty to the Company.

As collateral for the ATM facility, Hastings issued 6.5 million shares to AIP during the half.

DIVIDENDS

No dividends have been paid or declared since the start of the interim period and the Directors do not recommend the payment of a dividend in respect of the interim period.

OPERATING RESULTS FOR THE HALF YEAR AND FINANCIAL YEAR

The total comprehensive loss of the Group for the interim period, after providing for income tax amounted to $21,291,286 (2022: $71,211,230).

The Group's operating income increased to $2,907,800 (2022: $2,259,894) as a result of dividends from the Group's investment in Neo Performance Materials Inc. ("Neo") in October 2022.

Net loss after tax increased to $13,247,021 (2022: $9,270,421) primarily because of increased finance costs of $16,622,336 (2022: $9,962,658). The increase reflects the borrowing costs paid on convertible notes used to fund the Neo investment. Netted off within expenses is the reversal of $8,620,036 in onerous contract provisions relating to excess accommodation at Onslow previously recognised as of 30 June 2023. The reversal is the result of achieving on-selling of the excess accommodation. Furthermore, a $2,205,053 fair value gain on embedded derivatives relating to convertible notes was recognised during the period.

Other comprehensive loss was $8,044,265 (2022: $61,940,809) as a result of the decrease in the fair value of the investment in Neo.

Capitalised exploration and evaluation costs increased to $92,693,240 (30 June 2023: $88,297,476) reflecting costs incurred for environmental and geology.

Plant and equipment increased to $248,600,644 (30 June 2023: $212,684,152) reflecting the costs incurred for early works construction and the delivery of long lead items for the Yangibana Project.

Net assets decreased to $293,941,365 (30 June 2023: $315,172,510) primarily because of the $21,291,286 total comprehensive loss for the period.

REVIEW OF FINANCIAL CONDITIONS

As at 31 December 2023, the consolidated entity had $38,757,189 in cash and cash equivalents (June 2023: $98,644,239). Offsetting the cash assets are borrowings of $149,711,314 (June 2023: $133,187,086) and lease liabilities of $1,191,849 (June 2023: $1,608,491). Cash and cash equivalents are earmarked for construction, corporate costs, and working capital.

The total cash held by the Group inclusive of restricted cash (Trade and Other Receivables) of $3,600,488 is $42,357,677.

GOING CONCERN

Notwithstanding the $38,757,189 in cash and cash equivalents held by the Group as of 31 December 2023, the Company will need to secure additional funding in order to meet forecasted expenditure including outstanding commitments and commence main construction of Stage 1 during the next 12 months.

As a consequence, a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the Directors believe that there are reasonable grounds that the use of the going concern basis remains appropriate as the Board raises funds via the ATM, and looks at other debt and equity options including share purchase plans and placements:

- There is demonstrated historical ability of the Group to raise new capital from debt and equity sources;
- Hastings has received underwritten capital raising proposals from multiple investment banks and brokers;
- Hastings has received non-binding project finance proposals from multiple parties, including from global mining funds, commercial banks, and fixed income investors (debt capital markets). This is in addition to the previously announced financing support from government agencies; and
- The GRES EPC contract is subject to certain conditions including Hastings obtaining project financing. Therefore, should financing not be obtained, the Group will not be committed to making payments under the EPC contract.

The independent auditor's review report highlights the existence of the material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. For further information, refer to Note 1(b) to the financial statements, together with the independent auditor's review report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes to the state of affairs of the Company during the period.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

On 29 January, the Company announced it had signed a Memorandum of Understanding ("MoU") with the Estonian Government's investment agency Ettevotluse ja Innovatsiooni Sihtasutus to collaborate on a joint scoping study into the potential development of downstream rare earth processing capabilities in Estonia.

This firmly aligns with the Estonian Government's objectives to strengthen Estonia's and the European Union's ability to provide strategic materials needed for electric vehicles and renewable energy technologies. Recently the German government's Budget Committee highlighted the necessity for Germany to set up a €1 billion equity fund to finance strategic raw material projects within the European Union.

This MoU is aligned to Hastings' long-term vision to build a European-centric mine-to-magnet supply chain and further reinforces its strategic 21.15% shareholding in Neo, a leading global manufacturer of rare earth magnetic products. Neo currently owns the only operating commercial rare earth separation facility in Europe, located in Sillamae, Estonia, and is currently constructing a sintered rare earth magnet manufacturing facility in Narva, Estonia with production expected from 2025.

On 16 February, the Company announced it had signed a binding term sheet with Baotou Skyrock for an integrated processing and offtake arrangement allowing Hastings to receive payment for higher-value rare earth oxides, less a capped multi-stage processing fee. The Integrated Agreement is expected to support the realisation of significantly improved economics for the Yangibana Project.

