



HASTINGS
Technology Metals Limited

2nd February 2018

Dear Shareholder,

FULLY UNDERWRITTEN NON-RENOUCEABLE \$12.2M RIGHTS ISSUE

On 2nd February 2018 Hastings Technology Metals Limited (**Company**) announced a fully underwritten non-renounceable pro rata offer to shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**) of 1 fully paid ordinary share for every 17 existing shares held as at 7:00pm (AEST) on 7th February 2018 (**Record Date**), at an issue price of \$0.31 per new share (**Rights Issue**) to raise approximately \$12.2 million (before costs). Attached is the Company's announcement to ASX.

The Company has decided that it is unreasonable to make offers under the Rights Issue to shareholders with a registered address outside Australia or New Zealand (**Ineligible Shareholders**), having regard to the number of such shareholders, their holdings and the compliance costs required to offer the Shares under the Rights Issue to those shareholders.

Unfortunately, since you are an Ineligible Shareholder, no offer is being made to you and the offer document prepared by the Company in relation to the Rights Issue will not be sent to you. However, the Company and underwriters have agreed, where it is lawful to do so, to place shortfall shares firstly with those Ineligible Shareholders who wish to acquire new shares up to a limit of one (1) share for every seventeen (17) Hastings ordinary shares held on the Record Date.

Should you wish to acquire further shares out of the shortfall, please contact the Company Secretary as follows:

Guy Robertson – guy.robertson@hastingstechmetals.com or telephone +61 2 9078 7674 or +61 407 983 270.

This letter is neither an offer to issue new shares to you, nor an invitation for you to apply for new shares, and any issue of new shares to you must comply with all applicable laws.

You do not have to take any further action in relation to the Rights Issue in the event you do not wish to subscribe for shortfall shares.

Yours sincerely

Charles Lew
Chairman

2 February 2018

ASX ANNOUNCEMENT

FULLY UNDERWRITTEN RIGHTS ISSUE TO RAISE \$12.2M

- **1 for 17 non-renounceable rights issue to raise approximately \$12.2 million (in place of the shares purchase plan)**
- **Priced at A\$0.31 cents, a discount of 8.3% to 30 days VWAP of A\$0.338 cents and fully underwritten by four major shareholders, directors and senior management**
- **Participating shareholders including (where permitted to do so) foreign shareholders (in proportion to their holding) will have the opportunity to participate in any shortfall in the rights issue subscription, in conjunction with the underwriters**

Hastings Technology Metals Ltd (ASX: HAS) (“Hastings” or the “Company”) is pleased to announce that, following significant interest from its shareholders and growing base of overseas shareholders, it has decided to restructure the \$12 million capital raising announced on 30 January 2018 from a shareholder purchase plan (“SPP”) to a non-renounceable rights issue of 1 new Hastings ordinary share for every 17 Hastings ordinary shares held (“Rights Issue”).

This gives shareholders the opportunity to take up shares proportional to their shareholding, i.e. if they participate fully they will not be diluted, and (where permitted to do so) allows shortfall in the rights issue subscription (“shortfall”) to be placed to overseas shareholders (outside of Australia and New Zealand) in proportion to their holding; an option that was not available under the SPP.

The Rights Issue will be at a price of A\$0.31 cents per new Hastings ordinary share, the same offer price as the SPP, an 8.3% discount to the 30 days volume weighted average price of Hastings shares traded on the ASX prior to the announcement of the SPP, and is fully underwritten on the same terms as the SPP.

Charles Lew, Executive Chairman, commented “*Hastings has a growing number of overseas shareholders and in 2017 its shareholder base increased by 55%. Following a number of enquiries from those shareholders, the Board has determined it appropriate to restructure the \$12m capital raising as a rights issue. This will provide an equitable mechanism for the participation in this share offering opportunity by all shareholders where possible. In 2017, Hastings achieved many milestones on the road to establishing a world-class rare earth production plant, culminating in the publication of the Definitive Feasibility Study in November last year that confirmed compelling economics for the Yangibana project. We anticipate that 2018 will be a pivotal year for the Company as we work towards raising*

the necessary funding to build the processing plant commencing with early construction work to prepare the Yangibana site, and continue negotiations with European and Asian customers for additional off-take agreements. Hastings is exploring specific and innovative approaches to securing funding for the capex.

Numerous market trends continue to provide confirmation of a significant shift in the way we travel, generate energy, monitor and control our environment. The focus to reduce fossil-fuel usage is now well established. Many targets have been set globally to electrify transportation and advance renewable energy technology and new materials will be required to meet them. The Nd-Pr to be mined and processed from Yangibana will provide critical components to these electric vehicle and clean energy applications.

Through this Rights Issue, shareholders will have the opportunity to add to their investment in Hastings as we journey together to build a world class Nd-Pr mine in Australia to produce the critical minerals needed for the manufacture of permanent magnets and used primarily in clean renewable energy and e-mobility. This Rights Issue is underwritten by four major shareholders, directors and senior management.”

