

Annual Report 2016

CORPORATE INFORMATION

ABN 43 122 911 399

Board of Directors and Senior Management

Mr Charles Lew – Executive Chairman
Mr Anthony Ho - Non-Executive Director
Mr Malcolm Mason - Non Executive Director
Mr Jean Claude Steinmetz – Non Executive Director

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Bankers

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Auditors

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Website

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Securities Exchange

Australian Securities Exchange
ASX Code: HAS

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LETTER FROM THE CHAIRMAN

Dear fellow Shareholder,

On behalf of the Directors of Hastings Technology Metals Ltd (“Hastings” or “the Company”), I am pleased to report on the activities and progress of your Company for the year ended 30 June 2016.

Your Company has two rare earth projects, one being Brockman located near Halls Creek in the East Kimberley region and the other, Yangibana in the Gascoyne region; both are in Western Australia. In the last year, the focus of our development has continued to be on the Yangibana Project (“Yangibana” or the “Project”).

Considerable work has been undertaken during the year to define additional resources through exploration drilling and metallurgy optimization to reinforce the business case for the development of the Project. Accordingly we completed the Pre-Feasibility Study (PFS) in April this year on time and on budget.

The analysis of the Project incorporated in the financial evaluation is based on mining and processing to produce a rare earths hydromet concentrate on site. It is proposed that the final stage of separation and refining of the rare earths concentrate to produce separated rare earths oxides and metals is then to be undertaken overseas.

This approach has the benefit of a fast track to production of the hydromet concentrate, and significantly reducing the costs for capital equipment and operating costs associated with separation and refining.

Following the expansion drilling programme for the PFS, Yangibana currently has a 12.3 million tonne (Indicated 8.1 million tonnes and Inferred 4.2 million tonnes) JORC Resource at 1.10% TREO with a 0.44% Nd₂O₃ equivalent. This is a significant 82% increase on the JORC Resources reported in November 2014, with 58% of the Resources being on 100% held ground.

After completing significant compliance work the Company was granted nine Mining Leases, which provide title for 21 years from the date of grant, within the Project area (approximately 48km²), with six in 100% owned ground and three in the joint venture in which Hastings holds a 70% interest. All granted Mining Leases are free of native title claims.

In April 2016 the Company raised \$9.6 million to allow the project to take the next steps to production. The Company has acquired the additional resources necessary to undertake further metallurgical test work which is now underway leading up to a continuous pilot plant operation in late 2016. Further expansion drilling and infill drilling has been undertaken in the new financial year to again upgrade and expand the mineral resource and also to provide samples from various deposits for metallurgical testing.

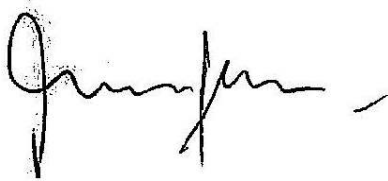
Since September last year, we recruited a number of senior experienced professionals to manage the operations and metallurgy work necessary in the PFS and the Definitive Feasibility Study which is now underway. Charles Tan, who has extensive international experience in cost procurement is now our Chief Operations Officer. Dominic Furfaro and Narelle Marriott, both highly experienced metallurgists moved from consulting to full time employment earlier this year.

In July 2016 the Company appointed Jean Claude Steinmetz as a non-executive Director. Mr Steinmetz has significant experience in the chemical industry and was until recently the Chief Operating Officer at Lynas Corporation Limited, a major producer of rare earth elements from their plant in Malaysia. In addition, we have also brought on board Robin Zhang who spent eight years at Lynas before joining your Company as our Process Engineering Manager. Mr Steinmetz's and Mr Zhang's combined knowledge and experience in rare earth production, sales and marketing will strengthen the existing management team as the Project moves towards production.

Whilst the focus has been on Yangibana, your Company is beginning to re-look at developing the Brockman Project (100% owned by Hastings) which has a JORC compliant resource estimate of 41.4m tonnes containing significant Dysprosium and Yttrium rare earths plus the rare metals Niobium and Zirconium. This was completed in 2012.

On behalf of your Directors and management, I would like to thank our shareholders for their continued support for the Company and patience as we endeavor to bring Yangibana into production in the coming years.

Yours faithfully



Charles Lew
Executive Chairman
27 September 2016

Directors

Charles Lew, Executive Chairman



Anthony Ho, Non-Executive Director



Malcolm Mason, Non-Executive Director



Jean Claude Steinmetz, Non-Executive Director



The Board and management of Hastings have the requisite expertise and experience in developing the Yangibana Project from mining to production of rare earth concentrate by 2019.

REVIEW OF OPERATIONS

YANGIBANA PROJECT

During the year Hastings continued to evaluate the Yangibana Project in which it holds tenements in its own name (through wholly-owned subsidiaries) and has a 70% interest in additional tenements through a joint venture with Rare Earth Metals plc.

In July 2015 the Company completed a major drilling programme with details provided in Table 1 and locations shown in Figure 1. Drilling was concentrated on targets within tenements held 100% by the Company (Bald Hill South, Fraser's and Yangibana West) with fewer holes at Yangibana North, Yangibana South and Yangibana prospects within joint venture tenements.

Deposit/Prospect	RC	RC/DD	DD	Total	RC (m)	DD (m)	Total (m)
Bald Hill South	111	1	13	125	4603	408.3	5011.3
Fraser's	51	0	3	54	2176	155.6	2331.6
Yangibana North	9	0	0	9	221	0	221
Yangibana West	58	0	3	61	1785	65.6	1850.6
Terry's Find	2	0	0	2	54	0	54
Yangibana South	8	0	0	8	192	0	192
Yangibana	9	0	0	9	192	0	192
Proposed Camp Site	1	0	0	1	31	0	31
Totals	249	1	19	269	9254	629.5	9883.5

Table 1 – Yangibana Project, 2015 drilling statistics

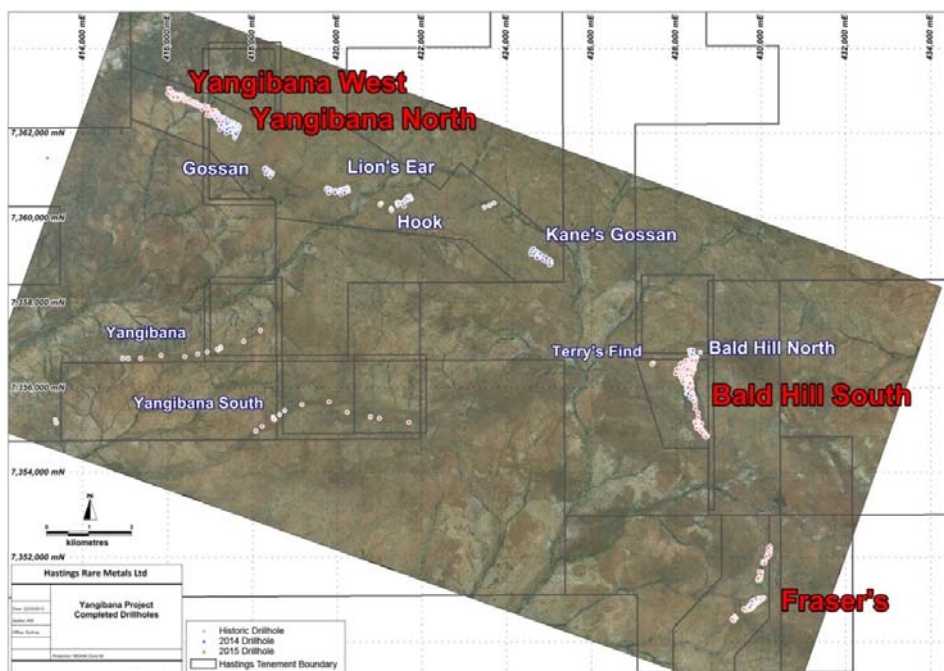


Figure 1 – Yangibana Project, Showing Yangibana Deposits with JORC Indicated Resource in red and Drilled Prospects

Drilling at **Bald Hill South** (Hastings 100%) returned some very encouraging results from both the well exposed main zone that had been drilled previously and the northern extension that was based on Hastings' earlier sampling along a narrow, discontinuous outcropping ironstone. Table 2 provides details of the best intersections achieved in the RC drilling.

Hole No. BHRC	From (m)	To (m)	Interval (m)	%TREO	%Nd ₂ O ₃	%Pr ₂ O ₃
51	17	21	4	2.22	0.80	0.17
53	9	14	5	2.04	0.58	0.15
59	7	12	5	1.97	0.60	0.15
70	26	42	16	1.28	0.40	0.09
72	0	3	3	2.13	0.76	0.16
75	0	14	14	3.24	1.19	0.24
79	22	29	7	1.29	0.46	0.10
125	16	19	3	2.02	0.69	0.14
142	52	62	10	1.20	0.38	0.09
144	26	31	5	2.13	0.74	0.16

Table 2 – Yangibana Project, Bald Hill South 2015 drilling best intersections

Figure 2 provides a cross sections of the mineralisation in the northern portion of Bald Hill South showing that the deposit remains strongly open to the west.

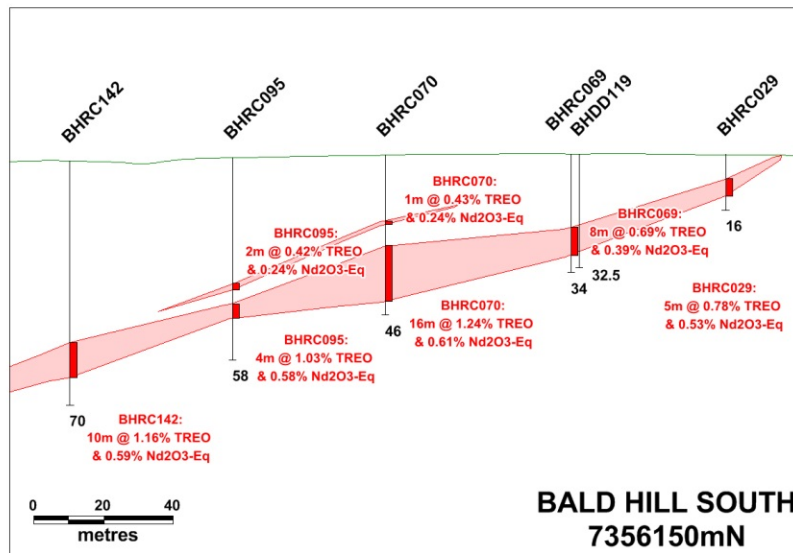


Figure 2 – Yangibana Project, Bald Hill South Section 7,356,150N showing mineralisation strongly open to the west

Figure 3 shows the distribution of the mineralisation at Bald Hill South as m%(Nd₂O₃+Pr₂O₃) accumulations, again showing the deposit to remain open to the west.

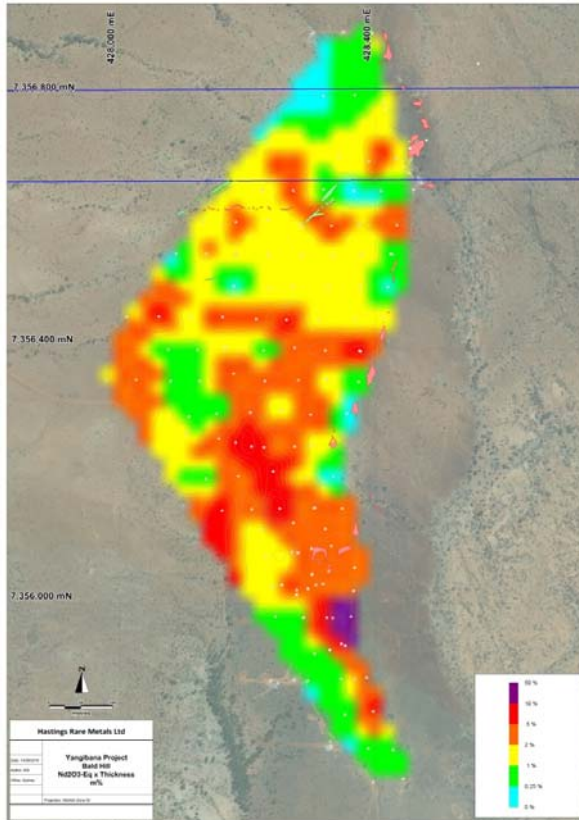


Figure 3 – Yangibana Project, Bald Hill South, contoured m%(Nd₂O₃+Pr₂O₃) accumulations indicating high grade zones within the overall deposit

At **Fraser's** (Hastings 100%) drilling infilled and extended the Company's 2014 drilling, extending the mineralisation to the northeast where it becomes more shallow-dipping.

