

2 June 2017

ASX ANNOUNCEMENT

**FULLY UNDERWRITTEN SHARE PURCHASE PLAN TO FUND PREPARATORY WORK
PRIOR TO COMMENCEMENT OF MINE CONSTRUCTION AT YANGIBANA**

Hastings Technology Metals Ltd (ASX: HAS) (“Hastings” or the “Company”) is pleased to offer eligible shareholders the opportunity to participate in the Hastings 2017 Share Purchase Plan (the “Plan” or “SPP”) to raise \$5 million.

Eligible shareholders are those who are registered holders of ordinary shares in the Company as at 7.00pm AEST on 1 June 2017 (Record Date) resident in Australia or New Zealand.

Hastings has achieved significant milestones since the start of 2017:

- ✓ **Successful completion of Beneficiation and Hydrometallurgy piloting;**
- ✓ **Lead Agency Project status determination by the Western Australian Department of Mines;**
- ✓ **Established technical team with significant experience in rare earths and rare earths plant construction; and**
- ✓ **Initial offtake agreement discussions held with a number of potential global customers,**

which together with improving Neodymium (Nd) and Praseodymium (Pr) prices over the prior year and additional in-fill drilling underway to extend the mine life to 10 years, will increase the economic value of the Company’s Yangibana rare earth project.

The SPP will enable shareholders to participate on a “level playing field” basis by acquiring additional shares without incurring transaction costs. The SPP is fully underwritten and the Directors and senior management have confirmed their participation in the SPP.

Under the Plan, eligible shareholders may subscribe for up to \$15,000 worth of ordinary shares in the Company (New Shares), subject to a discretionary scale back in the event that shareholder demand exceeds the Offer Amount, at a price of \$0.086 per share (Issue Price) in multiples of \$2,500.

The issue price equals the volume weighted average price of ordinary shares traded on the ASX over the five days prior to announcing the SPP offer.

The Company is offering up to 58,139,534 New Shares under the Plan to raise \$5 million (Offer Amount), before costs. The Company reserves the right to scale back a shareholder’s subscription (in its absolute discretion) in the event total shareholder demand exceeds the Offer Amount. The Company also reserves the right to accept oversubscriptions, subject to compliance with all laws, regulations, ASIC class orders, requirements or policies or any ASX Listing Rule.

An offer booklet will be mailed to eligible shareholders on Monday, 6 June 2017 and the Offer will close on Monday, 26 June 2017. The Offer is fully underwritten for \$5 million by Equator Capital Management Limited (a company in which Charles Lew, Executive Chairman is a director and shareholder) and Roger Fong, a shareholder of the Company.

The funds raised from the SPP will be used to fund the following ongoing work:

- Continue with in-fill drilling and drilling at a number of new targets, including Auer, Auer North, Yangibana, Yangibana South and Simon's Find to increase current Inferred Resources to the Measured & Indicated category and achieve an extension in the life of mining operations;
- Commence preliminary engineering design and specification work with respect to the mine infrastructure and construction of the processing plant.
- Further optimisation test-work to increase the recovery and concentrate grades in the beneficiation process with resultant fine tuning of the flotation circuit chemistry.
- Initial procurement preparatory work to further reduce capital and operational expenditure (as part of the DFS) to achieve budgeted cost of \$300m and \$120m respectively.
- Compliance work with respect to the Mining Permit application (commonly referred to as "permitting") currently underway with the relevant government authorities.

Notwithstanding the recent successful completion of the beneficiation and hydrometallurgy piloting test-work validating the simple and effective flow sheet for the Yangibana processing plant, the Company has continued to make further progress in its metallurgy enhancements.

The Company's recently appointed Project Director, Mr. Kok Hoong Leong, together with his team, will utilise the data generated by the piloting test-work to complete the engineering design and equipment specification work on production processing plants. Mr Leong was previously the project manager for the successful construction of Lynas' Phase 2 rare earth processing plant in both Mt Weld, Australia and Kuantan, Malaysia where the project was completed on time and on budget. He has extensive experience in engineering design, construction and project management.

Between now and completion of the Definitive Feasibility Study (DFS) (scheduled for October 2017), the Company is continuing to optimise both beneficiation and hydrometallurgy processes for higher recovery and concentration levels of Neodymium (Nd) and Praseodymium (Pr) rare earths.

The hydrometallurgical piloting test-work generated 50kgs of Mixed Rare Earth Carbonate (MREC) samples which are being used in the Company's negotiations on off-take agreements. Prospective customers can test and evaluate the product specifications from Yangibana. As rare earth prices, and particularly, Nd-Pr continue to recover in 2017 *, the very high percentage of Nd & Pr achieved in the piloting will offer attractive product specification to

many high-tech product manufacturers.

Hastings recently announced the final DFS drilling programme to upgrade current Inferred Resources to Measured and Indicated Resources and additional drilling at new prospects which were previously identified. Both efforts are being undertaken to support a 10-year mining operation.

The Company has also engaged with strategic institutional investors and debt financiers to secure senior project financing. Hastings will continue to explore sourcing senior financing from Engineering, Procurement and Constructing (EPC) finance institutions, traditional banks and alternative debt providers. The nature of the senior debt may likely be a combination of traditional bank loans, mezzanine and EPC finance.

Hastings has also recently received a Research and Development tax offset rebate of \$1.5 million for the year ended 30 June 2016. A further claim will be made in relation to the year ended 30 June 2017.

Charles Lew, Executive Chairman added, *“The Yangibana project has reached an important juncture and we are taking advantage of all the positive developments and milestones that have been achieved so far.*

We continue to work towards achieving the objectives set beyond the completion of the DFS which is expected by October this year. One of the key objectives is to reduce total capital expenditure for the Yangibana project to \$300 million and an annual operating expenditure of \$120m.

These financial targets tie in with our discussions with debt providers to secure senior loan financing which may include financing from non-traditional debt providers, especially on the provision of EPC (Engineer Procure Construct) financing.

We are also in advanced discussions with local Traditional Owners in the Gascoyne region to conclude a Native Title Agreement for our entire tenement ground totalling 650sqkm (other than the area where we have been granted a 21 years Mining Lease free of any claims).

The recent rise in the underlying rare earth prices, and specifically the prices for Neodymium and Praseodymium, as the key value drivers of our rare earths basket, offer encouraging signs that the economics for the Yangibana project remain very attractive.

****Source: “Rare earth recovery and automotive growth” - Roskill Information Services May 24, 2017.***

TIMETABLE

| Event | Date |
|--|-----------------------------|
| Record Date | 1 June 2017 |
| Announcement Date | 2 June 2017 |
| Dispatch of Offer and Application Forms to Eligible Shareholders | 6 June 2017 |
| Opening date for acceptances | 6 June 2017 |
| Closing date for acceptances | 5.00pm AEST on 26 June 2017 |
| Allotment Date | 28 June 2017 |
| Dispatch of holding statements | 29 June 2017 |

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