Hastings Technology Metals Ltd

ABN 43 122 911 399

Interim Financial Report

December 2019

Contents

	Page

Directors' Report	2
Auditor's Independence Declaration	17
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	19
Condensed Consolidated Statement of Changes in Equity	20
Condensed Consolidated Statement of Cash Flows	21
Notes to the Condensed Consolidated Financial Statements	22
Directors' Declaration	37
Independent Auditor's Report	38

HASTINGS
Technology Metals Limited

DIRECTORS' REPORT

Your directors submit the interim financial report of the consolidated entity consisting of Hastings Technology Metals Ltd (the "Company") and the entities it controlled during the period (the "Group") for the half year ended 31 December 2019. 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 Jean Claude Steinmetz	Non-executive Director
Mr Neil Hackett	Non-executive Director
Mr Malcolm Randall	Non-executive Director
Mr Guy Robertson	Executive Director (appointed 23 August 2019)

Joint Company Secretaries

Mr Neil Hackett
Mr Guy Robertson

Review of Operations

Yangibana Project

Mineral Resources, Ore Reserves, Mining, Metallurgy and Development

At the end of the period under review, Hastings reported a significant increase in the measured and indicated portions of the global Geological Resources. Combined Measured and Indicated Resources increased by 13% or 1.7Mt to 15.1Mt.

The Mineral Resources are reported according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') 2012 edition. The Mineral Resources are reported inclusive of Ore Reserves.

Table 1: Total JORC (2012) Mineral Resources 2019

Category	M Tonnes	%TREO	%$Nd_2O_3+Pr_6O_{11}$
Measured	4.15	1.15	0.43
Indicated	10.92	1.13	0.38
Sub-total	**15.07**	**1.13**	**0.39**
Inferred	6.18	1.09	0.35
TOTAL	**21.25**	**1.12**	**0.38**

Numbers in tables may not add due to rounding. Tables include 100% of all JV tenements unless indicated otherwise.

An increase in the Probable Ore Reserves at the Yangibana Project was also announced with total Probable Ore Reserves increasing to 12.20 million tonnes at 1.13%TREO including 0.40%$Nd_2O_3+Pr_6O_{11}$, an 18% increase in ore reserve tonnes compared to the previous announced ASX release entitled "Reserves Increase by 34% to 10.35MT covering 10 Years" dated 29 January 2019.

The updated Ore Reserve of 12.20 million tonnes represents an 18% tonnage increase compared to the previously announced mining reserve, which was the result of a successful geological re-interpretation of the mineralisation delineating the ore deposits.

DIRECTORS' REPORT (continued)

A significant increase in the Measured and Indicated Mineral Resources was generated through the re-interpretation and re-estimation process of the Mineral Resources. This process brought mineralisation previously un-classified and uneconomic from outside of the original geological wireframes inside of the new wireframes, as announced in ASX Release "13% Increase in Measured and Indicated Mineral Resources" dated 31 October 2019.

The resultant Mineral Resource upgrading has extended the mine life from 11 years to 13 years. The extension to mine life is underpinned by increases in the Ore Reserves of all economic pits, in particular the closest pits to the processing plant, Bald Hill and Frasers Pits. The Bald Hill pit alone represents over 40% of the Total Ore Reserves and supplies feed to the processing plant for almost 9 of the 13 years of mine life.

Table 2: Total JORC (2012) Ore Reserves November 2019

Deposit	M Tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}	Nd_2O_3+Pr_6O_{11} as % of TREO
Bald Hill	4.97	1.03	0.41	40
Fraser's	0.90	1.51	0.64	42
Auer	1.50	0.95	0.33	35
Yangibana	1.36	0.91	0.44	48
Yangibana North	3.46	1.39	0.37	26
TOTAL	**12.20**	**1.13**	**0.40**	**37**

Ore reserves include those within tenements held 100% by Hastings (Table 2) and those held in joint venture with Hastings holding 70% interest.

Probable Ore Reserves within tenements held 100% by Hastings are shown in Table 3 with those within tenements in which Hastings holds a 70% interest being shown in Table 4.

Table 3 - Yangibana Project - Probable Ore Reserves Within Tenements Held 100% by Hastings, December 2019

Deposit	M Tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}	Nd_2O_3+Pr_6O_{11} as % of TREO
Bald Hill	4.97	1.03	0.41	40
Fraser's	0.90	1.51	0.64	42
Auer	1.50	0.95	0.41	35
Yangibana	1.29	0.91	0.44	48
Yangibana North	2.24	1.32	0.34	26
TOTAL	**10.91**	**1.10**	**0.41**	**38**

Table 3 represents the Eastern Belt Ore Reserves tonnages held 100% by Hastings and the grades of Nd_2O_3+Pr_6O_{11} and TREO. The portion of Nd_2O_3+Pr_6O_{11} calculated as a percentage of TREO is also tabled. Table 4 represents the Western Belt Ore Reserves which represents only the 70% of the mining reserves allocated to Hastings as part of the Joint Venture in the respective tenements M 09/160 and M 09/159.

Table 1: Probable Ore Reserves Within JV Tenements (only 70% of reserves tabled)

Deposit	M Tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}	Nd_2O_3+Pr_6O_{11} as % of TREO
Yangibana	0.07	0.78	0.39	50
Yangibana North	1.23	1.39	0.37	26
TOTAL	**1.30**	**1.36**	**0.37**	**28**

DIRECTORS' REPORT (continued)

Yangibana Project, JORC Mineral Resources – December 2019

These Mineral Resources include those within tenements held 100% by Hastings (Table 5) and those held in joint venture with Hastings holding 70% interest (Table 6).

Table 5: Bald Hill Re-Estimated Mineral Resource, 100% Hastings

Bald Hill	M Tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}
Measured	2.94	1.00	0.40
Indicated	2.53	0.96	0.38
Inferred	0.82	0.79	0.31
TOTAL	**6.29**	**0.96**	**0.38**

Table 6: Frasers Re-Estimated Mineral Resource, 100% Hastings

Frasers	M Tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}
Measured	0.55	1.66	0.69
Indicated	0.37	1.32	0.55
Inferred	0.39	0.95	0.38
TOTAL	**1.32**	**1.35**	**0.56**

Table 7: Auer Re-Estimated Mineral Resource, 100% Hastings

Auer	M Tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}
Indicated	1.87	1.00	0.35
Inferred	0.90	1.01	0.35
TOTAL	**2.76**	**1.00**	**0.35**

Table 8: Yangibana Re-Estimated Mineral Resource, Total

Yangibana	M Tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}
Indicated	1.53	0.90	0.43
Inferred	0.42	0.80	0.39
TOTAL	**1.95**	**0.88**	**0.42**

Yangibana M09/165 100% Hastings	M Tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}
Indicated	1.42	0.91	0.43
Inferred	0.36	0.79	0.38
TOTAL	**1.78**	**0.89**	**0.42**

Yangibana M09/163 (JV Tenement 70% of Total to Hastings)	M Tonnes	%TREO	$\%Nd_2O_3+Pr_6O_{11}$
Indicated	0.11	0.78	0.39
Inferred	0.05	0.85	0.42
TOTAL	**0.16**	**0.80**	**0.40**

Table 9: Yangibana North Re-Estimated Mineral Resource, Total

Yangibana North	M Tonnes	%TREO	$\%Nd_2O_3+Pr_6O_{11}$
Measured	0.66	1.39	0.36
Indicated	4.15	1.41	0.36
Inferred	0.97	1.43	0.37
TOTAL	**5.78**	**1.41**	**0.36**

Yangibana North M09/160 100% Hastings	M Tonnes	%TREO	$\%Nd_2O_3+Pr_6O_{11}$
Measured	0.29	1.35	0.35
Indicated	1.66	1.43	0.37
Inferred	0.60	1.43	0.37
TOTAL	**2.55**	**1.42**	**0.37**

Yangibana North M09/159 (JV Tenement 70% of Total to Hastings)	M Tonnes	%TREO	$\%Nd_2O_3+Pr_6O_{11}$
Measured	0.38	1.42	0.36
Indicated	2.49	1.40	0.36
Inferred	0.37	1.45	0.37
TOTAL	**3.24**	**1.41**	**0.36**

The ironstone unit that hosts the bulk of the rare earths is visually distinct from the host rock providing good visual control for ore identification. RC grade control drilling will be carried out prior to mining to clearly delineate the mining boundaries of the blocks containing economic rare earths against blocks containing uneconomic waste material.