Table 3 provides details of the better intersections returned from the RC drilling.

Hole No. FRRC	From (m)	To (m)	Interval (m)	%TREO	%Nd ₂ O ₃	%Pr ₂ O ₃
12	83	92	9	3.38	1.25	0.30
18	60	66	6	1.55	0.56	0.14
19	11	15	4	1.55	0.49	0.13
21	5	11	6	1.50	0.55	0.12
59	51	53	2	3.21	1.16	0.28

Table 3 – Yangibana Project, Fraser's Deposit 2015 drilling best intersections

Figure 4 provides a cross section of the mineralisation towards the north-eastern end of Fraser's, indicating that the mineralisation remains strongly open at depth.

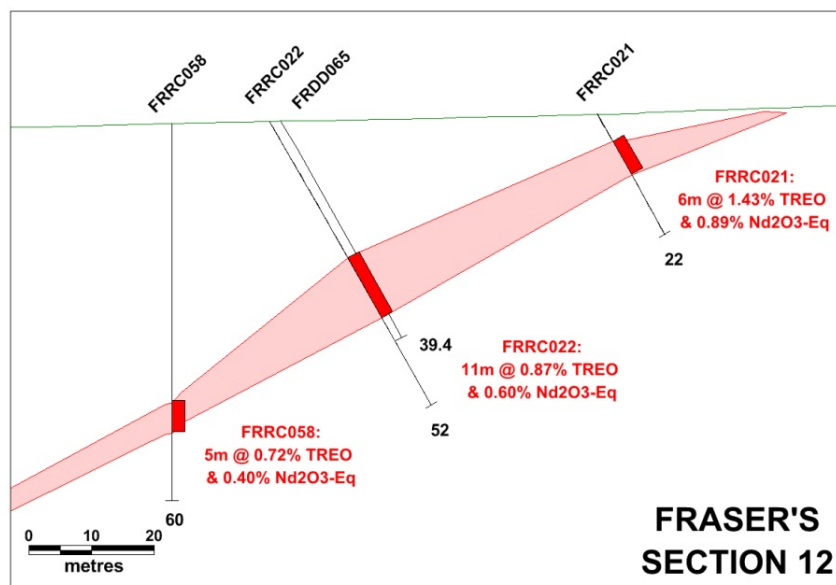


Figure 4 – Yangibana Project, Fraser's Deposit, Section towards the north-eastern part of the deposit showing mineralisation strongly open at depth

Figure 5 shows the distribution of the mineralisation at Fraser's as $m\%(Nd_2O_3+Pr_2O_3)$ accumulations, again showing the deposit remains open at depth.

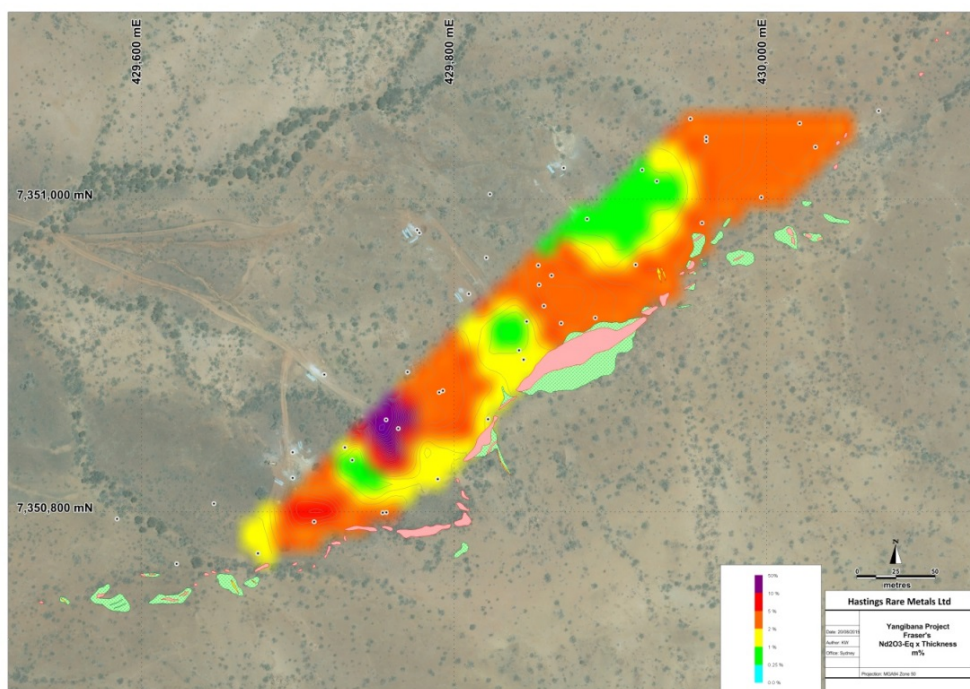


Figure 5 – Yangibana Project, Fraser's, contoured $m\%(Nd_2O_3+Pr_2O_3)$ accumulations at the Main Deposit indicating high grade zones within the overall deposit

The Yangibana West (Hastings 100%) and Yangibana North (Hastings 70%) deposits are part of one continuous deposit defined only by the tenement boundary.

The **Yangibana West** area was drill-tested westwards from the tenement boundary until the mineralisation passes under glacial till cover, a distance of 1,200 metres.

Best intersections from RC within the Yangibana West area are shown in Table 4.

Hole no. YWRC	From (m)	To (m)	Int (m)	%TREO	%Nd ₂ O ₃	%Pr ₂ O ₃
3	37	42	5	2.04	0.38	0.11
20	1	7	6	1.05	0.23	0.06
37	9	19	10	1.87	0.42	0.11
45	18	24	6	1.92	0.46	0.12
50	42	45	3	2.29	0.53	0.14
58	7	13	6	2.82	0.64	0.17
43	33	39	6	1.59	0.37	0.10

Table 4 - Yangibana Project – Yangibana West Best RC Drill Intersections 2015

Figure 6 provides a cross sections of the mineralisation at Yangibana West showing the deposit remaining open at depth.

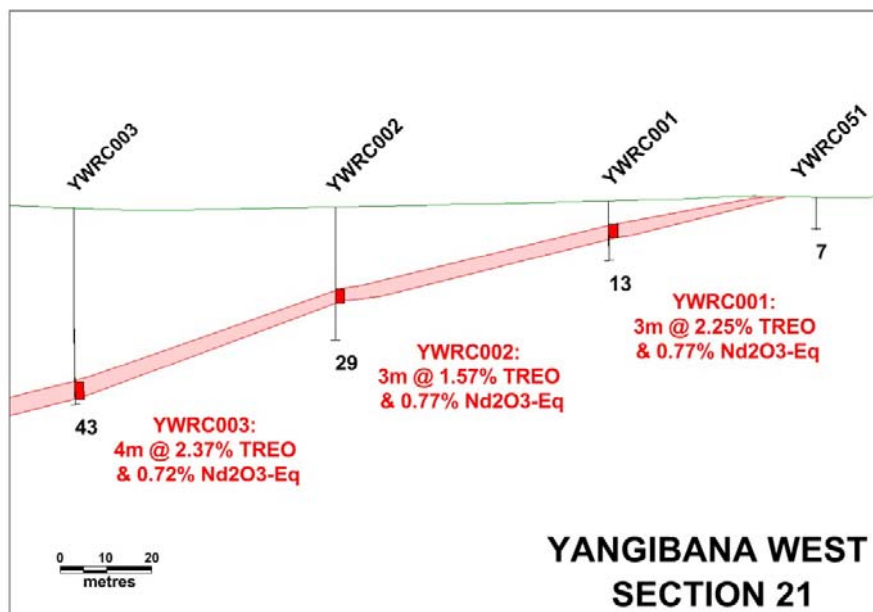


Figure 6 – Yangibana Project, Yangibana West, Section at the eastern end of the resource showing mineralisation strongly open at depth

Figure 7 shows the distribution of the mineralisation at Yangibana West and Yangibana North as m%(Nd₂O₃+Pr₂O₃) accumulations, again showing the deposits remain open at depth, with higher grade mineralisation clearly associated with shoots within the overall deposits.

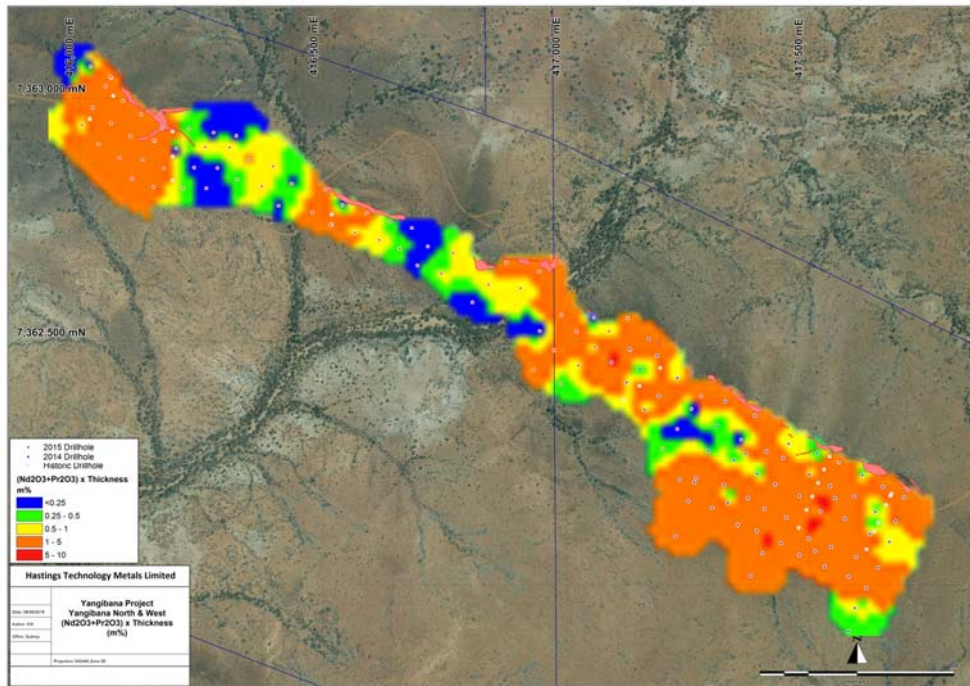


Figure 7 – Yangibana Project, Yangibana West and Yangibana North, contoured m%(Nd₂O₃+Pr₂O₃) accumulations showing high grade zones within the overall deposit

At **Yangibana North**, drilling infilled a small gap in the Company's previous coverage. This confirmed that the mineralisation continues uninterrupted westwards to the Yangibana West Mining Lease boundary. Best intersections from RC drilling within the Yangibana North area are shown in Table 5.

Hole No.	From (m)	To (m)	Int (m)	%TREO	%Nd ₂ O ₃	%Pr ₂ O ₃
YWRC001	4	9	5	1.63	0.34	0.09
YWRC005	3	6	3	3.30	0.61	0.18
YGRC065	0	6	6	1.68	0.34	0.10

Table 5 - Yangibana Project – Yangibana North Best RC Drill Intersections 2015

Figure 8 provides a cross sections of the mineralisation at Yangibana North and shows the deposit to remain strongly open at depth.