Established in 2006, Baotou Skyrock is a privately-owned Chinese high-tech enterprise specialising in the production of rare earth metals and permanent magnet materials. Its main products are sintered neodymium boron and sintered samarium cobalt magnets. Hastings had previously signed an offtake contract with Baotou Skyrock in November 2018 for the sale of mixed rare earth carbonate which lapsed in November 2023.

The Integrated Arrangement provides for a competitive fee structure for the multi-stage processing of the Yangibana Project's concentrate through to an MREC product, and further to separated rare earth oxides. Final rare earth oxides product will be sold at a price linked to benchmark indices for individual oxides.

Other than as outlined above, there are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future financial periods.

AUDITORS INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the *Corporations Act 2001* requires our auditors, PricewaterhouseCoopers, to provide the Directors of the Company with an Independence Declaration. This Independence Declaration is set out on page 11 and forms part of this Directors' report for the interim period ended 31 December 2023.

Signed in accordance with a resolution of the Directors.

Charles Lew

Executive Chairman

15 March 2024

DISCLAIMERS

FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE

This report contains reference to certain intentions, expectations, future plans, strategies and prospects of the Company. Those intentions, expectations, future plans, strategies and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of the Company may be influenced by a number of factors, many of which are outside the control of the Company. No representation or warranty, express or implied, is made by the Company, or any of its directors, officers, employees, advisers, or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategies and prospects. The Company does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended.

The Company is under no obligation to, nor makes any undertaking to, update or revise such forward looking statements, but believes they are fair and reasonable at the date of the presentation.

COMPETENT PERSONS STATEMENT

The information in this release that relates to Mineral Resources and Ore Reserves has been extracted from the release title 'Annual Report to shareholders' dated 28 September 2023 which is available to view at www.asx.com.au under the code "HAS" (the original release). Hastings confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the original release.

The information that relates to Mineral Resources is based on information compiled by Mr David Princep and Mr Lyn Widenbar. Both Mr. Princep and Mr Widenbar are independent consultants to the Company and members of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Princep and Mr Widenbar have sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement 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").

The information that relates to the Ore Reserves at Bald Hill, Simon's Find, Fraser's, Auer, Auer North, Yangibana and Yangibana North is based on information reviewed or work undertaken by Mr. Stephen O'Grady, member of AusIMM, and a Director of Intermine Engineering Consultants. Mr O'Grady has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the preparation of mining studies to qualify as a Competent Person as defined by the JORC Code. Mr O'Grady consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The scientific and technical information that relates to process metallurgy is based on information reviewed by Ms Narelle Marriott (ex-General Manager Process Development) of Hastings Technology Metals Ltd. Ms Marriott is a member of the AusIMM and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined by the JORC Code. Ms Marriott owns shares in the company and participates in the company employee share plan. Ms Marriott consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

The information that relates to exploration results in relation to the Yangibana Project is based on information compiled by Dr Louis Schürmann (PhD) (Chief Geologist) of Hastings Technology Metals Ltd. Dr Schürmann is a Fellow of the AusIMM and has sufficient experience that is relevant to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Dr Schürmann consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Auditor’s Independence Declaration

As lead auditor for the review of Hastings Technology Metals Ltd for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hastings Technology Metals Ltd and the entities it controlled during the period.

Anthony Hodge
Partner
PricewaterhouseCoopers

Perth
15 March 2024

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2023

		Consolidated	
	Notes	31 Dec 2023 $	31 Dec 2022 $
Continuing operations			
Other income	2	2,907,800	2,259,894
Administration expenses		(718,080)	(521,706)
Consulting and professional fees		(599,275)	(283,018)
Depreciation – plant and equipment		(133,707)	(90,888)
Depreciation – right-of-use assets		(104,452)	(100,699)
Directors' fees		(513,743)	(919,346)
Employee benefits expense		(4,617,511)	(2,936,648)
Fair value gain/(loss) on embedded derivatives		2,205,053	(1,304,697)
Fair value gain on foreign exchange forward		-	4,855,315
Finance costs	4	(16,622,336)	(9,962,658)
Insurance		(159,843)	(800,857)
Legal fees		(226,335)	(457,088)
Reversal of provision relating to occupancy expenses	3	8,620,036	-
Occupancy expenses		(101,562)	(101,936)
Travel expenses		(214,148)	(169,100)
Impairment exploration expenditure on relinquished tenements	6	(2,768,081)	-
Share-based payments	8	(199,577)	1,263,010
Loss before income tax expense		(13,245,761)	(9,270,421)
Income tax expense		(1,260)	**-**
Net loss for the period		(13,247,021)	(9,270,421)
Other comprehensive loss			
Loss in the fair value of equity investments at fair value through other comprehensive income	5	(8,045,937)	(61,949,654)
Exchange gain/(loss) on translation of foreign operations		1,672	8,845
Other comprehensive loss for the period		(8,044,265)	(61,940,809)
Total comprehensive loss for the period		(21,291,286)	(71,211,230)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share (cents per share)		(10.24)	(8.57)