Milestones highlights in the Definitive Feasibility Study (DFS)¹ are:

- ✓ **Initial operating life of 8 years provides NPV of \$466m, IRR of 78% and a payback period of 2.3 years**
- ✓ **First Probable Reserves estimated at 5.16mt at 1.12% TREO including 0.45% Nd₂O₃+Pr₆O₁₁**
- ✓ **Latest JORC Resources total 21.00mt at 1.17% TREO including 0.41% Nd₂O₃+Pr₆O₁₁**
- ✓ **Plan to produce up to 15,000 tons per annum of Mixed Rare Earths Carbonate on site at Yangibana**
- ✓ **Pre-production capital expenditure of A\$335 million and operating costs of A\$17.06/kg TREO (US\$12.8/kg)**
- ✓ **Native Title Agreement signed for the entire tenement area of 650sqkm covering all rare earths minerals mined and sold**

The production targets and underlying assumptions have not changed from the date of the release of the DFS on 28 November 2017.

The strengthening in Neodymium (Nd) and Praseodymium (Pr) prices (+42% and +39% respectively year-on-year) and the signing of three offtake Memorandum of Understanding (MOU) agreements with three Chinese rare earth producers provide further confidence in the successful development of the Yangibana Rare Earths Project.

China further continued to fuel excitement around the announcement of electric vehicle (EV) developments. Chinese authorities hinted of policy changes in early September 2017, with the intention of banning fossil-fuel vehicles. This follows similar policy announcements made by India, Norway, France and the United Kingdom.

Vehicle manufacturers also made encouraging announcements regarding EV targets. Volkswagen will spend EUR 20 billion in R & D to develop electric vehicles. VW aims to roll

¹ See ASX Announcement dated 28 November 2017

out 80 EVs models across all its brands by 2025.

Given both policy and manufacturer announcements, the International Energy Agency predicts that by 2030 the stock of EVs on the road globally will total between 160 to 200 million, an almost 100 times increase of the EV stock today. These developments will drive the robust support in demand for Nd and Pr well beyond 2030.

The Rights Issue is a pro rata non-renounceable offer of up to 39,481,260 fully paid ordinary shares, on the basis of 1 (one) new Hastings ordinary share for every 17 (seventeen) existing Hastings ordinary shares held by eligible shareholders on the record date, at an issue price of \$0.31 per share, to raise approximately \$12.2 million (before costs).

In addition to their entitlement, eligible shareholders may also apply for shortfall.

The Offer is severally underwritten by Equator Capital Management Limited (a company in which Charles Lew, Executive Chairman is a director and shareholder), Fong Kah Kuen, Astaman Aziz and Simon Yim (all being long term shareholders of the Company) for \$12 million.

The Company's directors who have confirmed their intention to participate in the rights issue and agreed to underwrite the balance of the Rights Issue.

Funds raised under the Rights Issue will be used to fund the following ongoing work on site:

- Capital costs associated with the development of an access road and the procurement of an accommodation village; and
- Engineering design and specification work with respect to the mine infrastructure and construction of the processing plant.

The Rights Issue will be made without disclosure and in reliance of section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). The Rights Issue timetable is as follows:

TIMETABLE

Event	Date
Announcement of Offer, appendix 3B and section 708AA notice	2 February 2018
Ex rights date	6 February 2018
Record date to determine entitlement to new shares	7 February 2018
Dispatch of Offer document and Entitlement and Acceptance Form Opening date for subscription	12 February 2018
Closing date for subscription	5.00pm AEST on 26 February 2018
Securities quoted on deferred settlement basis	27 February 2018
Notify ASX of total subscriptions	28 February 2018
Allotment Date	2 March 2018
Dispatch of holding statements	5 March 2018



These dates are indicative, and the Company, in conjunction with the underwriters and subject to the Corporations Act and the ASX Listing Rules, may vary the above dates.

Competent Person Statements

The information in this announcement that relates to Resources is based on information compiled by Lynn Widenbar. Mr Widenbar is a consultant to the Company and a member of the Australasian Institute of Mining and Metallurgy. The information in this announcement and DFS that relates to Exploration Results is based on information compiled by Andy Border, an employee of the Company and a member of the Australasian Institute of Mining and Metallurgy.

Each has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and DFS and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Each consent to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the Fraser's and Bald Hill Ore Reserve is based on information reviewed or work undertaken by Mr Frank Blanchfield, FAusIMM, and an employee of Snowden Mining Industry Consultants. Mr Blanchfield 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 2012. Mr Blanchfield 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 in this announcement and DFS that relates to process metallurgy is based on information reviewed by Mr Dale Harrison MAusIMM, who is a metallurgical consultant and employee of Wave International. Mr Harrison has sufficient experience that is 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 2012. Mr Harrison consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Guy Robertson
Company Secretary
2 February 2018