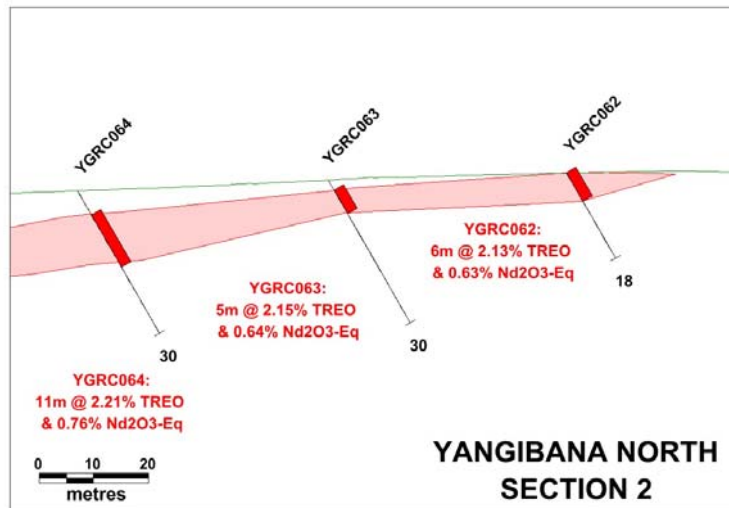


Figure 8 – Yangibana Project, Yangibana North, Section towards the west end of the resource showing mineralisation strongly open at depth

These results indicated the potential for a continuous open pit to be established extending from the western end of Yangibana West to the eastern end of Yangibana North, a distance of 1.9km. Higher grade mineralisation is generally associated with outcropping ironstone lenses. It is reasonable to extrapolate this control over the remaining 10km of discontinuously outcropping ironstone to the eastern end of Kane's Gossan deposit. This provides Hastings with future targets for establishing higher grade zones of mineralisation within the expected continuous mineralisation over this 12km strike length.

UPDATED JORC RESOURCE ESTIMATION

Updated resource estimates based on Hastings' drilling campaigns of 2014 and 2015 and incorporating a dilution factor as recommended by the Company's mining consultants, Snowden Mining, were estimated by Hastings' geological consultant, CoxsRocks Pty Limited. Total Resources are as shown in Table 6.

Resource Category	Tonnes	%TREO	%Nd ₂ O ₃	%Pr ₂ O ₃
Indicated	8,126,000	1.11	0.29	0.07
Inferred	4,236,000	1.09	0.25	0.07
TOTAL	12,362,000	1.10	0.28	0.07

Table 6 – Yangibana Project, JORC Resource Summary, September 2015

The total resources for the Yangibana Project now stand at 12.36 million tonnes at 1.10% TREO, a significant 82% increase from the resource of 6.79 million tonnes at 1.52% TREO as estimated in November 2014. The total resource contains approximately 132,500 tonnes of TREO including 33,900 tonnes of Nd₂O₃, 8,950 tonnes of Pr₂O₃, 590 tonnes of Dy₂O₃ and 920 tonnes of Eu₂O₃.

Table 7 provides a breakdown of the resources into individual deposits.

DEPOSITS WITHIN TENEMENTS HELD 100% BY HASTINGS					
	Category	Tonnes	% TREO	%Nd₂O₃	%Pr₂O₃
Total Indicated Resources	Indicated	5,407,568	0.88	0.28	0.07
Total Inferred Resources	Inferred	1,671,914	0.78	0.24	0.06
Total Resources	Ind+Inf	7,079,482	0.85	0.27	0.07
Bald Hill South	Ind+Inf	4,134,274	0.79	0.28	0.07
Fraser's	Ind+Inf	1,170,678	0.77	0.28	0.07
Yangibana West	Ind+Inf	1,774,530	1.07	0.24	0.07
Total		7,079,482			
DEPOSITS WITHIN JOINT VENTURE HELD 70% BY HASTINGS					
	Category	Tonnes	% TREO	%Nd₂O₃	%Pr₂O₃
Total Indicated Resources	Indicated	2,718,269	1.46	0.31	0.09
Total Inferred Resources	Inferred	2,561,906	1.26	0.26	0.08
Total Resources	Ind+Inf	5,280,175	1.36	0.29	0.09
Yangibana North	Ind+Inf	3,189,269	1.46	0.31	0.09
Gossan	Inferred	220,522	1.07	0.21	0.08
Hook	Inferred	348,819	1.09	0.19	0.09
Kanes Gossan	Inferred	577,828	1.16	0.25	0.09
Lions Ear	Inferred	842,034	1.42	0.28	0.09
Bald Hill North	Inferred	101,703	0.43	0.16	0.04
Total		5,280,175			

Table 7 – Yangibana Project, September 2015 JORC Resources

SCOPING STUDY

In November 2015 Snowden Mining Consultants updated the Scoping Study that confirmed robust economic potential. The Company progressed to Pre-Feasibility Study thereafter.

PRE-FEASIBILITY STUDY

In April 2016 Tetra Tech Proteus (TTP) reported the Financial Evaluation of the Project to PFS level. This Financial Evaluation was based on on-site beneficiation and partial hydrometallurgical (hydromet) processing to produce a concentrate that would be shipped overseas for separation and refining into individual rare earths oxides under a contract toll-treatment arrangement. This would enable Hastings to fast track its production of separated rare earths oxides and rare earths metals for sale to end users, utilising the overseas sub-contractor's manufacturing and engineering knowledge, saving the Company the time and expense to develop this critical capability locally.

THE YANGIBANA TOLL TREATMENT OPTION

The Toll Treatment Model allows Hastings to take advantage of downstream processing technology and production facilities that already exist overseas, thereby negating the need to heavily invest in the design and construction of its own separation and refining plant in Australia. This business model was determined in February 2016 when work on the PFS was practically completed. The significance of this approach enables the Company to put in place a plan to fast track production of its hydromet concentrate (much earlier than previously envisaged at the time of the Scoping Study) that will then be shipped abroad. Incorporating toll treatment overseas has the added benefits of significantly lowering budgeted costs for capital equipment and operating expenses not reflected in the PFS analysis.

The proposed exploitation of the Yangibana Project incorporated in the Financial Evaluation is based on:-

1. Mining and processing to produce a rare earths hydromet concentrate on site at Yangibana; and
2. The separation and refining of the rare earths concentrate to produce separated rare earths oxides and metals to be undertaken overseas.

PROCESSING

All processes including crushing, milling, flotation, and the first phase of hydrometallurgy are standard processes used within the rare earths industry, optimised for the Yangibana Project mineralogy.

The mined ore will be crushed and milled to reduce the feed to the required sizing for the flotation process.

Hastings has completed beneficiation test work that indicates that, at a plant throughput rate of 1.0 million tonnes per annum, a flotation plant can achieve a 95% mass reduction to 49,000t per annum of concentrate from Bald Hill South and Fraser's feed, and a 93% mass reduction to 70,000t per annum of concentrate from Yangibana (West and North) feed with recoveries of 85% of the contained rare earths (i.e. loss of only 15% of contained rare earths).

The subsequent on-site hydrometallurgical plant further processes the flotation concentrate, containing 85% of the initial rare earths in 4.9-7.0% of the original mass, to extract the target rare earths into a mixed rare earths precipitate.

This rare earth precipitated concentrate will then be shipped offshore under a contract arrangement that will provide the Company with separated rare earths oxides products for sale. The proposed contract refiner is an established operation that produces and markets rare earths products.

The predicted recovery rates of the targeted rare earths incorporated in the Study are as shown in Table 10.

	Overall Recovery to Separated Oxides (%)
Nd ₂ O ₃ recovery	71
Pr ₂ O ₃ recovery	71
Dy ₂ O ₃ recovery	40
Eu ₂ O ₃ recovery	58
Gd ₂ O ₃ recovery	54
Sm ₂ O ₃ recovery	60

Table 10 – Yangibana PFS, predicted processing recovery rates

PROJECT ENGINEERING

Based on test work results achieved at Kyspymet and at The Core Group, TTP developed preliminary engineering designs for all major components of the proposed on-site processing facility.

Power supply will be predominantly based on diesel trucked to site but includes a significant renewable solar component.

IMPROVED BENEFICIATION RESULTS

Since the completion of the PFS, beneficiation test work has continued on the neodymium-rich mineralisation from the Eastern Belt that occurs in tenements in which Hastings holds 100% interest.

This test work has produced an upgraded beneficiated concentrate from the Eastern Belt Master Composite (EBMC) with an increase in the TREO content from 20% to 30% in the beneficiated concentrate.

Comparison to the previous flow sheet may be summarised as follows:

- The lower mass pull of the final upgraded concentrate of 3.1% will lead to:
 - A smaller and less expensive hydrometallurgical plant.
 - Hydrometallurgical reagent costs are expected to be significantly lower.
- Reducing the Fe₂O₃ content from approximately 26% to 12% will lead to:
 - Significant saving in reagent costs.
 - Easier removal of impurities.
 - Lower rare earths losses in impurity removal stages.

Table 13 shows the differences in composition and highlights the superiority of the more recent concentrate.

	Grade (%)					Recovery (%)			
	TREO	Nd ₂ O ₃	Pr ₆ O ₁₁	Fe ₂ O ₃	SiO ₂	Mass	TREO	Nd ₂ O ₃	Pr ₆ O ₁₁
PFS concentrate	20.0	6.5	1.5	26.2	7.9	4.9	84	86	87
Up-graded Concentrate	30.1	10.2	2.2	12.1	2.7	3.1	78	79	80

Table 13 – Yangibana Project – Comparison of beneficiated concentrates

The Pre-Feasibility Study (PFS) is based on a concentrate of 20% TREO. The upgraded and superior recent concentrate will significantly improve project economics compared to those indicated in the PFS.

PERMITTING - MINING LEASES GRANTED

A total of nine Mining Leases (Ms09/157-165 inclusive) were granted within the Yangibana Project area (Figure 9) during the year. In addition, General Purpose Leases and Miscellaneous Licences were granted covering areas required for infrastructure components of the proposed project.

Assay results have been received for the first 84 holes drilled, all at Bald Hill South. Best intersections are shown in Table 14.

Hole No. BHRC	From (m)	To (m)	Interval (m)	%TREO	%Nd ₂ O ₃	%Pr ₂ O ₃
154	39	44	5	1.96	0.67	0.15
159	5	21	16	0.80	0.27	0.06
165	1	11	10	1.11	0.41	0.08
170	0	8	8	1.06	0.41	0.08
171	35	46	11	0.67	0.23	0.05
173	26	37	11	1.20	0.39	0.09
174	34	46	12	1.04	0.35	0.08
175	45	48	3	2.17	0.66	0.17
184	20	32	12	2.12	0.67	0.16
185	5	7	2	1.92	0.74	0.14
187	32	35	3	2.45	0.74	0.19
188	24	31	7	1.11	0.34	0.08
189	32	37	5	1.30	0.40	0.10
190	10	16	6	1.89	0.62	0.14
196	12	16	4	1.60	0.55	0.11
204	6	11	5	1.24	0.20	0.04
205	12	17	5	1.24	0.39	0.09

Table 14 – Yangibana Project. 2016 Infill Drilling at Bald Hill South

New Targets

Following discussion with the Company's geophysical consultants, an aeromagnetic and radiometric survey was commissioned in July 2016, to cover the prospective portions of the entire Yangibana Project area at a 25m line spacing and at 30m flying height. The survey flew 19,771 line km covering a total area of almost 460 sq km. Data from this survey is being merged with the Company's existing hyperspectral data to enable definition of targets for inspection and drilling.