The accompanying notes form part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Notes	Consolidated 31 Dec 2023 $	Consolidated 30 June 2023 $
Assets			
Current Assets			
Cash and cash equivalents		38,757,189	98,644,239
Trade and other receivables		8,634,665	8,348,918
Total current assets		**47,391,854**	**106,993,157**
Non-current assets			
Deferred exploration and evaluation expenditure	6	92,693,240	88,297,476
Financial assets at fair value through other comprehensive income	5	75,853,095	83,899,032
Plant and equipment	15	248,600,644	212,684,152
Right-of-use assets		1,130,664	1,548,556
Total non-current assets		**418,277,643**	**386,429,216**
Total assets		**465,669,497**	**493,422,373**
Liabilities			
Current liabilities			
Trade and other payables		10,904,627	22,584,052
Employee benefit obligations		3,544,703	1,589,718
Lease liability		802,623	813,986
Provisions		2,624,480	12,270,920
Total current liabilities		**17,876,433**	**37,258,676**
Non-current liabilities			
Borrowings	7	149,711,314	133,187,086
Derivative liability	7	262,002	2,467,055
Lease liability		389,226	794,505
Employee benefit obligations		165,072	130,313
Provisions		3,324,085	4,412,228
Total non-current liabilities		**153,851,699**	**140,991,187**
Total Liabilities		**171,728,132**	**178,249,863**
Net Assets		**293,941,365**	**315,172,510**
Equity			
Issued capital	8	435,177,334	435,316,770
Reserves	8	(79,667,432)	(71,821,072)
Accumulated losses		(61,568,537)	(48,323,188)
Total Equity		**293,941,365**	**315,172,510**

The accompanying notes form part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Consolidated	Notes	Issued Capital $	Accumulated Losses $	Fair Value Reserve $	Share Based Payment Reserve $	Total $
Balance at 30 June 2023		**435,316,770**	**(48,323,188)**	**(71,950,037)**	**128,965**	**315,172,510**
Loss for the period		-	(13,247,021)	-	-	(13,247,021)
Other comprehensive gain/(loss)		-	1,672	(8,045,937)	-	(8,044,265)
Total comprehensive loss for the period		**-**	**(13,245,349)**	**(8,045,937)**	**-**	**(21,291,286)**
Shares/options issued during the period	8	-	-	-	-	-
Transaction costs on share issue	8	(139,436)	-	-	-	(139,436)
Share based payments	8	-	-	-	199,577	199,577
Balance at 31 December 2023		**435,177,334**	**(61,568,537)**	**(79,995,974)**	**328,542**	**293,941,365**
Balance at 30 June 2022		**318,790,910**	**(38,019,865)**	**-**	**1,657,446**	**282,428,491**
Loss for the period		-	(9,270,421)	-	-	(9,270,421)
Other comprehensive loss		-	8,845	(61,949,654)	-	(61,940,809)
Total comprehensive loss for the period		**-**	**(9,261,576)**	**(61,949,654)**	**-**	**(71,211,230)**
Shares/options issued during the period		111,000,000	-	-	-	111,000,000
Transaction costs on share issue		(4,340,242)	-	-	-	(4,340,242)
Share based payments		-	265,102	-	(1,528,112)	(1,263,010)
Balance at 31 December 2022		**425,450,668**	**(47,016,339)**	**(61,949,654)**	**129,334**	**316,614,009**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Notes	Consolidated 31 Dec 2023 $	31 Dec 2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(4,149,908)	(9,503,428)
Interest and finance costs paid		(17,118)	(4,296)
Interest received		1,422,943	814,064
Net cash used in operating activities		(2,744,083)	(8,693,660)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(5,200,242)	(2,678,501)
Payments for plant and equipment		(52,351,130)	(53,267,614)
Research and development tax offset in relation to exploration assets		244,268	-
Payments for financial assets at fair value through other comprehensive income	5	-	(155,786,512)
Dividends from financial assets at fair value through other comprehensive income		1,718,134	-
Proceeds from sale of fixed assets		900	-
Net payments for other financial assets at amortised cost		-	(136,000,000)
Net receipt from fair value gain on foreign exchange forward		-	4,855,316
Net cash (used in)/provided investing activities		(55,588,070)	(342,877,311)
Cash flows from financing activities			
Proceeds from issue of shares and options		-	106,560,158
Proceeds from borrowings net of costs		-	143,351,978
Payment of borrowing costs		(1,118,581)	-
Principal elements of lease payments		(419,234)	(100,375)
Net cash provided by/(used in) financing activities		(1,537,815)	249,811,761
Net (decrease)/increase in cash held		(59,869,968)	(101,759,210)
Foreign exchange gain		(17,082)	6,759
Cash and cash equivalents at the beginning of the period		98,644,239	119,866,547
Cash and cash equivalents at the end of the period		38,757,189	18,114,096