Blasting and mining near and in the ore-zones is planned to minimise dilution and allow removal of the hanging-wall waste to expose and selectively mine the ore. Due to the high value of the ore, a high ore recovery is the focus of mining. As such, the recent Mineral Resource update has expanded the geological wireframes out to the edge of mineralisation defined by a 0.18% TREO cut-off, as compared to a $0.2\%Nd_2O_3+Pr_6O_{11}$ used previously. This effectively lowers or dilutes the tonnes and grade to be mined. On this basis no additional dilution has been factored into the optimisation and Ore Reserve reporting. A 2% ore loss was also applied to each deposit.

DIRECTORS' REPORT (continued)

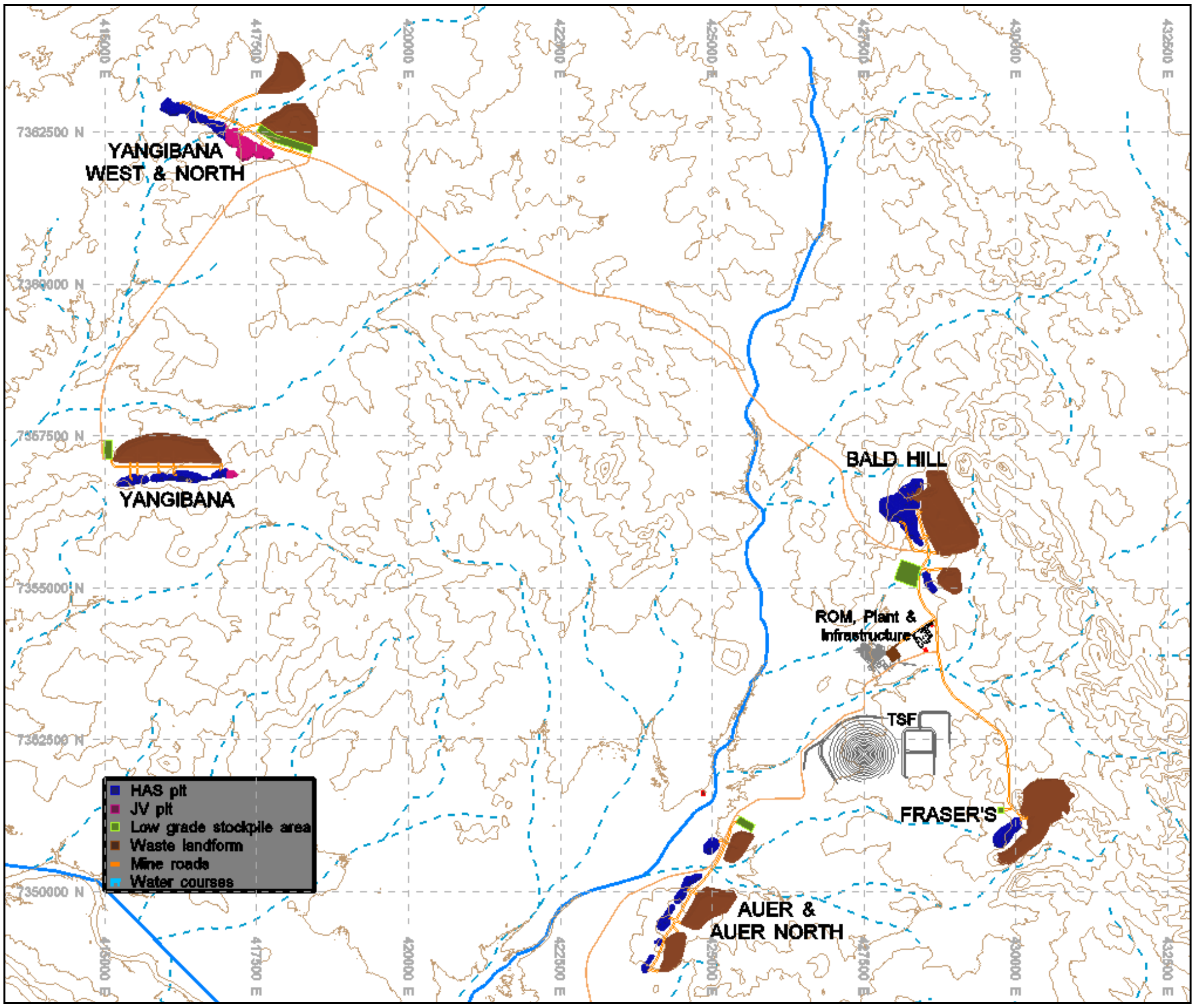

Figure 1 – Yangibana Project Layout Plan

The Company has completed extensive metallurgical Definitive Feasibility Study (DFS) test-work to define and confirm the process flowsheet for the Yangibana project, culminating in pilot plant tests on a composite ore sample of material from Bald Hill and Fraser's. This test-work has defined a process route entailing crush, grind, flotation, acid bake with water leach and precipitation of a Mixed Rare Earths Carbonate. Further metallurgical Pre-Feasibility Study (PFS) test-work has established that the ore from the Yangibana West, Yangibana, Auer and Auer North deposits is compatible with this processing flowsheet.

Approximately 1 million tonnes per annum of ore will be brought to the Run-Of-Mine (ROM) pad where the flowsheet process begins. Early stages of the processing of the ore comprise comminution and beneficiation. The resulting beneficiated concentrate is upgraded more than 20 times from the ROM ore, as demonstrated through the DFS, to a 25-27% TREO concentrate. This concentrate is further processed downstream through a hydrometallurgical process that involves acid bake, water leaching, impurity removal and precipitation to produce up to 15,000 tonnes per annum (tpa) of MREC at 59% TREO grade. The MREC will contain up to 3,400 tpa of neodymium oxide (Nd_2O_3) + praseodymium oxide (Pr_6O_{11}) representing 37 - 41% of contained TREO.

In June 2019, the Environmental Protection Agency (EPA) publicly released the Yangibana Rare Earths Project report which was open for a 2 week public appeal period, and subsequently approved by the Minister for Environment for final approval.

The EPA considered impacts to water and human health were unlikely to be significant and could be managed under Part V of the Environmental Protection Act 1986, the Rights in Water and Irrigation Act 1914, the Radiation Safety Act 1975, the Mines Safety and Inspection Act 1994 and the Mining Act 1978.

The mine proposal includes the development of five open mine pits, groundwater abstraction, on-site processing of ore, tailings storage facilities, access and haul roads and supporting infrastructure such as accommodation facilities, administration buildings and an airstrip.

The EPA has recommended conditions including further surveys of flora and vegetation, additional modelling of ground water around small sensitive calcrete areas and that the limited calcrete areas be protected from clearing and mining.

The key Ore Reserve parameters developed from the supplementary PFS and updated throughout 2019 are shown below.

Pre-Feasibility Study Parameters	Parameter
Status of JORC Resources used for financial evaluation	Measured and Indicated
Mining Method	Open Pits
Mining Dilution – 0.5m skin on HW and FW incorporated in resource estimation	variable
Mining Recovery	98%
Processing Route	Flotation, Acid Bake – Water Leach and MREC Precipitation
Overall Processing Recovery (TREO) – Ore to MREC	76.2%
Target Production Rate (Mixed Rare Earths Concentrate)	15,000 tpa
Target Contained Nd_2O_3+Pr_6O_{11}	3,400 tpa
Pre-Production Capital Costs (Excl funding costs)	A$518.4 million
Operating Costs	A$20.50/kg TREO
LOM Basket Value of MREC product	US$39.90/kg TREO
Exchange Rate US$:A$	0.71

This financial evaluation evaluates the production targets based on all deposits incorporated in the mine plan that established Probable Ore Reserve of 12.20 million tonnes.