Metallurgical Test Work Update

Planning is well advanced for further metallurgical laboratory tests that are expected to be completed in October 2016. Beneficiation tests will initially proceed on existing Eastern Belt Master Composite material collected in previous drilling campaigns. These tests will focus on developing further understanding towards important operating parameters such as reagent consumption and water quality. Further beneficiation tests will then be conducted on composite material from the current infill drilling programme prior to a major pilot plant campaign to generate a large sample of beneficiated concentrate.

This flotation concentrate will be used to conduct laboratory testing on the hydrometallurgical process for further process definition and optimisation purposes.

Hastings has made a significant improvement in its beneficiation laboratory test work in our evaluation of new reagents. A new collector has been identified which will require only two thirds the amount to process our ore and cost two thirds of



the cost of the current collector that was used at PFS. This will contribute to a considerable cost reduction impact to our opex with this reagent currently comprising 13% of the total opex.

The process flowsheet for the hydrometallurgy area is being optimised and improved with the best available experience from similar industry. Similarly, laboratory test work for hydrometallurgy is in progress to optimise the process parameters for reduction of chemical consumption and improving of REE Recovery.

Once laboratory testing on hydrometallurgical processes has been completed, a continuous pilot plant demonstration of the hydrometallurgical process will begin.

Mining Application

Work has commenced in preparing Hastings to meet with the relevant regulations in readiness to put in its Mining Application/Mining Closure Plans for approval.

BROCKMAN PROJECT

During the year Hastings commissioned a JORC resource estimate for the Southern Extension, immediately south of the main Brockman deposit near Halls Creek in the East Kimberley region (Figure 11).

The resource assessment, completed by CossRocks Pty Limited, was based on the six reverse circulation (RC) holes drilled by Hastings in June 2014 and estimated an Indicated Resource of 5.2 million tonnes at 0.22%TREO including 0.18%HREO, plus 0.39%Nb₂O₅ and 0.95%ZrO₂.

The total JORC resources at the Brockman Project now stand at **41.4** million tonnes (an increase of 14.4%) at 0.21%TREO including 0.18%HREO, plus 0.36%Nb₂O₅ and 0.90%ZrO₂.

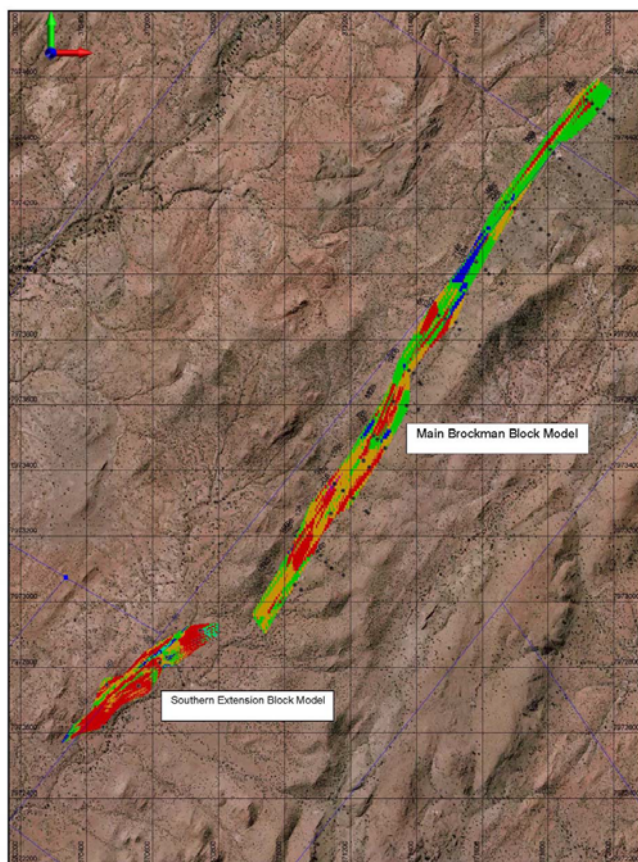
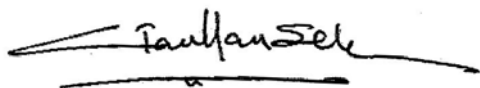


Figure 11 – Brockman Project, Location of Southern Extension Resource

CORPORATE

During the year the Company completed a capital raise of \$9.6 million (96,000,000 ordinary shares at 10 cents each). Of this amount \$0.7m was settled subsequent to year end as it required shareholder approval.



Charles Tan
Chief Operating Officer
27 September 2016

Terminology used in this report

* **TREO** is the sum of the oxides of the heavy rare earth elements (HREO) and the light rare earth elements (LREO).

HREO is the sum of the oxides of 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).

CREO is the sum of the oxides of neodymium (Nd), europium (Eu), terbium (Tb), dysprosium (Dy), and yttrium (Y) that were classified by the US Department of Energy in 2011 to be in critical short supply in the foreseeable future.

LREO is the sum of the oxides of the light rare earth elements lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), and samarium (Sm).

Competent Persons' Statement

The information in this report that relates to Resources is based on information compiled by Simon Coxhell. Simon Coxhell is a consultant to the Company and a member of the Australasian Institute of Mining and Metallurgy. The information in this report 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 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 consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Annual Mineral Resources Statement

Yangibana Project

Deposit	Tenement	Ind/Inf	Tonnes	% TREO	Nd2O3	Pr2O3	Dy2O3	Eu2O3	Ce2O3	Er2O3	Gd2O3	Ho2O3	La2O3	Lu2O3	Sm2O3	Tb2O3	Tm2O3	Y2O3	Yb2O3
Bald Hill South	M9/157	Ind	3,247,131	0.82	2873	632	59	72	3236	10.2	172	6.3	974	0.66	339	17.6	1	153	5.1
Bald Hill South	P9/467	Ind	51,009	0.78	2791	602	67	82	2991	10	196	6.7	862	0.59	370	20.5	0.91	163	4.7
Bald Hill South	M9/157	Inf	728,619	0.64	2268	500	53	58	2475	9.3	140	5.7	698	0.56	271	15.1	0.88	140	4.3
Bald Hill South	P9/467	Inf	107,515	0.83	3011	641	81	86	3047	13.9	217	8.7	918	0.79	385	23.5	1.3	205	6.6
Bald Hill North	E9/1049	Inf	101,703	0.43	1582	327	39	43	1590	7	105	4.2	482	0.47	201	11.3	0.7	104	3.5
Bald Hill		Total	4,235,976	0.78	2741	602	58	69	3058	10.1	166	6.2	912	0.64	325	17.2	0.98	151	5
Frasers	M9/158	Ind	629,535	0.94	3437	838	58	65	3901	9.3	15	6.2	728	0.5	320	16.6	0.9	145	4.4
Frasers	M9/158	Inf	505,743	0.59	2115	500	40	42	2505	7.2	10	4.5	425	0.4	205	11	0.7	113	3.2
Frasers	E9/2018	Inf	35,400	0.46	1827	423	16	27	1869	2.6	56	1.6	359	0.1	154	4.6	0.3	41	1.4
Frasers		Total	1,170,678	0.77	2817	680	49	54	3237	8.2	129	5.3	586	0.4	265	13.8	0.8	128	3.8
Yangibana West	M9/160	Ind	1,479,893	0.99	2246	616	42	82	4637	5.7	187	4	1920	0.3	342	15.2	0.5	93	2.5
Yangibana North	M9/159	Ind	2,718,269	1.46	3061	910	43	89	7155	5.5	205	3.9	3058	0.3	394	15.5	0.5	92	2.5
Yangibana West	M9/160	Inf	294,638	1.47	3229	931	51	102	7076	6.5	239	4.7	2897	0.4	448	18.5	0.6	108	2.8
Yangibana North	M9/159	Inf	471,000	1.55	3235	962	45	94	5558	6.6	225	4.7	2300	0.4	408	18.2	0.6	109	2.8
Gossan	M9/159	Inf	220,522	1.07	2132	660	22	55	5368	2.91	113	2.03	2311	0.16	255	8.27	0.28	50	1.39
Hook	M9/159	Inf	348,819	1.09	1866	611	30	49	5513	3.71	114	2.7	2660	0.22	203	10.18	0.31	64	1.51
Kanes Gossan	M9/159	Inf	577,828	1.16	2520	773	42	57	6361	5.45	147	4.07	2454	0.3	270	14.69	0.45	93	1.97
Lions Ear	M9/159	Inf	842,034	1.42	2844	846	42	81	7014	4.45	188	3.73	3114	0.21	343	15.21	0.37	84	1.74
		Total	6,953,002	1.31	2746	810	42	82	6286	5	190	4	2671	0.3	356	15	0.5	90	2
Total Indicated			8,125,836	1.11	2865	738	50	79	4852	7.75	185	5.1	1824	0.48	357	16.4	0.73	121	3.7
Total Inferred			4,233,819	1.09	2531	703	43	67	4964	6.28	159	4.33	1960	0.35	299	14.44	0.56	103	2.69
Grand Total			12,359,656	1.1	2750	726	48	75	4891	7.25	176	4.83	1870	0.44	337	15.73	0.67	115	3.36

Appendix 1 – Yangibana Scoping Study, Detailed breakdown of October 2015 JORC Resources for the Yangibana Project

Annual Mineral Resources Statement (Continued)

Brockman Project

Deposit	Category	Tonnes (mt)	%Nb ₂ O ₅	%Ta ₂ O ₅	%ZrO ₂	%TREO	incl %Dy ₂ O ₃
Brockman	Indicated	27.1	0.35	0.02	0.89	0.21	0.02
	Inferred	9.1	0.35	0.02	0.89	0.21	0.02
	TOTAL	36.2	0.35	0.02	0.89	0.21	0.02
Southern Extension	Inferred	5.2	0.39	0.02	0.95	0.22	0.02

Material Changes and Resource Statement Comparison

The Company reviews and report its mineral resources at least annually and provides an Annual Mineral Resource Statement. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its mineral resources over the course of the year, the Company is required to promptly report these changes.

Governance Arrangements and Internal Controls

Hastings has ensured that the mineral resources quoted are subject to good governance arrangements and internal controls. The mineral resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimation. In addition, Hastings' management carries out regular reviews of internal processes and external contractors that have been engaged by the Company.

All mineral resources reported here were compiled in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) 2012 Edition.

Competent Persons' Statement

The information in this report that relates to Resources is based on information compiled by Simon Coxhell. Simon Coxhell is a consultant to the Company and a member of the Australasian Institute of Mining and Metallurgy. The information in this report 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 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 consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

TENEMENT SCHEDULE

as at 30 June 2016 (All tenements are in Western Australia)

YANGIBANA PROJECT

Hastings Technology Metals Ltd

E09/2084	100%
E09/2086	100%
E09/2095	100%
P09/482	100%
M09/157	100%
E09/2129	100%

Gascoyne Metals Pty Limited (100% subsidiary)

E09/1989	100%
E09/2007	100%
E09/2137	100%
E09/1043	70%
E09/1049	70%
E09/1703-1706	70%
M09/159	70%
M09/160	100%
M09/161, 163	70%
M09/164, 165	100%
G09/10	100%
G09/11	70%
L09/66-75	100%

Yangibana Pty Limited (100% subsidiary)

E09/1700	100%
E09/1943-1944	100%
E09/2018	100%
P09/467	100%
M09/158	100%
M09/162	100%

BROCKMAN PROJECT

Brockman Project Holdings Pty Limited (100% subsidiary)

P80/1626-1635	100%
E80/4555	100%
EA80/4970	100%

DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity consisting of Hastings Technology Metals Ltd and the entities it controlled during the period for the financial year ended 30 June 2016. Pursuant to the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year 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	
Mr Anthony Ho	
Mr Malcolm Mason	
Mr Jean Claude Steinmetz	Appointed 25 July 2016

Names, qualifications, experience and special responsibilities

Mr Charles Lew Executive Chairman

Qualifications: BA Hons Finance and Accounting, MSc Management Science

Mr Lew has more than 30 years of investment banking experience, including serving as Managing Director of ABN Amro's investment banking business in Singapore from 1997 to 2000. He has been involved in a diverse range of investment banking activities, including IPOs, equity placements, corporate mergers and acquisitions, debt/equity restructuring, private equity investments and venture capital financing.