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 1: BASIS OF PREPARATION

a) Basis of Preparation

These interim condensed consolidated financial statements for the half year ended 31 December 2023 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2023 and any public announcements made by the Group during the interim reporting period in accordance with the conditions disclosure requirements of the *Corporation Act 2001*.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023.

b) Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

For the half year ended 31 December 2023, the Group incurred a total comprehensive loss of $21,291,286 (2022: $71,211,230), had net cash outflows from operating activities of $2,744,083 (2022: $8,693,660) and net cash outflows from investing activities of $55,588,070 (2022: $342,877,311). Furthermore, the Group had outstanding commitments as at 31 December 2023 for construction contracts of $40,748,781 (2022: $77,520,034) due within 2 years. The outstanding commitments excludes the $210 million EPC contract signed with GRES that is subject to obtaining the Yangibana Project's funding.

The Group has cash and cash equivalents of $38,757,189 as at 31 December 2023. However, the Company will need to secure additional funding to meet forecasted expenditure including outstanding commitments and commence main construction of Stage 1 (Yangibana mine and beneficiation plant) during the next 12 months.

As a consequence of the above matters, a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that there are reasonable grounds that the use of the going concern basis remains appropriate as the Board raises funds via the ATM, and looks at other debt and equity options including share purchase plans and placements:

- There is demonstrated historical ability of the Group to raise new capital from debt and equity sources;
- Hastings has received underwritten capital raising proposals from multiple investment banks and brokers;
- Hastings has received non-binding project finance proposals from multiple parties, including from global mining funds, commercial banks, and fixed income investors (debt capital markets). This is in addition to the previously announced financing support from government agencies; and
- The GRES EPC contract is subject to certain conditions including Hastings obtaining project financing. Therefore, should financing not be obtained, the Group will not be committed to making payments under the EPC contract.

The financial report does not include any adjustments relating to the amounts or classifications of recorded assets and liabilities that might be necessary if the Group does not continue as a going concern.

NOTE 1: BASIS OF PREPARATION (CONT.)

c) Statement of Compliance

The interim condensed consolidated financial report was authorised for issue by the Board on 15 March 2024. The Board has the power to amend the financial statements after their issue.

d) Adoption of new and revised standards

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

e) Impact of standards issued but not yet applied by the entity

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 2: OTHER INCOME

	Consolidated half year	
	31 Dec 2023 $	31 Dec 2022 $
Interest income[1]	1,188,766	2,259,894
Dividends[2]	1,718,134	-
Sales of assets	900	-
	2,907,800	2,259,894

[1] Interest income is solely derived within Australia.
[2] Dividends from investment in NEO Performance Materials Inc.

NOTE 3: ONEROUS CONTRACTS PROVISION

The Directors continually assess the Group's contracts for being onerous with a provision recognised equal to the present value of any onerous obligations.

During the period, $8,620,036 in previously recognised onerous contracts provision expenses were reversed. The reversal related to committed Onslow accommodation for Stage 2 which the Company managed to on-sell, therefore reducing the commitment value. As at 31 December 2023, the provision balance was $2,424,480 (June 2023: $13,220,760).

NOTE 4: FINANCE COSTS

	Consolidated Half Year	
	31 Dec 2023 $	31 Dec 2022 $
Lease interest	17,118	19,085
Borrowing costs (refer Note 7)	16,524,288	5,945,324
Debt funding costs written-off[1]	-	3,954,995
Present valuation of rehabilitation provision	66,637	43,241
Transaction costs	14,353	13
	16,622,336	9,962,658

[1] *Debt funding costs written-off relate to costs incurred in the current and prior periods capitalised to the balance sheet as part of the effective interest rate method on expected debt funding. As expectations of specific debt funding options decrease, the related costs are expensed.*

NOTE 5: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 Dec 2023 $	30 June 2023 $
Equity Securities		
Listed Securities – Neo Performance Materials Inc		
Fair value at beginning of period	83,899,032	-
Purchase Costs	-	155,849,069
Changes in the fair value of equity investments at fair value through other comprehensive income	(8,045,937)	(71,950,037)
Fair value at end of period	**75,853,095**	**83,899,032**

In October 2022, the Group purchased a 19.9% strategic interest in Neo. Notwithstanding the Group now having a 21.15% interest in NEO as a result of a share buy-back, the Board has assessed the Group as not having significant influence over NEO at this stage given it does not yet have Board representation in Neo, the Group does not participate in any Neo policy-making processes, and has not shared material technical information at this stage.