A summary of the Mineral Resources of the deposits included in this evaluation and their utilisation as Probable Reserves in the financial evaluation is provided in Table 1.

Operating costs

This summary excludes any costs incurred by the third-party participant in the 'Yangibana Joint Venture Agreement that holds a 30% interest in the relevant tenements.

A LOM contract mining cost of A$4.24/dry metric tonne for ore and waste mined is realised based on prices estimated by Snowden based upon quotations received in 2017.

DIRECTORS' REPORT (continued)

Table 10: DFS Ore Reserve Parameters

OPEX	Frasers	Bald Hill	Yangibana NW	Yangibana	Auer	Auer Nth
Haulage Ore	2.00	1.00	4.00	4.00	2.50	2.50
Beneficiation	18.02	18.02	19.81	18.02	18.02	18.02
G & A	54.00	54.00	54.00	54.00	54.00	54.00
Hydromet	45.70	28.95	48.39	32.46	31.15	31.65
Corporate	3.29	3.29	3.29	3.29	3.29	3.29
Total $/t Ore	**123.01**	**105.26**	**129.49**	**111.77**	**108.96**	**109.46**

*Total Ore costs as $/t ROM

Revenue Factors

The financial model assumes an average long-term US$/A$ exchange rate of 0.71 and uses CRU price forecasts for rare earths prices for the period 2020 to 2035. Financial evaluation of the Probable Ore Reserves resulted in the following economic outcomes as set out in Table 11 below.

Table 11: Financial Evaluation Results

Operating Life	12.3 years
Net Present Value (NPV)	A$549 million
Internal Rate of Return (IRR)	21.1%
Payback Period	3.4 years

The economic model assumes Mojito Resources will participate in the development and mining of the deposits held 70% by Hastings in joint venture with Mojito Resources (30%) under the 'Yangibana Joint Venture Agreement'. As set out in Tables 8 and 9, the specific deposits to which the joint venture applies are Yangibana and Yangibana North. If there is development of the mine by the joint venture, not only will there need to be a Mining Joint Venture Agreement agreed and put in place to replace the existing joint venture documentation and regulate the arrangements between the participants for the mine development, but arrangements will also need to be established to determine how the Yangibana production and tenements, the subject of the joint venture, fit with the broader 100% Hastings group owned production and tenements. No costs or revenue ascribed to the 30% interest in the deposits held by Mojito Resources are reported in the financial modelling. If Mojito Resources did not participate in any future development of the joint venture deposits and the development of those deposits were to proceed on a 100% basis by Hastings, then the economic model would need to be updated to allocate those costs and resulting revenue to Hastings.

Production Targets

The current Ore Reserve Statement has ore reserve estimates resulting from the design of several open pits that will produce MREC over the current life of the project.

In this Ore Reserve Statement;

- Probable Ore Reserves are derived from Measured and Indicated Mineral Resources.
- No Inferred Mineral Resources are included in the Ore Reserves.
- The Ore Reserves classifications are considered appropriate because:
  - All the pits are well drilled and geologically understood.
  - Extensive metallurgical test work and the results of two phases of pilot plant test-work support the estimation.

DIRECTORS' REPORT (continued)

Capital and operating costs are derived by independent third-party industry recognised specialists. The current Capex of $518.4 million is an update from the previous capital estimate of $427 million in the ASX release dated 13 March 2019. It now includes previously excluded infrastructure spend for a gas pipeline, power-station, access road upgrade and increased ICT development which are seen to have distinct benefits to the public and the Gascoyne community (based on a Costs Benefit Analysis study by Ernst and Young as required for infrastructure related loan facility from NAIF).

Operating costs reflect the mining and infrastructure setup costs of all pits within the mining schedule. Additionally, over the life of the project a $17 million allowance has been made in the operating cost for miscellaneous mining items for all the open pits within the mining schedule, including:

- Clearing and grubbing;
- Topsoil to stockpiles;
- Haul Road formation;
- Haul Road earthworks cut and fill;
- Culvert construction;
- Construction of settling ponds; and
- Construction of drainage ponds.

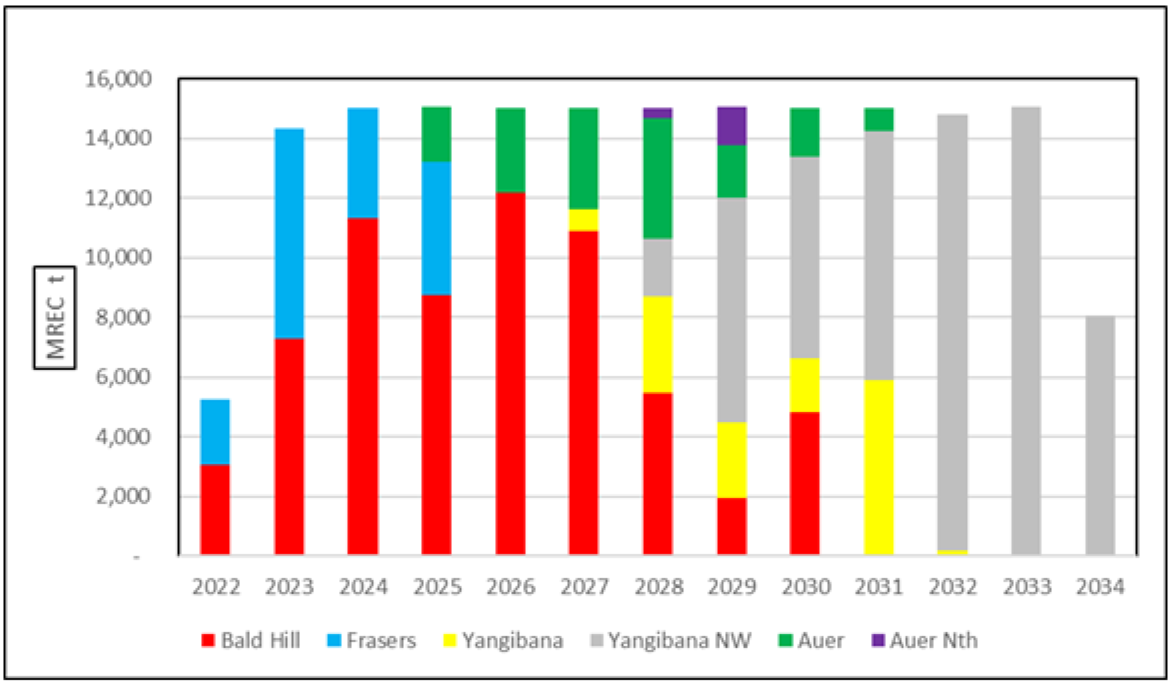

Figure 2 - Annualised MREC Production Targets by Deposit

- Current production targets on an annualised basis are listed in Figure 3 above to produce up to 15,000 tpa of MREC. The MREC will contain up to 8,500 tpa Total Rare Earths Oxides, of which up to 3,400 tpa will be neodymium oxide (Nd_2O_3) + praseodymium oxide (Pr_6O_{11}).