After leaving ABN Amro in year 2000, Mr Lew started his own investment management company, Equator Capital, which manages a hedge fund that is primarily involved in trading global managed futures, US equities and options. In addition, the company has been a pre-IPO investor in growth companies in Singapore, Malaysia and China some of whom were subsequently listed on the Singapore Exchange.

Mr Lew served as an Independent Non-Executive Director of the RHB Banking Group from March 2004 until his retirement from the Group in May 2016. During this period, he was on the board of RHB Investment Bank Berhad (2004 to 2016), RHB Capital Berhad (2005 to 2007); and RHB Islamic Bank (2008 to 2016). He was an Independent Director on the board of Singapore Medical Group between 2007 and 2013. He is also Founder and Chairman of Muddy Murphy Holdings, an operator of traditional and concept pubs that was established in 1996.

He holds a BA (Hons) in Finance and Accounting from the University of East London and a MSc in Management Science from Imperial College, University of London.

Mr Anthony Ho Non-Executive Director

Qualifications: B. Com (UNSW) CA, FCIS, FGIA, FAICD

Mr Ho is an experienced company director having held executive directorships and chief financial officer roles with a number of publicly listed companies. Mr Ho was Executive Director of Arthur Yates & Co Limited, retiring from that position in March 2002.

His corporate and governance experience includes being Chief Financial Officer/Finance Director of M.S. McLeod Holdings Limited, Galore Group Limited, the Edward H O'Brien group of companies and Volante Group Limited.

Mr Ho is currently the non-executive chairman of Greenland Minerals and Energy Limited (ASX: GGG) and non-executive chairman of Bioxyne Limited (ASX: BXN). Mr Ho was previously a non-executive Director of Apollo Minerals Limited (ASX: AON) where he also chaired the audit committee, from July 2009 to March 2016, and non-executive chairman of Esperance Minerals Ltd from September 2015 to March 2016.

Mr Ho holds a Bachelor of Commerce from the University of New South Wales and is a member of the Institute of Chartered Accountants Australia and New Zealand and a fellow of the Institute of Company Secretaries, the Governance Institute of Australia and the Australian Institute of Company Directors.

Mr Malcolm Mason
Non-Executive Director

Qualifications: B.Sc. (Hons), FAus IMM

Mr Mason has more than 45 years' experience in Australian and international exploration and mining. As Executive Technical Director of Greenland Minerals and Energy Limited from 2007 to 2010, Mr Mason had a significant role in further developing Kvanefjeld, the world's largest multi element REO resource by either JORC or Canadian NI 43-101 standards.

Mr Mason's experience covers rare earths, uranium, gold and base metals. Mr Mason was previously the Managing Director of Acclaim Uranium NL and Technical Director of Redport Ltd, which was taken over by Mega Uranium for \$125m in 2007.

Mr Mason has held no other directorships in the last three years.

Mr Jean Claude Steinmetz
Non-Executive Director

Qualifications: BSc in Chemical Engineering, MSc in Industrial Management

Mr Steinmetz has been involved in the specialty chemical industry for more than 25 years with a strong focus on the automotive industry leading breakthrough projects in body developments and major reductions programmes of carbon dioxide (CO₂) in compliance with European and global legislation. Mr Steinmetz has also held management positions in Rhodia-Solvay, GE and Du Pont. He currently serves as Chairman of the Auto Plastic and Innovative Materials Committee of Sino-EU Chemical Manufacturers Association.

Mr Steinmetz's was previously Chief Operating Officer for the ASX listed rare earth company, Lynas Corporation where he had operational responsibility for the mining operations and concentration plant at Mount Weld in Western Australia and the Lynas Advanced Materials Plant (LAMP) in Malaysia. He also had oversight of the sales and marketing activities at Lynas.

He is fluent in English, Dutch, German and French. Mr Steinmetz has held no other directorships in the last three years.

Mr Guy Robertson
Chief Financial Officer/Company Secretary

Qualifications: B. Com (Hons) CA

Mr Robertson has over 25 years' experience as a Director, CFO and Company Secretary of both public (ASX- listed) and private companies in both Australia and Hong Kong. He has had significant experience in due diligence, acquisitions, IPOs and corporate management. Mr Robertson has a Bachelor of Commerce (Hons) and is a Chartered Accountant.

Interests in the shares and options of the Company

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

Director	Number of fully paid ordinary shares	Number options	Performance Rights
Mr Charles Lew	98,826,710	-	-
Mr Anthony Ho	4,170,000	-	-
Mr Malcolm Mason	6,283,993	-	-
Mr Jean Claude Steinmetz	-	-	-

At the date of this report the Company had the following options on issue.

Grant/Issue Date	Expiry Date	Exercise Price	Number	Listed/Unlisted
12 February 2014	30 November 2016	6 cents	18,000,000	Unlisted

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the entities within the consolidated entity during the year was the exploration for natural resources. For a review of operations, please refer to the section Review of Operations on pages 6 to 21.

Operating results for the year and financial review

The comprehensive loss of the consolidated entity for the financial period, after providing for income tax amounted to \$277,130 (2015: \$815,961). The result for 2016 includes research and development tax offsets in the amount of \$934,702 (2015: Nil).

The Group's operating income decreased to \$162,814 (2015: \$194,084) primarily a decrease in interest income given a fall in deposit interest rates.

Expenses increased to \$1,374,646 (2015: \$1,010,045). Expenses have increased due to an increase in personnel and occupancy expenses, and marketing expenses as the Company moved to complete its Pre-Feasibility Study and commence its definitive feasibility study (DFS).

Capitalised exploration increased to \$ 27,202,412 (2015: \$21,765,046) reflecting ongoing exploration work across the Group's projects and in particular Yangibana which completed its Pre-Feasibility Study.

Net assets increased to \$37,243,609 (2015: \$28,738,145) reflecting a capital raising during the year of \$8.9 million (before costs) and the result for the year. A further \$0.7 million of the capital raising was approved by shareholders subsequent to year end.

Review of financial conditions

As at 30 June 2016 the consolidated entity had \$2 million in cash assets and a further \$8.5 million in investments (being deposits with banks with a maturity beyond 3 months) which the Directors believe allows the Company to meet its current costs and complete its DFS.

DIRECTORS' REPORT (continued)

Risk management and Corporate Governance

Details of the consolidated entity's Risk Management and Corporate Governance policies are contained within the Corporate Governance Statement which follows this Directors' Report.

Significant changes in the state of affairs

The following summary of events marks significant milestones in the state of affairs of the Company during the year:

- Completion of Yangibana Pre-Feasibility Study.
- Completion of a \$9.6 million capital raise placement before costs, of which \$0.7m required shareholder approval and was settled post balance date.

Significant events after balance date

Subsequent to reporting date, and following shareholder approval on 5 September 2016, the Company issued 7,000,000 shares to Mr Charles Lew, Chairman, for a consideration of \$700,000. In addition the Company issued 4,750,000 performance rights as outlined in the Directors' Report, in respect of the performance period ended 30 June 2016.

On 25 July 2016 the Company appointed Mr Jean Claude Steinmetz as a non-executive director of the Company.

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.

Shares under option

At the date of this report, there were 18,000,000 options on issue exercisable at 6 cents on or before 30 November 2016. No options were granted to any member of the Company's key management personnel during the year.

Likely developments and expected results

During the coming year the Group plans to focus on the ongoing development of both the Yangibana and Brockman projects.

The material business risks faced by the Company that are likely to have an effect on the financial prospects of the Company, and how the Company manages these risks, are:

- Future capital needs – the Company does not currently generate cash from its operations. The Company will require further funding in order to meet its continuing exploration activities and complete studies necessary to assess the economic viability of its projects, and corporate costs.
- Exploration and developments risks – whilst the Company has already discovered a number of resources on the Yangibana and Brockman projects, the Company may fail to discover additional mineral deposits. The Company employs geologists and other technical specialists, and engages external consultants where appropriate to address this risk.
- Commodity price risk – as a Company which is focused on the exploration of rare earth oxides, notably neodymium, praseodymium, dysprosium and europium, it is exposed to movements in the price of these commodities. The Company monitors historical and forecast price information from a range of sources to support its planning and decision making.

DIRECTORS' REPORT (continued)

Environmental legislation

The consolidated entity is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities.

The directors are not aware of any significant breaches of these requirements during the period.

Indemnification and insurance of Directors and Officers

The consolidated entity has agreed to indemnify all the directors of the consolidated entity for any liabilities to another person (other than the consolidated entity or related body corporate) that may arise from their position as directors of the consolidated entity, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the consolidated entity paid a premium of \$14,039 in respect of a contract insuring the directors and officers of the consolidated entity against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001.

Remuneration report (Audited)

This report outlines the remuneration arrangements in place for key management personnel of Hastings Technology Metals Ltd for the financial year ended 30 June 2016.

The following persons acted as key management personnel during the financial year:

Mr Charles Lew (Executive Chairman)
Mr Anthony Ho (Non-Executive Director)
Mr Malcolm Mason (Non-Executive Director)
Mr Charles Tan (Chief Operating Officer)
Mr Andy Border (General Manager Exploration)

Remuneration philosophy

The performance of the company depends upon the quality of the directors and executives. The philosophy of the company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

Non-executive directors committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the senior management team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

DIRECTORS' REPORT (continued)

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 30 November 2010 when shareholders approved an aggregate remuneration of up to \$250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company.

The remuneration of non-executive directors for the period ended 30 June 2016 is detailed in the Remuneration of directors and named executives section of this report on page 28.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and Company Options or Performance Rights to shares (as determined from time to time). In addition to Company employees and directors, the Company may contract key consultants on a contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

Fixed Remuneration

Fixed remuneration is reviewed annually by the independent directors committee (which assumes the role of the Remuneration Committee). The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary. Fixed remuneration is paid in the form of cash payments.

The fixed remuneration component of the key management personnel is detailed in Table 1.

All Directors have a letter of appointment. Remuneration of non-executive directors is set at \$40,000 per annum and the Executive Chairman at \$250,000 per annum. Non-executive director fees over and above \$40,000 per annum are for additional consulting services. The Chief Operating Officer, Charles Tan, has an employment contract which can be terminated by either party giving three months' notice, and with gross remuneration of \$200,000 per annum. The General Manager Exploration, Andy Border, has an employment contract which can be terminated by either party giving three months' notice, and with gross remuneration of \$250,000 per annum.

DIRECTORS' REPORT (continued)

Remuneration of key management and personnel

Table 1: Key management personnel remuneration for the year ended 30 June 2016

	Short-term employee benefits		Post-employment benefits	Equity	Total	% Performance Related
	Salary & Fees \$	Shares ² \$	Superannuation \$	Performance Rights ¹ \$		
Mr Charles Lew	198,996	17,500	-	107,813	324,309	33
Mr Anthony Ho	55,000	-	-	43,125	98,125	44
Mr Malcolm Mason	130,525	10,000	-	43,125	183,650	25
Mr Charles Tan	125,182	-	11,849	18,000	155,031	12
Mr Andy Border	228,311	-	21,690	8,650	258,650	3
Total	738,014	27,500	33,539	220,713	1,019,765	22

Table 2: Key management personnel remuneration for the year ended 30 June 2015

	Short-term employee benefits		Post-employment benefits	Equity	Total	% Performance Related
	Salary & Fees \$	Shares ² \$	Superannuation \$	Performance Rights ¹ \$		
Mr Charles Lew	91,498	17,500	-	107,813	216,811	49.7
Mr Anthony Ho	40,000	-	-	43,125	83,125	51.9
Mr Malcolm Mason	96,717	8,333	-	43,125	148,175	29.1
Mr Simon Wallace ³	15,333	-	-	-	15,333	-
Mr Andy Border	224,520	-	21,331	20,000	265,851	7.5
Total	468,068	25,833	21,331	214,063	729,295	29.3

¹Performance rights have been granted and valued, however vesting is subject to performance hurdles.