NOTE 6: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:	31 Dec 2023 $	30 June 2023 $
Exploration and evaluation phase – at cost		
Total deferred exploration and evaluation expenditure at beginning of period	88,297,476	71,411,125
Exploration expenditure	7,380,620	16,550,450
Rehabilitation provision	27,493	335,901
Less research and development tax offset received	(244,268)	-
Less impairment evaluation expenditure on relinquished tenements	(2,768,081)	-
Total deferred exploration and evaluation expenditure at end of period	**92,693,240**	**88,297,476**

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 7: BORROWINGS

Convertible Notes – Secured over Neo shares	31 Dec 2023 $	30 June 2023 $
Non-current liability at beginning of period	133,187,086	-
Face value of notes issued in period	11,159,380	163,756,719
Transaction costs	-	(6,682,438)
Fair value of embedded derivative at issue date	-	(30,526,471)
	144,346,466	126,547,810
Interest expense	16,524,228	20,395,995
Interest settled-in-kind via the issue of additional notes	(11,159,380)	(13,756,719)
Non-current liability at end of period	149,711,314	133,187,086

The Group issued 150,000,000 secured, redeemable exchangeable notes with a face value of $150,000,000 on 11 October 2022. The notes are convertible into ordinary shares of the Company, at the option of the holder, for $5.50 per share and have a maturity date of 11 October 2025.

Interest on the outstanding value of the notes will accrue at the rate equivalent to the 3-month BBSY plus 9% per annum and is to be settled-in-kind via the issue of additional notes on a quarterly basis subject to a cash payment election. $11,159,380 of interest was settled-in-kind as convertible notes in the period ended 31 December 2023.

The notes were used to fund the purchase of, and secured against, the Group's interest in Neo (refer Note 5).

The initial fair value of the liability portion of the notes was determined using a market interest rate for an equivalent nonconvertible note at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

Embedded Derivatives

Embedded within the convertible notes are derivatives relating to the exchange rights and redemption rights of the notes. The initial fair value of the embedded derivatives has been estimated using Monte Carlo option pricing models with subsequent fair value movements recognised in profit and loss.

Embedded Derivatives	31 Dec 2023 $	30 June 2023 $
Non-current liability at beginning of period	(2,467,055)	-
Fair value of embedded derivative at issue date	-	(30,526,471)
Fair value loss through profit or loss	2,205,053	28,059,416
Non-current liability at end of period	(262,002)	(2,467,055)

NOTE 8: ISSUED CAPITAL

Ordinary Shares

Movements in the ordinary shares were as follows:	31 Dec 2023 $	30 June 2023 $
Balance at beginning of period	435,316,770	318,790,910
Shares issued – placement	-	110,000,000
Shares issued – share purchase plan	-	1,000,000
Shares issued - vesting of performance rights	-	911,937
Shares issued – acquisition proceeds	-	9,000,000
Less share issue costs	(139,436)	(4,386,077)
Balance at end of period	**435,177,334**	**435,316,770**

NOTE 8: ISSUED CAPITAL (CONT.)

Movements in the ordinary shares were as follows:	31 Dec 2023 No.	30 June 2023 No.
At beginning of period	129,276,652	101,448,625
Shares issued – placement	-	25,000,000
Shares issued – share purchase plan	-	227,239
Shares issued - vesting of performance rights	90,000	148,138
Shares issued – acquisition proceeds	-	2,452,650
Shares issued – collateral shares (a)	6,500,000	-
Balance at end of period	**135,866,652**	**129,276,652**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value with the Company not having a limited amount of authorised capital.

a) At-the-Market facility

As part of the Company's project funding strategy, in November 2023 Hastings secured an ATM facility with Alpha Investment Partners. This ATM facility represents a strategic equity financing option for up to $50 million, offering the Company the flexibility to raise capital incrementally over a four-year period at an issue price referable to prevailing market prices, subject to a floor price that is set by Hastings.

The ATM facility does not impose restrictive conditions, preserving the Company's operational and capital raising freedom.

This standby equity capital facility aligns with Hastings' commitment to prudent financial management, facilitating a controlled approach to capital raising, and minimising shareholder dilution. The facility may be terminated by Hastings at any time without penalty to the Company.