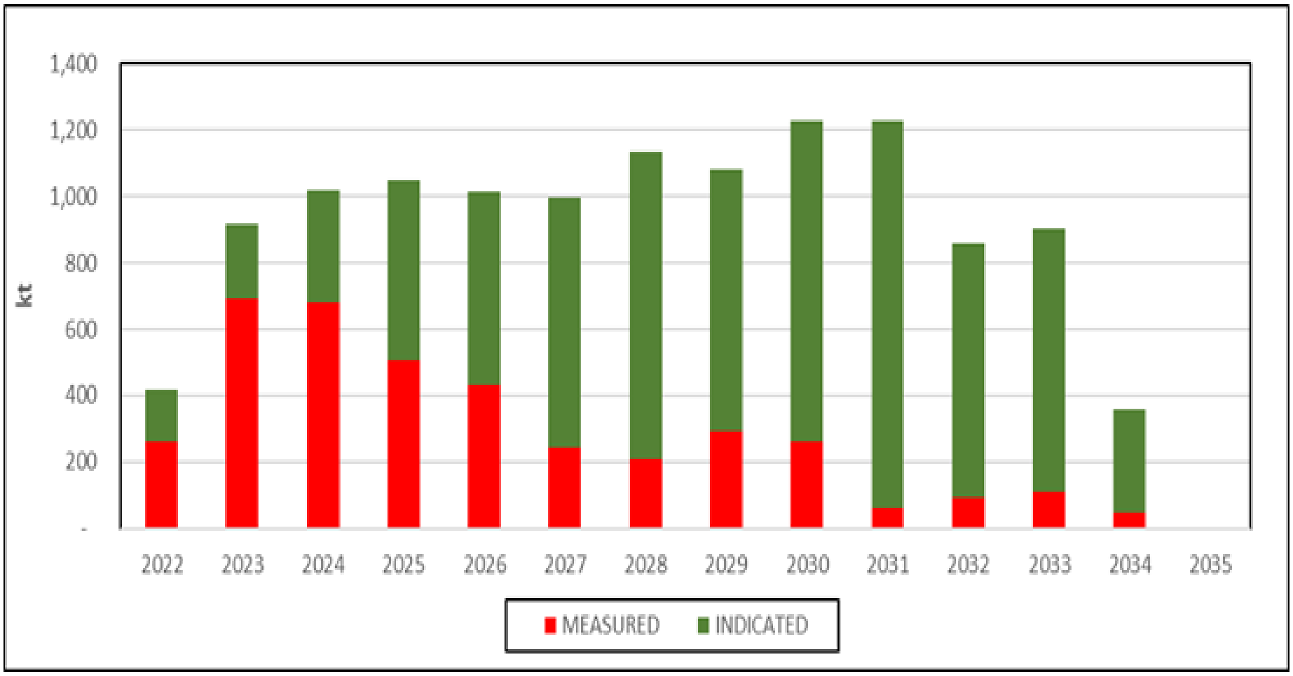

Figure 3 - Mining by Mineral Resource Category

Figure 3 shows the various resource category tonnages to be mined on an annualised basis.

100% of the Probable Ore Reserves are derived from Measured and Indicated Mineral Resources only.

Resource Drilling

Hastings has completed numerous drilling programmes since 2014 comprising both reverse circulation (RC) and diamond drilling totalling more than 1,500 holes for 80,000m. Of these 127 holes for 7,485m are diamond holes.

Holes were initially drilled at 50m spacings along strike and down dip. Infill drilling in areas with Mineral Resource potential has been undertaken at 37.5m, or less, spacing.

Most drill-holes were vertical, subject to access availability, with holes into the steeper mineralised zones (Auer, Auer North, the south-eastern portion of Fraser's) being at -60o or - 70o. Internal surveys were carried out at 30m intervals downhole by the drilling contractors using a Reflex electronic single-shot camera within a stainless-steel drill rod.

Collar surveys were carried out by the Company using a Trimble RTX R1 GNSS receiver, with accuracies of approximately 50cm. The high-resolution Digital terrain Model commissioned by the Company has been used as the topographic control for all drill-holes. A Relative Level (RL) was assigned to each drill-hole collar based on the high-resolution DTM using Mapinfo Discover 3D.

RC holes have been drilled using a nominal 5¼ inch diameter face-sampling bit. Samples have been collected through a built-in cyclone with a triple-tier riffle-splitting system providing a large sample of approximately 25kg and a sub-sample of 2-4kg of which selected samples were sent for analysis, from each metre drilled. Field duplicates, blanks and Reference Standards were inserted at a rate of approximately 1 in 20.

Diamond core has been drilled at HQ size. The core is logged, and prospective zones are sawn into half and one half is then quartered with one quarter sent for analysis. Assayed intervals are based on geology with a minimum length of 0.2m.

DIRECTORS' REPORT (continued)

Metallurgical Factors and Assumptions

A DFS was completed in November 2017 based on the Bald Hill and Fraser's deposits and this is now progressing through detailed design. The metallurgical flowsheet developed from that study has been used as the basis for PFS-level assessments of the satellite deposits. The metallurgical performance of samples from each satellite deposit has been assessed through standard bench-scale flowsheets, with the results of the test-work, as well as impacts on operating costs being used for the prefeasibility-level study on each satellite deposit.

Process and Flowsheet

The metallurgical process comprises ore beneficiation followed by hydrometallurgical (hydromet) extraction to produce a valuable Mixed Rare Earths Carbonate (MREC) product. The beneficiation of ore includes crushing, grinding, rougher flotation, regrinding and cleaner flotation.

The hydromet processes include acid bake, water leach, impurity removal and MREC product precipitation.

The simple and effective metallurgical process flowsheet developed with the best-known available technology and industry practice by the Hastings Technical Team has been well tested in both laboratory scale and pilot scale during the Bald Hill and Fraser's DFS. The unit processes selected for inclusion in the beneficiation and hydromet flowsheet are based on known technologies, both in rare earths (RE) industries and other mining applications.

Ore Feed Chemistry Tolerances

Assessment of satellite deposit mineralogy has shown the main RE-bearing mineral in the ore is monazite, which is consistent with the DFS ore sources. The main gangue minerals are iron oxides and hydroxides, biotite and apatite. Iron carbonate (siderite) has been identified at depth in Yangibana West and Yangibana North. The siderite boundary has been mapped and higher siderite-bearing ores have been excluded from the planned mill feed ore.

The ratio of RE elements contained in the monazite differs from that of Bald Hill and Fraser's. This is reflected in the financial analysis but has no impact on the performance of the beneficiation flowsheet. Compared to DFS ore source concentrate, there may be some variation on concentrate mineralogy. This can be managed in the hydromet circuit through varying process conditions.

Test-work

Pilot plant campaigns for both the beneficiation flowsheet and the hydromet flowsheet have proved the circuits can be run on a continuous basis and that the selected unit processes are able to selectively concentrate the RE-bearing mineral monazite and remove or control the major product impurities of manganese, iron, thorium and uranium within acceptable product ranges. Over 50 kg of high-purity MREC produced from the pilot plant was sent to 11 customers for evaluation. The product quality is acceptable to separation plant operators.

Bench-scale test-work for the satellite deposits was mostly carried out in 2017 and 2018 at several commercial laboratories in Australia. Beneficiation test-work has been completed at KYSPY Met and ALS Metallurgy. Hydromet test-work has been completed at SGS Minerals Metallurgy and ANSTO (Australian Nuclear Science and Technology Organisation).

Assessment of metallurgical processing performance of all satellite deposits was based on batch test-work, using the standard DFS comminution and flotation flowsheet, and comparison against the performance achieved with DFS ore sources. A standard acid bake and water leach test was completed for assessment of the hydromet performance. Liquor chemistry post-water leach was used to compare against DFS ore sources. A dedicated programme to understand the impact on the precipitation circuit performance from varying levels of Manganese in the leach liquor was also undertaken.

Assessment of comminution requirements was undertaken on samples from each satellite deposit using a standard suite of comminution tests including SMC, Bond Ball Mill work index, Bond Crusher work index, and abrasion index. All results indicate that the satellite deposits are suitable for processing through the comminution circuit as designed in the DFS.

Detailed mineralogy and variability test-work have been carried out on multiple samples from each satellite deposit.

DIRECTORS' REPORT (continued)

The metallurgical recovery for Bald Hill and Fraser's is 85.6% TREO recovery in the beneficiation circuit, 87.5% TREO recovery in the hydrometallurgy circuit, giving an overall metallurgical recovery of 74.9%.

The metallurgical recovery for the satellite deposits is 88.5% TREO recovery in the beneficiation circuit, 86.1% TREO recovery in the hydrometallurgy circuit, giving a project overall metallurgical recovery of 76.2%.

Ore Sorting

A successful bulk sampling ore sorting test was undertaken during the period.

Standard commercial ore sorting technology, X-Ray transmission (XRT), has proven to be extremely effective at removing dilution on samples used in the testing program. Technical and engineering programs will continue to investigate the operating scenarios where benefits can be realised for the project.