²Issue of shares is subject to shareholder approval.

³Resigned 18 November 2014

Options held by Directors and senior management

There are no options held by Directors and senior management. The following performance rights are on issue and are subject to the Company achieving certain milestones.

Chief Operating Officer	Number	Performance period
Mr Charles Tan	750,000	8 September 2017 & 8 September 2018

Subsequent to year end the Company issued 4,750,000 shares on the vesting of performance rights relating to the performance period ended 30 June 2016. A further 4,750,000 performance rights lapsed on 30 June 2016.

DIRECTORS' REPORT (continued)

Shareholdings of Key Management Personnel

	Balance at beginning of period Ord	In lieu of salary Ord	On Vesting of Performance Rights Ord	Purchased Ord	Balance at end of period Ord
30 June 2016					
Mr Charles Lew	86,799,538	227,272	-	2,299,900	89,326,710
Mr Anthony Ho	2,970,000	-	-	200,000	3,170,000
Mr Malcolm Mason	5,154,123	129,870	-	-	5,283,993
Mr Charles Tan	-	-	-	250,000	250,000
Mr Andy Border	-	-	500,000	-	500,000
Total	94,923,661	357,142	500,000	2,849,900	98,530,703

Option holdings of Key Management Personnel

No options were issued during the year ended 30 June 2016 and no options are held by key management personnel at year end. No options were held by key management personnel at the end of the previous financial year.

Performance Rights

	Balance at beginning of period	Expired During Period	Granted as remuneration	Net change Other	Balance at end of period ¹
30 June 2016					
Mr Charles Lew	5,000,000	(2,500,000)	-	-	2,500,000
Mr Anthony Ho	2,000,000	(1,000,000)	-	-	1,000,000
Mr Malcolm Mason	2,000,000	(1,000,000)	-	-	1,000,000
Mr Charles Tan	-	-	750,000	-	750,000
Mr Andy Border	500,000	-	-	(500,000)	-
Total	9,500,000	(4,500,000)	750,000	(500,000)	5,250,000

¹Subsequent to year end the Company issued 4,750,000 shares in relation to performance rights that had vested, of which 4,500,000 related to Key Management Personnel. As at the date of this report there are 750,000 performance rights on issue.

Related Party Transactions

	2016 \$	2015 \$
Office and administration costs ¹	65,766	-
Underwriting and placement fees ²	-	308,820
Legal fees	-	5,149

¹Office and administration costs were paid to Equator Capital Pte Limited, a company in which Mr Charles Lew has an interest. Of this amount \$6,643 remains payable at 30 June 2016.

²Equator Star Holdings Limited, a company controlled by the Chairman, Mr Charles Lew, received an underwriting fee of 6% on \$1.5 million (\$90,000) underwritten on the share placement plan, and a placement fee of 6% on a capital raising of \$3.6 million (\$218,820). These fees are commensurate with those charged on an arm's length basis.

End of audited remuneration report.

DIRECTORS' REPORT (continued)

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

Director	Director Meetings		Audit Committee		Remuneration Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
Mr Charles Lew	10	10	2	2	-	-
Mr Anthony Ho	10	10	2	2	2	2
Mr Malcolm Mason	10	10	-	-	2	2

In addition, 3 circular resolutions were signed by the board during the period.

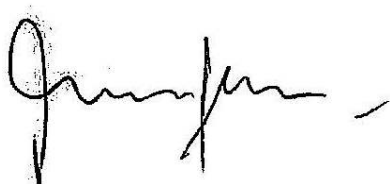
Auditor's Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 34 and forms part of this directors' report for the year ended 30 June 2016.

Non-Audit Services

No non-audit services were provided by the Company's auditor during the year.

Signed in accordance with a resolution of the directors.



Charles Lew
Executive Chairman
27 September 2016

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Hastings Technology Metals Ltd is responsible for the corporate governance of the Group.

Hastings Technology Metals Ltd (“**Hastings**”), through its board and executives, recognizes the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Hastings. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

ASX Corporate Governance Principles and Recommendations

The third edition of ASX Corporate Governance Council Principles and Recommendations (the “Principles”) sets out recommended corporate governance practices for entities listed on the ASX.

The Company has issued a Corporate Governance Statement which discloses the Company’s corporate governance practices and the extent to which the Company has followed the recommendations set out in the Principles. The Corporate Governance Statement was approved by the Board on 21 September 2016 and is available on the Company’s website: <http://hastingstechmetals.com.au/corporate-governance>

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Hastings Technology Metals Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia
27 September 2016**

**M R W Ohm
Partner**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Consolidated	
		2016 \$	2015 \$
Continuing operations			
Revenue	2	162,814	194,084
Administration expenses		(244,876)	(249,944)
Directors fees		(277,329)	(214,332)
Occupancy expenses		(84,722)	(35,843)
Employee benefits expense		(168,264)	(8,687)
Marketing costs		(31,279)	(24,206)
Legal fees	2	(7,617)	(22,799)
Consulting and professional fees		(153,257)	(164,520)
Travel expenses		(175,708)	(64,095)
Exploration expenditure written off		-	(875)
Share based payments		(231,594)	(224,744)
Loss before income tax expense		(1,211,832)	(815,961)
Income tax benefit	3	934,702	-
Net loss for the period		(277,130)	(815,961)
Other comprehensive income		-	-
Total comprehensive loss for the period		(277,130)	(815,961)
Basic loss per share (cents per share)	4	(0.07)	(0.25)

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Notes	Consolidated	
		2016	2015
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	6	2,036,540	7,639,653
Trade and other receivables	8	1,022,927	207,346
Investments	9	8,500,000	-
Total Current Assets		<u>11,559,467</u>	<u>7,846,999</u>
Non-Current Assets			
Plant and equipment	10	16,707	11,450
Deferred exploration expenditure	11	27,202,412	21,765,046
Total Non-Current Assets		<u>27,219,119</u>	<u>21,776,496</u>
Total Assets		<u>38,778,586</u>	<u>29,623,495</u>
Liabilities			
Current Liabilities			
Trade and other payables	12	1,534,977	885,350
Total Current Liabilities		<u>1,534,977</u>	<u>885,350</u>
Total Liabilities		<u>1,534,977</u>	<u>885,350</u>
Net Assets		<u>37,243,609</u>	<u>28,738,145</u>
Equity			
Issued capital	13	43,997,047	35,417,397
Reserves	13	898,205	695,261
Accumulated losses		(7,651,643)	(7,374,513)
Total Equity		<u>37,243,609</u>	<u>28,738,145</u>

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

Consolidated

	Issued Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Total \$
Balance at 1 July 2015	35,417,397	(7,374,513)	695,261	28,738,145
Loss for the year	-	(277,130)	-	(277,130)
Total comprehensive loss for the year	-	(277,130)	-	(277,130)
Shares issued during the year	8,927,500	-	-	8,927,500
Transaction costs on share issue	(376,500)	-	-	(376,500)
Share based payments	-	-	231,594	231,594
Transfer from share based payments	28,650	-	(28,650)	-
Balance at 30 June 2016	43,997,047	(7,651,643)	898,205	37,243,609
Balance at 1 July 2014	27,197,608	(6,779,551)	691,516	21,109,573
Loss for the year	-	(815,961)	-	(815,961)
Total comprehensive loss for the year	-	(815,961)	-	(815,961)
Shares issued during the year	8,704,567	-	-	8,704,567
Transaction costs on share issue	(484,778)	-	-	(484,778)
Expiry/exercise of options	-	220,999	(220,999)	-
Share based payments	-	-	224,744	224,744
Balance at 30 June 2015	35,417,397	(7,374,513)	695,261	28,738,145

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS **FOR THE YEAR ENDED 30 JUNE 2016**

Note	Consolidated	
	2016	2015
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(993,429)	(874,836)
Research and development rebate received	136,478	-
Interest received	177,913	132,898
Net cash used in operating activities	7 (679,038)	(741,938)
Cash flows from investing activities		
Payments for acquisition of tenements and prospects	(200,000)	(202,500)
Payments for exploration and evaluation expenditure	(5,237,366)	(3,207,330)
Payments for investments in term deposits	(11,500,000)	-
Receipts from redemption of investments in term deposits	3,000,000	-
Payments for fixed assets	(10,209)	(4,916)
Net cash used in investing activities	(13,947,575)	(3,414,746)
Cash flows from financing activities		
Proceeds from issue of shares	8,900,000	8,664,997
Payments for share issue costs	(376,500)	(484,778)
Advance from shareholder	500,000	-
Net cash provided by financing activities	9,023,500	8,180,219
Net (decrease)/increase in cash held	(5,603,113)	4,023,535
Cash and cash equivalents at the beginning of the period	7,639,653	3,616,118
Cash and cash equivalents at the end of the period	6 2,036,540	7,639,653

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Hastings Technology Metals Ltd and its subsidiaries.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Group is a listed public company, incorporated and operating in Australia. The entity's principal activity is exploration for natural resources.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Directors of the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 23 September 2016.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of Hastings Technology Metals Ltd ('company' or 'parent entity') as at 30 June 2016 and the results of subsidiaries for the year then ended. Hastings Technology Metals Ltd and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration expenditure:

The Directors continually assess the Group's exploration projects to determine the existence of any indications of impairment on an area or interest basis. Where any such indications are present, an impairment assessment is conducted under AASB 136 and any resulting impairment is expensed to profit and loss. During the current financial year, an impairment expense of \$Nil (2015-\$875) was recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting judgements and key sources of estimation uncertainty (continued)

Share-based payment transactions:

The Group measures the cost of equity-settled transactions by reference to the fair value of the services provided. Where the services provided cannot be reliably estimated fair value is measure by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model using the assumptions detailed in Note 12.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(g) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(h) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents exclude term deposits with banks which mature beyond three months.

(i) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(j) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets and financial liabilities (continued)

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
 - (c) has transferred substantially all the risks and rewards of the asset, or
 - (d) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(k) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(I) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other taxes (continued)

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(p) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Hastings Technology Metals Ltd (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Earnings per share

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

A decision to proceed with development in respect of a particular area of interest is determined with reference to when the commercial viability and technical feasibility are demonstrated. Once a decision to proceed has occurred, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Parent entity financial information

The financial information for the parent entity, Hastings Technology Metals Ltd, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investment in subsidiaries are accounted for at cost in the financial statements of Hastings Technology Metals Ltd.

(ii) Share-based payments

Where relevant the grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(u) Interest in a joint operation

The Group has an interest in a joint venture that is a joint operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the joint operation by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint operation.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Hastings Technology Metals Ltd.