As collateral for the ATM facility, Hastings issued 6.5 million shares to AIP during the period for nil consideration. These shares have been excluded from earnings per share calculations.

Fair Value Reserve

Movements in the fair reserve were as follows:	31 Dec 2023 $	30 June 2023 $
Balance at beginning of the period	(71,950,037)	(61,949,654)
Changes in the fair value of equity investments at fair value through other comprehensive income (refer Note 5)	(8,045,937)	(10,000,383)
Balance at end of period	(79,995,974)	(71,950,037)

NOTE 8: ISSUED CAPITAL (CONT.)

Share Based Payments Reserve

Movements in value of share-based payments reserve were as follows:	31 Dec 2023 $	30 June 2023 $
Balance at beginning of period	128,965	1,657,446
Performance rights lapsed – transferred from accumulated losses	-	(265,103)
Share-based payment expenses/(gains)	199,577	(351,441)
Performance rights vested – transferred to issued capital	-	(911,937)
Balance at end of period	328,542	128,965

The share-based payments reserve is used to record the value of equity benefits provided to employees and Directors as part of remuneration.

Movements in number of share-based payments reserve were as follows:	31 Dec 2023 No.	30 June 2023 No.
Balance at beginning of period	1,406,080	1,560,021
Performance rights lapsed	(10,000)	(1,071,883)
Performance rights issued	7,494,032	1,016,080
Performance rights vested	(90,000)	(98,138)
Balance at end of period	8,800,112	1,406,080

Performance rights plan

The establishment of the Company's Performance Rights Plan ("PR Plan") was approved by shareholders at the 2012 annual general meeting and last re-approved at the 2019 annual general meeting. An updated plan was issued in 2023 subject to shareholder approval. The PR Plan is designed to provide eligible participants with an opportunity to share in the growth of the Company and to assist the Group in retaining and attracting highly skilled and experienced people. Under the PR Plan, participants are granted rights which only vest if certain performance standards are met (refer to the Remuneration Report on Hastings Annual Report 2023 for performance conditions). Participation in the plan is at the Board's discretion with no guarantee to receive any benefits. All performance rights have a nil exercise price.

Performance rights are granted under the PR Plan for no consideration and carry no dividend or voting rights. When exercisable, each performance right is convertible into one ordinary share.

During the period, the Board had decided to provide Key Management Personnel ("KMP"), with 7,397,752 in total milestone-based performance rights issued to Executive KMPs (and 96,280 to non-executive KMPs):

- Executive Chairman, Charles Lew, 2,800,000 performance rights (which are subject to shareholder approval, which will be requested at the next general meeting);
- Chief Executive Officer, Paul Brown 2,847,752 performance rights; and
- Chief Financial Officer, Teck Lim 1,750,000 performance rights.

The Executive KMP's performance rights have performance periods covering 20 December 2023 to 28 February 2025 with the exception of 397,752 for Mr Brown which are from 31 August 2023 to 28 February 2026. The 96,280 of non-executive KMP's performance rights have a performance period covering 23 August 2023 to 28 February 2026.

The vesting of the performance rights are conditional on non-market and market-based performance conditions. These performance conditions are key objectives specific to each employee and Director.

NOTE 8: ISSUED CAPITAL (CONT.)

Reserve Balances

	31 Dec 2023 $	30 June 2023 $
Fair value reserve	(79,995,974)	(71,950,037)
Share based payments reserve	328,542	128,965
Balance at end of period	(79,667,432)	(71,821,072)

NOTE 9: SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the nature of its interests and projects. Discrete financial information about each of these projects is reported to the executive management team on at least a monthly basis.

Location of interests and nature of projects

Yangibana Project

Hastings owns the Yangibana Rare Earths Project in the Upper Gascoyne region of Western Australia through the 100% ownership of twenty-two (22) Exploration Licenses, sixteen (16) General Licenses, twenty-two (22) Miscellaneous Licenses, and thirteen (13) Mining Leases, in all covering an area of approximately 358 square kilometres.

Ark Gold Project

Hastings also holds two (2) Exploration Licences under the 100% owned entity Ark Gold Pty Ltd, which are approximately 15km southeast of the Yangibana Project and cover an area of 85 square kilometres.

Brockman Project

Hastings is the owner of the Brockman Rare Earths Project, comprising of one (1) Exploration Licence Application, four (4) wholly owned Prospecting Licenses in the East Kimberley region of Western Australia. The project hosts significant Mineral Resources reported under the JORC (2012) Code of the rare metal's zircon, niobium and tantalum, and the heavy rare earth element yttrium.