The bulk ore sorting trial produced the following results:

- 95.1% recovery of contained Nd_2O_3+Pr_6O_{11} on 1.8 tonne sorted bulk sample.
- 52% increase in head grade from 0.71% to 1.08% Nd_2O_3+Pr_6O_{11}.
- 37.1% of the sample mass rejected from ore sorting test-work.

Engineering

The pace of engineering continued unabated on multiple fronts during the half year. Advancement in negotiations of the scope of works, scope of services, terms and conditions and schedules with a preferred Engineering Services Supplier led to the award of the Engineering, Procurement Contracts Management (EPCM) Contract with DRA Pacific Pty Ltd ("DRA Pacific").

The EPCM contract is the single largest dollar value contract associated with the Yangibana Project. Works directed under the EPCM Contract have an estimated value of approximately A$350 million.

The key component of the contract terms is the comprehensive performance guarantee linked to ore throughput for the entire process flow sheet.

The appointment of DRA Pacific as the EPCM contractor for Hastings represents another critical milestone for the Project, reinforcing that Yangibana is execution ready.

Numerous other work packages were progressed with a focus on progressing the processing plant and infrastructure packages design, namely:

- Gas pipeline - consultant was appointed to be engaged to assist in the planning and development;
- Power Station – tender documentation being prepared and released;
- SAG mill - vendor documentation around design was received;
- Kiln package – continued design expansion with FLSmidth with a Hazard Operational Review completed around the burner management system;
- Gas Scrubber – the detailed design portion of the package with TAPC continued;
- Thickeners – vendor interaction commenced;
- REE Dryer – first round of vendor designs drawings received;
- Pug Mixer – pilot test-work was successfully completed; and
- The new combined TSF design preliminary report was received and is under assessment. The geophysics investigation previously completed is awaiting a final report.

DIRECTORS' REPORT (continued)

Environmental and Permitting

Ongoing environmental studies include data from the DFS, which has been updated to reflect work carried out on the satellite deposits:

Baseline flora and fauna

Flora and fauna surveys have been conducted over 55,650ha of tenements. No significant impact will occur to conservation significant terrestrial flora or fauna. Subterranean fauna sampling has been completed at Yangibana West and is currently underway in the Auer, Auer North and Yangibana areas.

Baseline ground and surface water

A hydrology study has determined that mining and the majority of infrastructure falls outside flood impact zones. Water from fractured rock aquifers will meet approximately 20% of the project's water demands. The remaining 80% of water demands will be sourced from the paleochannel bore field. A pit dewatering assessment and post-closure pit lake modelling has been completed for Yangibana West and is planned to be undertaken for Auer, Auer North and Yangibana pit areas.

Baseline soil and radiation

Topsoil analysis was conducted and mapped over all but the Yangibana area, as planned. Baseline radiation surveys and radiation waste characterisation studies have determined that naturally occurring radioactive materials (NORM) are associated with the orebody. Additional radiation surveys are required over Auer, Auer North and Yangibana.

Waste rock geochemical characterisation

Yangibana West pit lithologies have been characterised geochemically and classify as benign and non-acid forming. The mineralogy of the project is not associated with asbestiform minerals.

Erodibility parameters were determined for waste rock and topsoil and inform the waste rock landforms' design for Yangibana West. Waste rock geochemical characterisation for Auer, Auer North and Yangibana are initiated.

Baseline air quality

A baseline air quality assessment and greenhouse gas emissions assessment have been completed. A radiation impact assessment has determined that dust containing NORM will not pose a risk to the surrounding environment.

Cultural heritage

No impacts to known significant heritage sites will occur as a result of implementing the project. Heritage surveys are currently underway for waste rock landform areas.

Closure

A landform evolution study has identified landform design specifications that aim to ensure site landforms will maintain their integrity for 1,000 years post-closure. A landform evolution study will be revised if waste rock characterisation studies' findings in Auer, Auer North and Yangibana differ from those of the DFS ore sources.

The closure plan will be updated subject to outcomes of ongoing studies.

Permits required and status of permits

Project Environmental approval was granted in August 2019 with conditions for additional minor flora surveys to be undertaken in early 2020 and the mining permit for Bald Hill, Frasers and Yangibana North is under current review. Referral for Auer, Auer North and Yangibana will occur under the Environmental Protection Act (WA 1986).

Native Title Agreement

In November 2017 the Company signed a Native Title Agreement with the Thiin-Mah Warriyangka, Tharrkari and Jiwarli People (TMWTJ People) in respect of the Yangibana Project. A first kick off meeting was held with the Implementation Committee members in Carnarvon.

Brockman Project

The Company continued the process of preparing documentation to support the application of a Mining Lease on the Brockman Project.

Corporate

The Company placed the remaining rights issue shortfall in August 2019, raising ~$3.5 million with the placement of 20,700,000 shares at 17 cents per share, with 13,500,000 free attaching options with exercise price of 25 cents and expiry date 12 April 2022.

In December 2019 the Company completed a further capital raising of $12 million through the issue of 83,916,084 shares at 14.3 cents per share, with 41,958,042 free attaching options with exercise price of 25 cents and expiry date 12 April 2022.

The Company appointment Mr Guy Robertson as a Director on 23 August 2019.

Terminology used in this report

Total Rare Earths Oxides (**TREO)**, is the sum of the oxides of the light rare earth elements lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), and samarium (Sm) and the heavy rare earth elements europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), lutetium (Lu), and yttrium (Y).

Competent Persons' Statement

The information in this report that relates to Mineral Resources is based on information compiled by David Princep and Lynn 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 report and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Consent by Mr Widenbar to include statements in this report have been provided in previous announcements entitled "Increase in Measured and Indicated Resources at Yangibana Project" dated 28 November 2018.

The information in this report that relates to the Ore Reserves at Bald Hill, Fraser's, Auer, Auer North, Yangibana, Yangibana West and Yangibana North is based on information reviewed or work undertaken by Mr. Stephen O'Grady, member of the Australasian Institute of Mining and Metallurgy, and an Director of Intermine Engineering Consultants. Mr O'Grady consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This report contains reference to certain intentions, expectations, future plans, strategy and prospects of the Company. Those intentions, expectations, future plans, strategy 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, advisors 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, strategy and prospects. The Company does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended.

DIRECTORS' REPORT (continued)

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 review

The comprehensive loss of the consolidated entity for the interim period, after providing for income tax amounted to $2,571,915 (2018: $2,420,746).

The Group's operating income decreased to $96,576 (2018: $179,426) due to the decrease in interest income given the lower average interest rate and funds on hand during the interim period.

Expenses increased to $2,669,256 (2018: $2,600,172). Expenses have increased due to an increase in personnel and administration costs as the Company moves to put in place the infrastructure to support the development of Neodymium and Praseodymium mine in Western Australia.

Capitalised exploration increased to $56,458,121 (30 June 2019: $55,087,366) reflecting drilling to facilitate ongoing surveys of subterranean invertebrate fauna within and surrounding planned mining areas at Auer and Yangibana.

Plant and equipment increased to $38,027,993 (30 June 2019: $31,375,526) reflecting preliminary construction works on the Yangibana project site.

Net assets increased to $111,604,625 (30 June 2019: $99,445,275) reflecting capital raisings during the interim period of $15.1 million (before costs) and the results for the interim period.

Review of financial conditions

As at 31 December 2019 the consolidated entity had ~$18.0 million in cash assets.

Going concern

Based on the Group's cash flow forecast the Group will require additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets in the ordinary course of business and extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities.

As a result of the above, there is a material uncertainty 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.

The directors are satisfied, however that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis The directors have based this determination on the demonstrated historical ability of the Group to raise new capital, the intention to raise new capital in the short term via equity issues, and their assessment of the probability of executing project financing with KfW IPEX-Bank and Northern Australia Infrastructure Facility in 2020.

For further information concerning the going concern, refer to Note 1(b).

DIRECTORS' REPORT (continued)

Significant changes in the state of affairs

The following summary of events were significant milestones in the state of affairs of the Group during the interim period:

- Successful completion of bulk ore sample testing with 95% ore recovery and a 52% improvement in head grade;
- Probable Ore Reserve tonnes increased 18% to 12.2 million tonnes;
- DRA Pacific Pty Ltd awarded the Engineering, Procurement and Contract Management contract for the Yangibana Rare Earths Processing Plant;
- Western Australian Environmental Protection Authority granted the environmental permit;
- Take up of the remaining rights issue shortfall of $3.5m in August 2019; and
- Raised $12.0 million (before costs) via share placement in December 2019.