NOTE 2: REVENUES AND EXPENSES

(a) Revenue

Interest income

(b) Legal fees

Other

Consolidated	
2016	2015
\$	\$
162,814	194,084
162,814	194,084
7,617	22,799

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: INCOME TAX

	Consolidated	
	2016	2015
	\$	\$
(a) Income tax recognized in the statement of comprehensive income		
Loss from ordinary activities	(277,130)	(815,961)
Income tax using the Company's domestic tax rate of 30% (2015:30%)	(83,139)	(244,788)
Share based payments	69,478	77,673
Refundable R&D tax offset	934,702	-
Other current year movement in deferred tax assets and deferred tax liabilities not recognised	13,661	167,115
Income tax benefit reported in the consolidated statement of comprehensive income	934,702	-
(b) Unrecognised deferred tax balances		
Deferred tax assets comprise:		
Tax losses carried forward	5,298,159	4,425,620
Accrued expenses	39,835	34,990
Share issue costs	225,911	225,912
	5,563,906	4,686,522
Deferred tax liabilities comprise		
Accrued income	(36,476)	(13,249)
Capitalised exploration costs	(4,725,840)	(3,094,630)
	(4,762,316)	(3,107,879)
(c) Income tax expense not brought to account in equity during the year		
Share issue costs	(112,950)	(147,950)
	(112,950)	(147,950)

(d) Tax losses

The tax benefit (at 30%) of estimated unused tax losses of \$5,298,159 (2015: \$4,425,620) has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Company satisfying the requirements imposed by the relevant regulatory authorities in each of the jurisdictions in which the Company operates.

The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; and
- The conditions for deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realising the benefit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 4: EARNINGS PER SHARE

	2016 Cents per share	2015 Cents per share
Basic loss per share:		
Continuing operations	(0.07)	(0.25)
Discontinued operations	-	-
Total basic loss per share	(0.07)	(0.25)
 (i) Loss used in the calculation of total basic loss per share reconciles to net loss in the statement of comprehensive income as follows:		
Loss used in the calculation of basic loss per share	(277,130)	(815,961)
Loss for the period from discontinued operation	-	-
Loss used in the calculation of basic loss per share from continuing operations	(277,130)	(815,961)

Basic loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

There are no potential ordinary shares that are considered dilutive, as a result no dilutive loss per share has been disclosed.

Number of shares	
402,115,250	323,433,500

NOTE 5: 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

Brockman Project

Hastings is the owner of the Brockman heavy rare earths project, comprising of ten (10) wholly owned prospecting licenses, and one wholly owned exploration licence, 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.

Yangibana Project

Hastings has the Yangibana rare earths project in the Gascoyne region of Western Australia through the ownership 100% of fourteen (14) tenements and two mining leases and through a joint venture comprising six (6) granted Exploration Licences and one mining lease, in all covering an area of approximately 320 square kilometres

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: SEGMENT REPORTING (continued)

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 \$	Administration Costs \$	Unallocated \$	Total \$
30 June 2016					
Revenue					
Interest and other income	-	-	-	162,814	162,814
Total segment revenue	-	-	-	162,814	162,814
Expenses					
Exploration expenditure written off	-	-	-	-	-
Administration	-	-	(1,374,646)	-	(1,374,646)
Total segment expenses	-	-	(1,374,646)	-	(1,374,646)
Income tax benefit	-	-	-	934,702	934,702
Segment result	-	-	(1,374,646)	1,097,516	(277,130)
Cash flows from operating activities	-	-	(993,429)	314,391	(679,038)
Cash flows from investing activities	(103,043)	(5,334,323)	(10,209)	(8,500,000)	(13,947,575)
Cash flows from financing activities	-	-	-	9,023,500	9,023,500
Segment assets	14,961,418	12,240,994	-	11,576,634	38,778,586
Segment liabilities	-	-	-	1,534,977	1,534,977

Interest income of \$162,814 was solely derived within Australia, and non-current assets are all located in Australia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: SEGMENT REPORTING (continued)

Project segments	Brockman Project \$	Yangibana Project \$	Administration Costs \$	Unallocated \$	Total \$
30 June 2015					
Revenue					
Interest and other income	-	-	-	194,084	194,084
Total segment revenue	-	-	-	194,084	194,084
Expenses					
Exploration expenditure written off	-	(875)	-	-	(875)
Administration	-	-	(1,009,170)	-	(1,009,170)
Total segment expenses	-	(875)	(1,009,170)	-	(1,010,045)
Income tax benefit	-	-	-	-	-
Segment result	-	(875)	(1,009,170)	194,084	(815,961)
Cash flows from operating activities	-	-	(874,836)	132,898	(741,898)
Cash flows from investing activities	(181,521)	(3,228,309)	(4,916)	-	(3,417,746)
Cash flows from financing activities	-	-	-	8,180,219	8,180,219
Segment assets	14,858,375	6,906,671	-	7,858,449	29,623,495
Segment liabilities	-	-	-	885,350	885,350

Interest income of \$194,084 was solely derived within Australia, and non-current assets are all located in Australia.

NOTE 6: CASH AND CASH EQUIVALENTS

	2016 \$	2015 \$
Cash at bank and on hand	1,536,540	689,653
Short-term deposits	500,000	6,950,000
	2,036,540	7,639,653

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Short term deposits maturing after three months are shown as investments.

The Group did not engage in any non-cash financing activities for the period ending 30 June 2016 and was not party to any borrowing facilities during the same period.

All cash was available for use, and no restrictions were placed on the use of it at any time during the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2016	2015
	\$	\$
(Loss) for the year	(277,130)	(815,961)
<i>Other non cash items:</i>		
Share based payments expense	231,594	224,744
Depreciation	4,952	2,407
Directors fees settled by shares	27,500	39,570
Exploration expenditure written off	-	875
<i>Changes in working capital</i>		
Increase in trade and other receivables	(815,581)	(133,367)
Increase in trade and other payables	149,627	(60,206)
Net cash used in operating activities	(679,038)	(741,938)

NOTE 8: TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
Other receivables	178,616	146,160
Research and development tax offset	798,224	-
Interest receivable	46,087	61,186
Trade and other receivables	1,022,927	207,346

No receivables are impaired or past due but not impaired.

NOTE 9: INVESTMENTS

	2016	2015
	\$	\$
Term Deposits	8,500,000	-
	8,500,000	-

Term deposits mature between four and six months from balance date and are invested at interest rates yielding between 2.85% and 2.91%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: PLANT AND EQUIPMENT

Plant and equipment

At cost

	2016 \$	2015 \$
Opening balance	14,389	9,475
Additions	10,209	4,914
Disposals	-	-
Closing balance	24,598	14,389

Depreciation

Opening balance	(2,939)	(532)
Charge for the year	(4,952)	(2,407)
Disposals	-	-
Closing balance	(7,891)	(2,939)
	16,707	11,450

NOTE 11: DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation phase – at cost

	2016 \$	2015 \$
Balance at beginning of year	21,765,046	17,841,676
Exploration expenditure	5,237,366	3,721,745
Purchase of prospects – Yangibana tenements	200,000	202,500
Less: Exploration expenditure written off	-	(875)
Total deferred exploration and evaluation expenditure	27,202,412	21,765,046

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 12: TRADE AND OTHER PAYABLES

	Consolidated 2016 \$	Company 2015 \$
Trade payables ¹	1,034,977	885,350
Advance from shareholder ²	500,000	-
	1,534,977	885,350

¹Trade payables are non-interest bearing and are normally settled on 60-day terms.

²The advance from shareholder, a related party, was subsequently converted to equity following approval by shareholders at a meeting held on 5 September 2016. The advance is not interest bearing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: ISSUED CAPITAL

Ordinary shares

	2016 \$	2015 \$
At 1 July	35,417,397	27,197,608
Shares issued during the year	8,900,000	8,544,997
Share issued on exercise of options	-	120,000
Shares issued to settle directors fees	27,500	39,570
Shares issued on vesting of performance rights	28,650	-
Less share issue costs	(376,500)	(484,778)
At 30 June	43,997,047	35,417,397

Movements in ordinary shares on issue

	No.	No.
At 1 July	383,959,771	259,279,572
Movements during the period		
Shares issued on exercise of options	-	2,000,000
Shares issued to settle directors fees	357,142	608,772
Shares issued on vesting of performance rights	500,000	-
Shares issued during the year	89,000,000	122,071,427
At 30 June	473,816,913	383,959,771

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

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

Company options

Company options carry no voting rights and carry no right to dividends

Share based payments reserve

Movements in share based payments reserve were as follows:

	2016 \$	2015 \$
Balance 1 July	695,261	691,516
Options expired during the year - unlisted	-	(168,720)
Performance rights vested/Options exercised during the year - unlisted	(28,650)	(52,279)
Value of performance rights issued during the year	231,594	224,744
Balance 30 June	898,205	695,261

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Share based payments reserve

This reserve is used to record the value of equity benefits provided to employees and remuneration.

Movements in share options

	2016 No.	2015 No.
At 1 July	18,000,000	24,500,000
Company options expired during the year - listed	-	(4,500,000)
Options exercised	-	(2,000,000)
At 30 June	18,000,000	18,000,000

Movements in performance rights

	2016 No.	2015 No.
At 1 July	10,000,000	-
Performance rights issued during the year	750,000	10,000,000
Performance rights vested during the year	(500,000)	-
At 30 June	10,250,000	10,000,000

The Company has the following options outstanding as at 30 June 2016.

Grant/Issue Date	Expiry Date	Exercise Price	Number	Listed/Unlisted
12 February 2014	30 November 2016	6 cents	18,000,000	Unlisted

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	No. 2016	Weighted average exercise price 2016	No. 2015	Weighted average exercise price 2015
		\$		\$
Outstanding at the beginning of the year	18,000,000	\$0.06	24,500,000	\$0.086
Granted during the year	-	-	-	-
Exercised during the year	-	-	(2,000,000)	\$0.06
Expired/cancelled during the year	-	-	(4,500,000)	\$0.20
Outstanding at the end of the year	18,000,000	\$0.06	18,000,000	\$0.06
Exercisable at the end of the year	18,000,000	-	18,000,000	-

The share options outstanding at the end of the year had a weighted average exercise price of \$0.06 (2015: \$0.06) and weighted average remaining contractual life of 0.42 years (2015: 1.42 years). The weighted average fair value of options granted during the year was \$Nil (2015: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: ISSUED CAPITAL (continued)

The following share-based payment arrangements are in place during the current and prior periods:

	Number	Grant/Issue Date	Expiry Date	Exercise Price	Fair value at grant date	Listed/Unlisted
				\$	\$	
Series 1	18,000,000	12 February 2014	30 November 2016	\$0.06	522,796	Unlisted

The fair value of the equity-settled unlisted share options granted is estimated as at the date of grant using the Black and Sholes model taking into account the terms and conditions upon which the options were granted.

	Series 1
Expected volatility (%)	80%
Risk-free interest free (%)	4.0%
Expected life of option (years)	2.79
Exercise price (\$)	\$0.06
Grant date share price	\$0.053

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

Valuation of performance rights

- i. Shareholders at the 2014 Annual General Meeting approved the grant of 9,500,000 performance rights to Directors and the Company Secretary. The performance rights were valued at 7.5 cents a share being the share price on grant date. Vesting occurs at the end of the performance period 30 June 2016, if the following performance conditions are met:

Non-market based performance conditions:

- completion of a pre-feasibility study for one or more of the company's projects; and
- completion of capital raisings during the term of the performance rights of at least \$7 million.

Market-based performance conditions:

- 50% of the performance rights will vest under the share price reaching 9.75 cents; and
- 75% of the performance rights will vest under the share price reaching 11.375 cents; and
- 100% of the performance rights will vest under the share price reaching 13 cents.

An expense of \$204,944 was recognised for the year ended 30 June 2016 in relation to these performance rights.

The non-market based conditions were met during the performance period. In relation to the market-based performance 50% of the performance rights vested during the performance period with the balance of the performance rights lapsing. On 5 September 2016 the Company issued 4,750,000 shares in respect of the vested performance rights.

- ii. During the year ended 30 June 2016, 750,000 performance rights were granted to Employees. The performance rights were valued at 8.5 cents a share being the share price on grant date. Vesting occurs at the end of the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: ISSUED CAPITAL (continued)

performance period being 8 September 2017 and 8 September 2018, if the following performance conditions are met:

Non-market based performance conditions:

- Completion of a pre-feasibility study for one or more of the Company's projects.
- Completion of capital raisings during the term of the performance rights (3 years) of at least \$7 million.