NOTE 9: SEGMENT REPORTING (CONT.)

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the financial statements and in the prior period.

Project Segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
31 December 2023				
Revenue				
Interest and other income	-	310,847	2,596,953	2,907,800
Total segment revenue	-	310,847	2,596,953	2,907,800
Expenses				
General and Administration	(2,768,081)	(6,359,938)	976,758	(8,151,261)
Finance costs	-	-	(16,622,336)	(16,622,336)
Onerous contract provisions	-	8,620,036	-	8,620,036
Total segment expenses	(2,768,081)	2,260,098	(15,645,578)	(16,153,561)
Income tax expense	-	-	(1,260)	(1,260)
Other comprehensive loss	-	-	(8,044,265)	(8,044,265)
Segment result	(2,768,081)	2,570,945	(21,094,150)	(21,291,286)

Project Segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
31 December 2023				
Cash flows used in operating activities	-	-	(2,744,083)	(2,744,083)
Cash flows used in investing activities	(13,133)	(57,145,652)	1,570,715	(55,588,070)
Cash flows from financing activities	13,133	57,293,971	(58,844,919)	(1,537,815)
Segment assets	12,532,156	334,926,569	118,210,772	465,669,497
Segment liabilities	-	21,754,816	149,973,316	171,728,132
Acquisition of exploration assets	13,133	7,367,487	-	7,380,620
Acquisition of property, plant and equipment	-	36,691,741	148,319	36,840,061

NOTE 9: SEGMENT REPORTING (CONT.)

Project Segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
31 December 2022				
Revenue				
Interest and other income	-	-	2,259,894	2,259,894
Total segment revenue	-	-	2,259,894	2,259,894
Expenses				
General and Administration	-	(5,278,617)	3,710,960	(1,567,657)
Finance costs	-	-	(9,962,658)	(9,962,258)
Total segment expenses	-	(5,278,617)	(6,251,698)	(11,530,315)
Income tax benefit	-	-	-	-
Other comprehensive expense	-	-	(61,940,809)	(61,940,809)
Segment result	-	(5,278,617)	(65,932,613)	(71,211,230)

Project Segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
31 December 2022				
Cash flows used in operating activities	-	-	(8,693,660)	(8,693,660)
Cash flows used in investing activities	(5,388)	(55,940,727)	(286,931,196)	(342,877,311)
Cash flows from financing activities	5,388	55,940,727	193,865,646	249,811,761
Segment assets	15,272,999	205,948,198	266,185,670	487,406,867
Segment liabilities	-	20,190,859	150,601,999	170,792,858
Acquisition of exploration assets	5,388	3,092,721	-	3,098,109
Acquisition of property, plant and equipment	-	55,262,556	88,429	55,350,985

NOTE 10: DIVIDENDS

The Directors of the Group have not declared any dividend for the half year ended 31 December 2023 (31 December 2022: Nil).

NOTE 11: CONTINGENT LIABILITIES

There are no contingent liabilities at period end (2022: Nil).

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

On 16 February 2024, the Company announced an integrated processing and offtake agreement with Baotou Skyrock which enhance economics and de-risks the Yangibana Project by achieving higher revenue through a competitive and fixed price offshore processing arrangement.

On 29 January 2024, Hastings declared that a Memorandum of Understanding was signed with the Estonian Government's Investment agency, Ettevotluse ja Innovatsiooni Sihtasutus, to study potential downstream processing capabilities in Estonia.

Other than as outlined above there are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future financial periods.

NOTE 13: RELATED PARTY DISCLOSURE

	Consolidated	
	2023 $	2022 $
Office rental and administration expenses[1]	46,639	54,460

[1]Office rental and administration expenses were paid to Equator Capital Pte Ltd, a company associated with the Chairman, Charles Lew. These fees are commensurate with those charged on an arm's length basis.

	Consolidated	
	31 Dec 2023 $	30 June 2023 $
Right-of-use asset[2]	-	29,237
Current lease liability[2]	-	(29,760)

[2]The landlord of the Group's Singapore office is Equator Capital Pte Ltd, a company associated with the Chairman, Charles Lew. The lease is commensurate with those on an arm's length basis.

NOTE 14: OUTSTANDING COMMITMENTS

As of 31 December 2023, the Group had outstanding commitments for project construction contracts of $40,748,781 (2022: $77,520,034). The outstanding commitments are all due within 24 months.

During the period, the long form $210m EPC contract was signed with GRES for the delivery of the beneficiation plant and associated infrastructure. The above commitments exclude the EPC contract as it is subject to obtaining the Yangibana Project's funding.