Significant events after balance sheet date

The following events incurred in February 2020 were significant milestones subsequent to the reporting date:

- The 73% increase in indicated resources for the Simon's Find deposit to 784,000 tonnes;
- The issue of 12,500,000 shares to Directors, 833,333 shares to a former director and 1,599,000 shares to employees under the Performance Rights Plan approved by shareholders in November 2016; and
- 17,000,000 Performance Rights issued to Directors, with vesting to be subject to achieving hurdles by 31 December 2023 and outlined in the Notice of Annual General Meeting lodged with the ASX on 29 October 2019, approved by shareholders on 27 November 2019.

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 years.

Auditor's 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 17 and forms part of this directors' report for the period ended 31 December 2019.

Signed in accordance with a resolution of the directors.

Charles Lew
Executive Chairman
12 March 2020

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Auditor's Independence Declaration

As lead auditor for the review of Hastings Technology Metals Ltd for the half-year ended 31 December 2019, 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.

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
12 March 2020

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
Continuing operations			
Other income	2	96,576	179,426
Administration expenses		(203,751)	(252,882)
Depreciation		(62,000)	(40,397)
Depreciation – right-of-use assets	6(b)	(69,390)	-
Directors fees		(405,567)	(365,317)
Occupancy expenses		(156,981)	(130,793)
Employee benefits expense	3	(1,025,558)	(835,134)
Legal fees		(144,841)	(334,396)
Consulting and professional fees		(128,549)	(405,075)
Travel expenses		(98,545)	(143,654)
Share based payments		(358,866)	(92,363)
Finance costs		(15,208)	(161)
Loss before income tax expense		(2,572,680)	(2,420,746)
Income tax benefit		-	-
Net loss for the period		(2,572,680)	(2,420,746)
Other comprehensive income		765	-
Total comprehensive loss for the period		**(2,571,915)**	**(2,420,746)**
Basic and diluted loss per share (cents per share)		(0.28)	(0.31)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	Consolidated 31 DECEMBER 2019 $	30 JUNE 2019 $
Assets			
Current assets			
Cash and cash equivalents		18,016,173	18,495,405
Trade and other receivables		3,048,270	1,271,478
Total current assets		21,064,443	19,766,883
Non-current assets			
Plant and equipment	5	38,027,993	31,375,526
Right-of-use assets	6(a)	265,994	-
Deferred exploration and evaluation expenditure	8	56,458,121	55,087,366
Total non-current assets		94,752,108	86,462,892
Total assets		115,816,551	106,229,775
Liabilities			
Current liabilities			
Trade and other payables		3,399,641	6,583,705
Lease liabilities	6(a)	139,225	-
Borrowings	7	63,987	-
Employee benefit obligations		121,743	136,738
Provisions		290,014	-
Total current liabilities		4,014,610	6,720,443
Non-current liabilities			
Employee benefit obligations		54,533	64,057
Lease liabilities	6(a)	142,783	-
Total non-current liabilities		197,316	64,057
Total Liabilities		4,211,926	6,784,450
Net Assets		**111,604,625**	**99,445,275**
Equity			
Issued capital	9	125,191,398	112,858,264
Reserves	9	7,049,248	4,642,039
Accumulated losses		(20,636,021)	(18,055,028)
Total Equity		**111,604,625**	**99,445,275**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Consolidated	Notes	Issued Capital $	Accumulated Losses $	Option Reserve $	Share Based Payment Reserve $	Total $
Balance at 30 June 2019		**112,858,264**	**(18,055,028)**	**4,299,329**	**342,710**	**99,445,275**
Change in accounting policy	1(d)	-	(9,078)	-	-	(9,078)
Restated total equity at 1 July 2019		**112,858,264**	**(18,064,106)**	**4,299,329**	**342,710**	**99,436,197**
Loss for the period		-	(2,572,680)	-	-	(2,572,680)
Other comprehensive income		-	765	-	-	765
Total comprehensive loss for the period		**-**	**(2,571,915)**	**-**	**-**	**(2,571,915)**
Shares/options issued during the period		12,816,363	-	2,247,468	-	15,063,831
Transaction costs on share issue		(682,354)	-	-	-	(682,354)
Share based payments		-	-	-	358,866	358,866
Transfer from share based payments		199,125	-	-	(199,125)	-
Balance at 31 December 2019		**125,191,398**	**(20,636,021)**	**6,546,797**	**502,451**	**111,604,625**
Balance at 1 July 2018		**81,231,618**	**(13,147,527)**	**-**	**411,424**	**68,495,515**
Loss for the period		-	(2,420,746)	-	-	(2,420,746)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period		**-**	**(2,420,746)**	**-**	**-**	**(2,420,746)**
Shares issued during the period		13,978,232	-	-	-	13,978,232
Transaction costs on share issue		(651,242)	-	-	-	(651,242)
Share based payments		-	-	-	92,363	92,363
Transfer from share based payments		-	12,191	-	(12,191)	-
Balance at 31 December 2018		**94,558,608**	**(15,556,082)**	**-**	**491,596**	**79,494,122**

The accompanying notes form part of these financial statements

HASTINGS
Technology Metals Limited

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

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(3,924,974)	(2,478,210)
Interest and finance costs paid		(15,208)	(161)
Interest received		120,260	204,558
Net cash used in operating activities		(3,819,922)	(2,273,813)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(1,389,521)	(2,299,662)
Payments for plant and equipment		(11,077,547)	(17,749,196)
Research and development tax offset in relation to exploration assets		1,060,988	343,361
Net cash used in investing activities		(11,406,080)	(19,705,497)
Cash flows from financing activities			
Proceeds from issue of shares and options		15,063,831	13,978,232
Payments for share issue costs		(682,354)	(651,242)
Repayment of borrowings		(27,423)	-
Advance from Director	13	455,169	-
Principal elements of lease payments		(62,453)	-
Net cash provided by financing activities		14,746,770	13,326,990
Net decrease in cash held		(479,232)	(8,652,320)
Cash and cash equivalents at the beginning of the period		18,495,405	20,694,185
Cash and cash equivalents at the end of the period		18,016,173	12,041,865

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These interim condensed consolidated financial statements for the half year ended 31 December 2019 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 2019 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 2019, with the exception of the adoption of new and amended standards as set out in Note 1(d).

(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.

As disclosed in the condensed consolidated financial statements, the Group incurred losses of $2,571,915, had net cash outflows from operating activities of $3,819,922, net cash outflows from investing activities of $11,406,080, and net cash inflows from financing activities of $14,746,770 for the half year ended 31 December 2019. At 31 December 2019 the Group had outstanding commitments for project construction contracts of $4,313,113 all due within 12 months.

Based on the Group's cash flow forecast the Group will require additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets in the ordinary course of business and extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities

The Group has net working capital as at 31 December 2019 of approximately $17 million, and based on the factors outlined below the Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report:

- The Group has been successful in raising approximately $39 million in equity (before costs) over the last 12 months;
- Hastings has signed an exclusive mandate with German KfW IPEX-bank to provide project finance loan advisory services in relation to securing approval from Euler Hermes Aktiengesellschaft ("Euler Hermes") as mandated by the German Federal Government as administrators of the Untied Loan Guarantee scheme (UFK). Euler Hermes has confirmed in principle eligibility for the German government UFK scheme for up to USD140 million;
- The Northern Australia Infrastructure Facility (NAIF), an Australian Government implemented initiative, is currently undertaking a review of the Group for potential infrastructure debt financing;
- The Directors are of the view that the Group will be able to raise further equity capital prior to the financial close of debt funding with KfW IPEX-bank and NAIF.
- In addition to working towards converting current Sale Off-Take Memorandum-Of-Understandings into agreements, the Group is seeking to further secure new off-take agreements. Both will advance the securing of the required additional funding.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Going Concern (continued)

As a result of the above, there is a material uncertainty 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 the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

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 do not continue as a going concern.