An expense of \$18,000 was recognised for the year ended 30 June 2016 in relation to these performance rights.

- iii. During the year ended 30 June 2015, 250,000 performance rights were granted to Employees. The performance rights were valued at 5.73 cents a share being the share price on grant date. Vesting occurs at the end of the performance period 30 February 2016, if the following performance conditions are met:

Non-market based performance conditions:

- Completion of a pre-feasibility study for one or more of the company's projects; and
- File a successful Research and Development Tax Incentive claim.

An expense of \$8,650 was recognised for the year ended 30 June 2016 in relation to these performance rights.

NOTE 14: FINANCIAL INSTRUMENTS

	2016	2015
	\$	\$
Financial assets		
Receivables	1,022,927	207,346
Cash and cash equivalents	2,036,540	7,639,653
Investments	8,500,000	-
	<u>11,559,467</u>	<u>7,846,999</u>
Financial Liabilities		
Trade and other payables	1,034,977	885,350
	<u>1,034,977</u>	<u>885,350</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: FINANCIAL INSTRUMENTS (continued)

The following table details the expected maturity for the Group's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
2016						
Non-interest bearing		-	-	-	-	-
Variable interest rate instruments		1,536,340	-	-	-	-
Fixed interest rate instruments	2% - 2.91%	500,000	4,000,000	4,500,000	-	-
		2,036,340	4,000,000	4,500,000	-	-
2015						
Non-interest bearing		-	-	-	-	-
Variable interest rate instruments		689,653	-	-	-	-
Fixed interest rate instruments	2.3-3.6%	1,500,000	5,450,000	-	-	-
		2,189,653	5,450,000	-	-	-

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
2016						
Non-interest bearing		1,034,977	-	-	-	-
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-
		1,034,977	-	-	-	-
2015						
Non-interest bearing		885,350	-	-	-	-
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-
		885,350	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to the following risks from their use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents the information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks as summarised below.

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year ended 30 June 2016, it has been the Group's policy to trade certain financial instruments.

The Directors consider that the carrying value of the financial assets and financial liabilities recognised in the financial statements approximate their fair values.

(a) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group did not have any undrawn facilities at its disposal as at balance date.

(c) Interest rate risk management

The Group is exposed to interest rate risk as the Group deposits the bulk of the Group's cash reserves in Term Deposits with Westpac. The risk is managed by the Group by maintaining an appropriate mix between short term and medium-term deposits. The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

At 30 June 2016, there would not be any material effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant.

(d) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or value of the holdings of financial instruments. The Group is exposed to movements in market interest rates on short term deposit. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal. The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

NOTE 16: COMMITMENTS AND CONTINGENCIES

Remuneration Commitments

The Group entered into an employment contract for services with the General Manager Exploration in January 2014 and the Chief Operating Officer in September 2015. The contracts are subject to three months' notice. Other employees have contracts with a notice period of one month. The Group also employs consultants who are contracted under standard consultancy rates. There were no other remuneration commitments made.

Guarantees

Hastings Technology Metals Ltd has no outstanding guarantees of any form as at 30 June 2016.

Western Australian Projects

The Group has minimum expenditure commitments on its beneficially owned Western Australian granted tenements. A list of tenements is outlined below.

The consolidated group currently has commitments for expenditure as at 30 June 2016 on its Australian exploration tenements as follows:

	2016	2015
	\$	\$
Not later than 12 months	980,983	684,855
Between 12 months and 5 years	2,954,154	1,492,711
Greater than 5 years	7,520,992	3,670,400
	<u>11,456,129</u>	<u>5,847,966</u>

NOTE 17: DIVIDENDS

The directors of the Group have not declared any dividend for the year ended 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: CONTINGENT LIABILITIES

There are no contingent liabilities at year end. During the year the Company purchased a contingent liability of \$2 million on the Yangibana project achieving bankable feasibility, decision to mine and first draw down of project finance, for \$150,000.

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date, and following shareholder approval on 5 September 2016, the Company issued 7,000,000 shares to Mr Charles Lew, Chairman, for a consideration of \$700,000. In addition the Company issued 4,750,000 performance rights as outlined in the Directors' Report, in respect of the performance period ended 30 June 2016.

On 25 July 2016 the Company appointed Mr Jean Claude Steinmetz as a non-executive director of the Company.

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 20: AUDITOR'S REMUNERATION

The auditor of Hastings Technology Metals Ltd is HLB Mann Judd.

Amounts received or due and receivable by HLB Mann Judd for:

	2016	2015
	\$	\$
An audit or review of the financial reports	35,000	32,875
	<u>35,000</u>	<u>32,875</u>

NOTE 21: DIRECTORS AND EXECUTIVES DISCLOSURES

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

	2016	2015
	\$	\$
Short term benefits	738,014	403,018
Post-employment benefits	33,539	25,833
Directors fees settled by shares	27,500	21,331
Performance rights	<u>220,713</u>	<u>214,063</u>
	<u>1,019,765</u>	<u>664,245</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Hastings Technology Metals Ltd and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest		Investment (\$)	
		2016	2015	2016	2015
Brockman Project Holdings Pty Ltd (formerly Hastings Project Holdings Pty Ltd)	Australia	100%	100%	4,000,000	4,000,000
Gascoyne Metals Pty Ltd	Australia	100%	100%	2,050,000	2,050,000
Yangibana Pty Ltd (Note 24)	Australia	100%	100%	85,000	85,000
Hastings Technology Metals (Asia) Limited	Hong Kong	100%	-	100	-

Hastings Technology Metals Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

	2016 \$	2015 \$
Office rental and administration expenses ¹	65,766	25,998
Legal fees	-	5,149
Underwriting and placement fees ²	-	308,820

¹Office 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.

²Equator Star Holdings Limited, a company controlled by the Chairman, Mr Charles Lew, received an underwriting fee of 6% on \$1.5 million (\$90,000) underwritten on the share placement plan, and a placement fee of 6% on raising capital of \$3.6 million (\$218,820). These fees are commensurate with those charged on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 23: PARENT ENTITY DISCLOSURES

	Company	
	2016	2015
	\$	\$
Assets		
Current assets	11,559,265	7,846,797
Non-current assets	27,167,604	21,724,980
Total assets	38,726,869	29,571,777
Liabilities		
Current liabilities	1,534,977	885,351
Non-current liabilities	-	-
Total liabilities	1,534,977	885,351
Net Assets	37,191,892	28,686,426
Equity		
Issued capital	43,997,047	35,417,397
Option reserve	898,204	695,261
Accumulated Losses	(7,703,359)	(7,426,232)
Total Equity	37,191,892	28,686,426
Financial performance		
Loss for the year	(277,127)	(815,951)
Other comprehensive income	-	-
Total comprehensive loss	(277,127)	(815,951)

Contingent liabilities of the parent entity

For details on contingent liabilities, see Note 17.

Commitments of the parent entity

The parent entity has no tenement or commitment obligations.

The Company has two employees whose contracts can be terminated by giving 3 months' notice, and a further two employees whose contracts can be terminated with one months' notice.

NOTE 24: INTEREST IN JOINT OPERATION

The Group has a 70% interest in the Yangibana-REM joint venture (2015: 70%), which is involved in exploration, development and exploitation of rare metal resources in the Gascoyne region of Western Australia.

Refer to Note 15 for details on capital commitments and guarantees. There were no impairment losses in the jointly controlled operation.

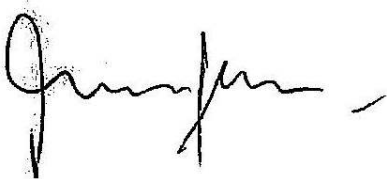
NOTE 25: ACQUISITION OF ASSETS

During the year the Company purchased the Yangibana royalty due to GTI Resources Limited for \$50,000 and the contingent liability due to Artemis Resources Limited on Yangibana achieving a bankable feasibility study for \$150,000. The amounts have been included in exploration expenditure capitalised on the Yangibana project.

DIRECTORS' DECLARATION

1. 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 35 to 63, are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2016 and of the performance of the Group for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. The financial statements and note thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

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

27 September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Hastings Technology Metals Limited

Report on the Financial Report

We have audited the accompanying financial report of Hastings Technology Metals Limited ("the company"), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Hastings Technology Metals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Hastings Technology Metals Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

M R W Ohm
Partner

Perth, Western Australia
27 September 2016

ADDITIONAL SHAREHOLDER INFORMATION

A. Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained within the Director's Report.

B. Shareholding

1. Substantial Shareholders

The following substantial holders are listed on the Company's register as at 16 September 2016:

1	LEW FOON KEONG & RELATED		98,826,710	20.35%
2	MUN KEE CHANG		40,028,296	8.24%
3	NEIL BARRY FRANKS		25,120,000	5.30%

2. Number of holders in each class of equity securities and the voting rights attached (as at 16 September 2016)

Ordinary Shares

There are 768 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

In accordance with the Company's Constitution, on a show of hands every number present in person or by proxy or attorney or duly authorized representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorized representative has one vote for every fully paid ordinary share held.

3. Distribution schedule of the number of holders in each class of equity security as at 13 September 2015.

a) Fully Paid Ordinary Shares

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
NIL Holding	0	0	0.00
1-1,000	40	4,798	0.00
1,001-5,000	81	322,446	0.07
5,001-10,000	129	1,047,121	0.22
10,001-100,000	369	15,315,552	3.15
Over 100,000	149	468,876,996	96.56
		485,876,996	100.00

There are 138 shareholders with less than a marketable parcel.

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted security, the number of equity security each holds and the percentage of capital each holds (as at 16 September 2016) is as follows:

Ordinary Shares Top 20 holders and percentage held

Rank	Holder Name	Designation	Securities	%
1	LEW FOON KEONG		77,939,073	16.05%
2	HSBC CUSTODY NOM AUST LTD		77,527,620	15.97%
3	CITICORP NOM PL		42,033,450	8.66%
4	J P MORGAN NOM AUST LTD		40,220,532	8.28%
5	KGI FRASER SEC PTE LTD	CLIENT ACCOUNT	34,350,079	7.07%
6	FRANKS NEIL BARRY		25,120,000	5.17%
7	CHANG MUN KEE		22,513,683	4.64%
8	ASTAMAN ABDUL AZIZ		20,000,000	4.12%
9	GAN TEE JIN		13,000,000	2.68%
10	LEE CHOON HUAT		11,856,916	2.44%
11	HSBC CUSTODY NOM AUST LTD		8,539,772	1.76%
12	CHEW WENG CHEE		7,000,000	1.44%
13	BNP PARIBAS NOMS PL	DRP	4,733,892	0.97%
14	TAN JEFFERY YAN KIM		3,900,000	0.80%
15	BACTENCE PL	PYNFITE BACTENCE S	3,680,000	0.76%
16	ABN AMRO CLEARING SYDNEY	CUST A/C	3,594,753	0.74%
17	GUEST JAMES VINCENT C		3,132,416	0.65%
18	MISSONI INV PL	MASON S/F A/C	2,665,575	0.55%
19	HO ANTHONY PENG + CHUI H		2,631,944	0.54%
20	KIPHART RICHARD		2,500,000	0.51%
		TOP 20 TOTAL	406,939,705	83.80%

ADDITIONAL SHAREHOLDER INFORMATION (Continued)**1. Company Secretary**

The name of the Company secretary is Guy Robertson.

2. Address and contact details of the Company's registered office and principle place of business:

Level 25, 31 Market Street
Sydney NSW 2000 Australia
Telephone: (02) 8268 8689

3. Address and telephone details of the office at which a registry of securities is kept:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

4. Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Securities Exchange.

5. Restricted Securities

The Company does not have any restricted securities on issue.

6. Review of Operations

A review of operations is contained in the Directors' Report.