NOTE 15: PLANT AND EQUIPMENT

Cost	Plant and Equipment $	Software $	Construction in Progress $	Total $
Opening balance, 1 July 2023	1,135,279	241,626	211,991,634	213,368,539
Foreign exchange	(63)	-	-	(63)
Transfer	67,302,264	-	(67,302,264)	-
Additions	36,083	112,236	36,691,741	36,840,061
Closing balance, 31 Dec 2023	68,473,563	353,862	181,381,111	250,208,537
Opening balance, 1 July 2022	760,894	455,962	82,277,554	83,494,410
Foreign exchange	895	-	-	895
Disposals	(92,512)	(214,336)	-	(306,848)
Additions	466,002	-	129,714,080	130,180,182
Closing balance, 30 June 2023	1,135,279	241,626	211,991,634	213,368,539

	Plant and Equipment $	Software $	Construction in Progress $	Total $
Accumulated depreciation				
Opening balance, 1 July 2023	(525,885)	(158,502)	-	(684,387)
Foreign exchange	70	-	-	70
Depreciation	(904,509)	(19,066)	-	(923,575)
Closing balance, 31 Dec 2023	(1,430,324)	(177,568)	-	(1,607,892)
Opening balance, 1 July 2022	(432,795)	(129,529)	-	(562,324)
Foreign exchange	(1,816)	-	-	(1,816)
Disposals	90,275	8,048	-	98,323
Depreciation	(181,549)	(37,021)	-	(218,570)
Closing balance, 30 June 2023	(525,885)	(158,502)	-	(684,387)
Book value 31 Dec 2023	67,043,239	176,294	181,381,111	248,600,644
Book value 30 June 2023	609,394	83,124	211,991,634	212,684,152

NOTE 15: PLANT AND EQUIPMENT (CONT.)

Yangibana CGU carrying value assessment

In accordance with the Accounting Standards *AASB 136* and internal policies, the Group is required to assess at each reporting date whether there is any indication that its assets may be impaired. In considering impairment, assets are grouped together based on their capability of producing independent cash inflows and are referred to as cash generating units ("CGUs"). Management has identified the Group has a single CGU being the Yangibana Project which comprises the majority of the plant and equipment (including Construction in Progress) and deferred exploration and evaluation expenditure of the Group at 31 December 2023. The carrying amount of the CGU is compared to the CGU's recoverable amount with an impairment loss recognised for the amount by which an asset's carrying amount exceeds its recoverable amount.

As at 31 December 2023, indicators of potential impairment were identified as the carrying value of the Group's net assets were greater than the Group's market capitalisation.

Accordingly, an impairment assessment was completed for the Yangibana Project CGU. In assessing impairment, the Group is required to estimate the recoverable amount as the higher of the value in use, being the net present value of expected future cashflows of the CGU in its current condition, and the fair value less cost of disposal ("FVLCD"). The Group has used the FVLCD approach to assess the recoverable amount of the Yangibana Project's CGU.

The FVLCD is based on discounted cashflows which requires the use of judgement and assumptions including:

- Estimated quantities of recoverable resources, production levels, operating costs and project capital requirements; based on CGU budgets, agreed EPC contract pricing and latest LOM plans;
- Market-based exchange rates;
- Commodity price forecast for rare earth elements based on agreed offtake arrangements and spot price forecasts obtained from various industry analysts; and
- The discount rate.

No impairment has been recognised during the period (2023: Nil) as the recoverable amount was determined to be greater than the carrying value of the Yangibana Project CGU.

DIRECTORS' DECLARATION

In the opinion of the Directors of Hastings Technology Metals Ltd:

a. The financial statements and notes thereto, as set out on pages 12 to 27, are in accordance with the *Corporations Act 2001* including:

   i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of the performance of the Group for the half year then ended; and

   ii. complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

b. Subject to the matters set out in Note 1(b) to the Financial Statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Charles Lew
Executive Chairman

15 March 2024

Independent auditor's review report to the members of Hastings Technology Metals Ltd

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Hastings Technology Metals Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Hastings Technology Metals Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty relating to going concern

We draw attention to Note 1(b) in the half-year financial report, which indicates that the Group incurred a total comprehensive loss of $21,291,286, had net cash outflows from operating activities of $2,744,083 for the half year ended 31 December 2023 and, as of that date, the Group had outstanding commitments for project construction contracts of $40,748,781 due within two years. Note 1(b) outlines that the Group will need to secure additional funding in order to meet forecasted expenditure including outstanding commitments and commence main construction of Stage 1 of the Yangibana project during the next 12 months. These conditions, along with other matters set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Liability limited by a scheme approved under Professional Standards Legislation

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Anthony Hodge
Partner

Perth
15 March 2024

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