(c) Statement of Compliance

The interim condensed consolidated financial report was authorised for issue by the Board on 12 March 2020. The Board has the power to amend the financial statements after their issue.

The interim condensed consolidated financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the interim condensed consolidated financial report, comprising the condensed consolidated financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Adoption of new and revised standards

In the half year ended 31 December 2019, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2019. There was one new significant accounting standard adopted by the Company for the period commencing 1 July 2019.

AASB 16 Leases

The Group has adopted AASB 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 6.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.9%.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(d) Adoption of new and revised standards (continued)

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- right-of-use assets – increase by $265,994;
- lease liabilities – increase by $282,008.

The net impact on accumulated losses on 1 January 2019 was an increase of $9,078.

	$
Measurement of lease liabilities	
Operating lease commitments disclosed as at 30 June 2019	399,391
Discounted using the lessee's incremental borrowing rate	374,462
(Less): Short-term leases not recognised as a liability	(30,000)
Lease liability recognised as at 1 July 2019	**344,462**

	$
Of which are:	
Current lease liability	130,344
Non-current lease liability	214,118
Lease liability recognised as at 1 July 2019	**344,462**

NOTE 2: OTHER INCOME

	Consolidated Half Year	
	2019 $	2018 $
Interest income	96,576	179,426

NOTE 3: EMPLOYEE BENEFITS EXPENSE

	Consolidated Half Year	
	2019 $	2018 $
Employee benefits expense		
Wages and salaries	2,326,327	2,268,935
Superannuation	176,121	183,350
Payroll tax	137,987	120,357
Provision for annual and long service leave	(24,520)	(3,391)
Other employee expenses	42,096	303,281
Geologist and technical costs capitalised	(1,632,453)	(2,037,398)
	1,025,558	835,134

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 4: 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 Gascoyne region of Western Australia through the 100% ownership of twelve (12) tenements/exploration licenses and six (6) mining leases and through a 70% held joint venture comprising seven (7) granted exploration licenses and three (3) mining lease, in all covering an area of approximately 650 square kilometers.

Brockman Project

Hastings is the owner of the Brockman heavy rare earths project, comprising of ten (10) prospecting licenses, in the East Kimberley region of Western Australia. The project hosts significant JORC compliant resources of the rare metals zircon, niobium and tantalum, and the heavy rare earth yttrium.

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 accounts and in the prior period.

Project segments	**Brockman Project $**	**Yangibana Project $**	**Unallocated $**	**Total $**
31 December 2019				
Revenue				
Interest and other income	-	-	96,576	96,576
Total segment revenue	-	-	96,576	96,576
Expenses				
Administration	-	-	(2,668,491)	(2,668,491)
Total segment expenses	-	-	(2,668,491)	(2,668,491)
Income tax benefit	-	-	-	-
Segment result	-	-	(2,571,915)	(2,571,915)

Interest income of $96,576 was solely derived within Australia.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 4: SEGMENT REPORTING (continued)

Project segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
Cash flows from operating activities	-	-	(3,819,922)	(3,819,922)
Cash flows from investing activities	-	(11,384,711)	(21,369)	(11,406,080)
Cash flows from financing activities	-	-	14,746,770	14,746,770
Segment assets	15,196,026	70,315,319	30,305,206	115,816,551
Segment liabilities	-	3,399,642	812,284	4,211,926
Acquisition of exploration assets	-	2,431,743	-	2,431,743
Acquisition of property, plant and equipment	-	6,701,061	14,145	6,715,205

Project segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
31 December 2018				
Revenue				
Interest and other income	-	-	179,426	179,426
Total segment revenue	-	-	179,426	179,426
Expenses				
Administration	-	-	(2,600,172)	(2,600,172)
Total segment expenses	-	-	(2,600,172)	(2,600,172)
Income tax benefit	-	-	-	-
Segment result	-	-	(2,420,746)	(2,420,746)

Interest income of $179,426 was derived within Australia.

HASTINGS Technology Metals Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 4: SEGMENT REPORTING (continued)

Project segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
Cash flows from operating activities	-	-	(2,273,813)	(2,273,813)
Cash flows from investing activities	(9,892)	(19,341,527)	(354,078)	(19,705,497)
Cash flows from financing activities	-	-	13,326,990	13,326,990
Segment assets	15,181,383	59,677,141	12,877,964	87,736,488
Segment liabilities	-	8,124,352	118,014	8,242,366
Acquisition of exploration assets	9,638	1,412,397	-	1,422,035
Acquisition of property, plant and equipment	-	18,465,471	356,465	18,821,936

NOTE 5: PLANT AND EQUIPMENT

	Plant and Equipment	Software	Plant Construction in Progress	Total
As at 30 June 2019				
Cost or fair value	469,888	454,046	30,591,242	31,515,176
Accumulated depreciation	(118,074)	(21,576)	-	(139,650)
Net book amount	351,814	432,470	30,591,242	31,375,526
Half year ended 31 December 2019				
Opening net book amount	351,814	432,470	30,591,242	31,375,526
Additions	35,174	-	6,680,031	6,715,205
Disposals	(810)			(810)
Depreciation	(48,464)	(13,536)	-	(62,000)
Foreign exchange	72			72
Transfer of costs	900	(900)	-	-
Closing net book amount	338,686	418,034	37,271,273	38,027,993
As at 31 December 2019				
Cost or fair value	504,949	453,987	37,271,273	38,230,209
Accumulated depreciation	(166,263)	(35,953)	-	(202,216)
Net book amount	338,686	418,034	37,271,273	38,027,993

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 6: LEASES

a) Amounts recognised in the balance sheet:

	Half Year Ended 31 December 2019 $	Year Ended 30 June 2019 $
Right-of-use assets		
Buildings	265,994	-
Total right-of-use assets	**265,994**	**-**
Lease liabilities		
Current	139,225	-
Non-current	142,783	
Total right-of-use assets	**282,008**	**-**

Additions to the right-of-use assets during the period ended 31 December 2019 was $265,994.

Capitalised expenses relating to short-term leases (included in Plant and Equipment (Plant Construction in Progress)) for the period ended 31 December 2019 was $149,344.

Movement in right-of-use assets

	Consolidated Half Year	
	2019 $	2018 $
Right-of-use assets recognised as at 1 July 2019	335,383	-
(Less): Amortisation	(69,390)	
Lease liability as at 31 December	**265,994**	**-**

Movement in lease liabilities

	Consolidated Half Year	
	2019 $	2018 $
Lease liability recognised as at 1 July 2019	344,462	-
(Less): Principal repayment	(62,454)	
Lease liability as at 31 December	**282,008**	**-**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 6: LEASES (continued)

b) Amounts recognised in the statement of profit or loss:

	Consolidated Half Year 2019 $	2018 $
Depreciation charge of right-of-use assets		
Buildings	69,390	-
Total right-of-use assets	**69,390**	**-**
Interest expense (included in finance cost)	9,194	-
Expenses relating to short-term leases (included in administrative expenses)	74,249	

The total cash outflow for leases during the period ended 31 December 2019 was $295,240 (including short-term leases of $223,593).

c) The group's leasing activities and how these are accounted for:

The group leases various offices, equipment and software with varying lengths from 1 month to 3 years, some with extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 6: LEASES (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group; which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss (unless capitalised as a component of Plant Construction in Progress). Short-term leases are leases with a lease term of 12 months or less.

Extension options are included in several property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension options held are exercisable only by the Group and not by the respective lessor.

NOTE 7: BORROWINGS

	Half Year Ended 31 December 2019 $	Year Ended 30 June 2019 $
Unsecured – payable within 1 year[1]	63,987	-
Total borrowings	**63,987**	**-**

[1]The Group has entered into premium funding of its 2020 insurance obligations. The funding is short-term and payable within 12 months.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 8: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half Year Ended 31 December 2019 $	Year Ended 30 June 2019 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	55,087,366	49,454,998
Exploration expenditure	2,431,743	5,970,742
Less research and development tax offset	(1,060,988)	(338,374)
Total deferred exploration and evaluation expenditure	**56,458,121**	**55,087,366**

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 9: ISSUED CAPITAL

	Half Year Ended 31 December 2019 $	Year Ended 30 June 2019 $
Ordinary shares		
Balance at beginning of period	112,858,264	81,231,618
Shares issued – placement	9,939,063	23,900,974
Shares issued – rights issue	2,877,300	9,354,887
Shares issued on vesting of performance rights	199,125	31,917
Less share issue costs	(682,354)	(1,661,132)
At end of period	**125,191,398**	**112,858,264**

Movements in ordinary shares on issue	Half Year Ended 31 December 2019 No.	Year Ended 30 June 2019 No.
At beginning of period	917,161,676	711,512,675
Shares issued – placement	80,733,084	137,949,644
Shares issued – rights issue	20,700,000	67,301,357
Shares issued on vesting of performance rights	885,000	398,000
Balance at end of period	**1,019,479,760**	**917,161,676**

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 9: ISSUED CAPITAL (continued)

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

The Chairman, Charles Lew subscribed for shares in the December 2019 share placement. The shares and options were issued on terms consistent with other shares and options issued for the same placement. Until shareholder approval has been received, the funds received from the Chairman have been treaded as other payables (refer Note 13).

Note issue of shares post 31 December 2019 (refer Note 12).

Listed Options

Options reserve

Movements in the options reserve were as follows:	Half Year Ended 31 December 2019 $	Year Ended 30 June 2019 $
Balance at beginning of period	4,299,329	-
Options issued – placement[1]	1,605,768	2,212,986
Options issued – rights issue[2]	641,700	2,086,343
Balance at end of period	6,546,797	4,299,329

[1]The options issued via the placement during the period ended 31 December 2019 have been valued using the Black Scholes Option Pricing Model at $0.040 per option assuming an 82% volatility and a Reserve Bank of Australia cash rate of 0.8%. The options have an expiry date of 12 April 2022.

[2]The options issued via the rights issue during the period ended 31 December 2019 have been valued using the Black Scholes Option Pricing Model at $0.062 per option assuming a 64% volatility and a Reserve Bank of Australia cash rate of 1.5%. The options have an expiry date of 12 April 2022.

Movements in the options reserve were as follows:	Half Year Ended 31 December 2019 No.	Year Ended 30 June 2019 No.
Balance at beginning of period	69,344,034	-
Options issued – placement	40,366,543	35,693,318
Options issued – rights issue	10,350,000	33,650,716
Balance at end of period	120,060,577	69,344,034

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 9: ISSUED CAPITAL (continued)

Performance Rights

Share based payments reserve

Movements in share-based payments reserve were as follows:	Half Year Ended 31 December 2019 $	Year Ended 30 June 2019 $
Balance at beginning of period	342,710	411,424
Performance rights vested – transferred to issued capital	(199,125)	(31,916)
Performance rights lapsed – transferred to accumulated losses	(4,736)	(247,721)
Value of performance rights expensed during the year	363,602	210,923
Balance at end of period	502,451	342,710

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

	Half Year Ended 31 December 2019 No.	Year Ended 30 June 2019 No.
Movements in performance rights		
Balance at beginning of period	19,533,333	15,458,333
Performance rights issued during the year	-	5,200,000
Performance rights vested during the year	(885,000)	(398,000)
Performance rights lapsed during the period	(415,000)	(727,000)
Balance at end of period	18,233,333	19,533,333

Note issue of performance rights post 31 December 2019 (refer Note 12).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 9: ISSUED CAPITAL (continued)

Note issue of performance rights post 31 December 2019 (refer Note 12).

Reserve balance	Half Year Ended 31 December 2019 $	Year Ended 30 June 2019 $
Option reserve	6,546,797	4,299,329
Performance rights	502,451	342,710
Balance at end of period	7,049,248	4,642,039

Valuation of performance rights

i. Shareholders at the 2016 Annual General Meeting approved the grant of 15,000,000 performance rights to Directors. The performance rights, which are subject to a three-year performance period, were valued based on the share price on grant date discounted for lack of marketability as follows: Tranche A: 3,750,000 at $0.026, Tranche B: 3,750,000 at $0.018, Tranche C: 7,500,000 at $0.0125.

Of these performance rights 1,666,667 rights lapsed on the resignation of a director in prior periods. Subsequent to the period end the remaining 13,333,333 rights vested and the Company issued 12,500,000 shares to existing directors and 833,333 to a previous director of the Company.

An expense of $24,283 was recognised for the half year ended 31 December 2019 (31 December 2018: $30,833) in relation to these performance rights.

ii. The movement in employee performance rights during the period is as follows:

Date granted	Balance 30 June 2019	Value per share	Performance period ended	Issued	Vested	Lapsed	Balance 31 December 2019
26 June 2018	1,000,000	22.5 cents	31 August 2019	-	(885,000)	(115,000)	-
4 June 2019	1,950,000	17.0 cents	31 December 2019	-	-	(300,000)	1,650,000
4 June 2019	1,350,000	17.0 cents	31 December 2020	-	-	-	1,350,000
4 June 2019	1,900,000	17.0 cents	31 December 2021	-	-	-	1,900,000
	6,200,000			-	(885,000)	(115,000)	4,900,000

Non-market based performance conditions comprise key objectives specific to each employee. The probability of employees achieving performance rights has a range of between 70% and 80%.

An expense of $334,583 (2018: $61,530) was recognised during half year ended 31 December 2019 in relation to these performance rights.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 10: DIVIDENDS

The directors of the Group have not declared any dividend for the half year ended 31 December 2019 (31 December 2018: Nil).

NOTE 11: CONTINGENT LIABILITIES

There are no contingent liabilities at year end.

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

The following events incurred in February 2020 were significant milestones subsequent to the reporting date:

- The 73% increase in indicated resources for the Simon's Find deposit to 784,000 tonnes;
- The issue of 12,500,000 shares to Directors, 833,333 shares to a former director and 1,599,000 shares to employees under the Performance Rights Plan approved by shareholders in November 2016; and
- 17,000,000 Performance Rights issued to Directors, with vesting to be subject to achieving hurdles by 31 December 2023 and outlined in the Notice of Annual General Meeting lodged with the ASX on 29 October 2019, approved by shareholders on 27 November 2019.

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 years.

NOTE 13: RELATED PARTY DISCLOSURES

	Half Year Ended 31 December 2019 $	Half Year Ended 31 December 2018 $
Office rental and administration expenses[1]	44,925	43,968

[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.

	Half Year Ended 31 December 2019	Year Ended 30 June 2019
Trade and other payables[2]	455,169	-

[2]In December 2019, the Chairman, Charles Lew subscribed for shares in the share placement. Until shareholder approval has been received, the funds received from the Chairman have been treated as other payables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 14: INTEREST IN JOINT OPERATION

The Group has a 70% interest in the Yangibana-REM joint venture (31 December 2018: 70%), which is involved in exploration, development and exploitation of rare metal resources in the Gascoyne region of Western Australia. The Group is the manager of and is sole funding the joint venture up until a decision to commission a Bankable Feasibility Study.

There were no impairment losses in the jointly controlled operation.

DIRECTORS' DECLARATION

In the opinion of the directors of Hastings Technology Metals Ltd ('the Company or the Group''):

a. The financial statements and notes thereto, as set out on pages 18 to 36, 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 2019 and of the performance of the Group for the half year then ended; and

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

b. Subject to the matters set out in Note 1(d) 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

12 March 2020

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

Report on the half-year financial report

We have reviewed the accompanying 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 2019, 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 other explanatory notes and the directors' declaration.

Directors' responsibility 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 responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2019 and 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*. As the auditor of Hastings Technology Metals Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

1. giving a true and fair view of the Group's financial position as at 31 December 2019 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*.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group incurred a net loss of $2,571,915 for the half-year ended 31 December 2019 and a net cash outflow from operating activities of $3,819,922. As a result, the Group is dependent on raising additional funding in the next 12 months to enable it to continue its normal business activities, including progression of its exploration and project development activities. 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
12 March 2020