HASTINGS
Technology Metals Limited

ANNUAL REPORT 2020

HASTINGS Technology Metals Limited

CORPORATE INFORMATION

ABN 43 122 911 399

Board of Directors and Senior Management

Directors
Mr Charles Lew (Chairman)
Mr Guy Robertson
Mr Jean Claude Steinmetz
Mr Neil Hackett
Mr Malcolm Randall

Senior Management
Mr Andrew Reid (Chief Operating Officer)

Joint Company Secretaries

Mr Guy Robertson
Mr Neil Hackett

Registered office

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Perth WA 6000
Telephone: +61 (8) 6117 6118

Principal place of business

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Share register

Automic Group
Lvl 2/267 St Georges Terrace
Perth WA 6000
Telephone: +61 1300 288 664

Bankers

HSBC – Perth WA 6000 Australia
Westpac - Sydney NSW 2000 Australia

Auditors

PricewaterhouseCoopers
125 St Georges Terrace
PERTH WA 6000

Website

www.hastingstechmetals.com

Securities Exchange

Australian Securities Exchange
ASX Code: HAS

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LETTER FROM THE CHAIRMAN

Dear Shareholders,

It is my pleasure to present to you our Annual Report for the year ended 30 June 2020.

In the last twelve months, there has been numerous media coverage on rare earths and the strategic importance of two rare earth elements, neodymium (Nd) and praseodymium (Pr), being critical minerals needed in the manufacture of permanent magnets for electrical motors and advanced technology including electric vehicles (EV) and military hardware. This growing prominence has generated a lot of interest in rare earth mining companies and we are pleased to say that we see Hastings as the next major rare earth producer outside of China. Our Yangibana project has achieved many significant milestones in the last financial year and we have made important strides forward to commence construction next year and move into production by 2023.

One of our ongoing objectives is to continually extend the project's mineable reserves and to this end, following a review by independent consultants, the Company reported an updated ore reserves in late 2019, thereby extending mine life from 11 to 13 years. Early this year we reported a 73% increase in indicated mineral resources at Simon's Find and the data showed extended mineralisation at the Auer and Yangibana prospects. This led us to commence a 25,000 metre drilling programme in June this year for reasons of grade control and to increase mineable reserves to add to mine life. An updated mineral resource estimate is targeted for release in November.

We received WA Minister for Environment approval in August last year, followed by Commonwealth Environmental approval in April. These approvals, which are subject to conditions standard for such developments, permit construction and operation of an open pit rare earths mine, processing facility and associated support infrastructure at Yangibana. In June, the Company received a Works Permit from the WA Government Department of Water and Environment Regulation, which provides all stakeholders with assurance that the forthcoming mining and extraction activities will be undertaken in an environmentally sensitive manner.

In March this year, when COVID-19 was spreading rapidly worldwide and financial markets tumbled from their highs in February, your directors and management felt it was necessary to implement a thorough review of the project capex of $517 million as determined at the end of last year. The objective of this exercise was to look for capex savings and to make our Yangibana project more robust with improved mine economics. After four months of focused and dedicated work, the board and management took the bold move to decouple the hydrometallurgical portion of the process plant from the beneficiation plant and relocate the hydromet plant to a coastal location, resulting in a significant capital cost reduction of $68 million. The outcome is a much reduced capex of $449 million. Relocating the acid-baked rotary kiln, the heart of the hydromet plant, to a fully serviced coastal location removes the requirement for a lateral gas pipeline and positions it closer to the port for convenience in importation of reagents and export of our mixed rare earths carbonate (MREC) product. In addition, the Yangibana site layout based on the Definitive Feasibility Study completed in 2017 contained distinct scope to realise operational improvements by relocating the accommodation camp and a minor re-arrangement of the process plant and Tailings Storage Facilities to a more central and customised location. This will reduce internal haulage road length, construction cost and much-reduced main access road distances.

In the last two years, we have spent considerable time working on the front end engineering design with DRA Pacific, a diversified global engineering, project delivery and operations management group headquartered in Perth. We built up mutual trust and confidence in the project and in October last year, we signed the Engineering, Procurement, Construction and Management (EPCM) contract with DRA. The key component of the contract terms is a comprehensive performance guarantee linked to ore throughput for the entire process flow sheet. The EPCM contract has an estimated total value of $350 million and covers all aspects of the design and construction of the processing plant and associated non-process infrastructure capable of producing 15,000 tonnes of MREC per annum. Due to the onset of COVID-19, all work on the contract was temporarily suspended as the Company implemented risk management controls and measures at all locations to protect the health and safety of its workforce, their families, contractors and neighbouring communities. The health and wellbeing of our staff and other stakeholders is of paramount importance. Nonetheless, we envisage that this contract will be reactivated in October.

Being a greenfield project and non-existence of a hedging market for NdPr, our negotiations for debt funding are protracted and complex. The disruptions caused by COVID-19 have delayed progress on our commercial activities and the resulting credit approval from KfW IPEX-Bank (KFW), Euler Hermes and North Australia Infrastructure Facility (NAIF). All three financiers did extensive due diligence on the Yangibana project last year. KfW who is advising Hastings on the German government sponsored untied loan guarantee scheme (UFK) have reaffirmed their continuing support for the project. A further positive development was the receipt in July this year of an in-principle eligibility from Finnvera Oyj (mandated by the Government of Finland as administrators of its export credit scheme), for an indicative loan amount of $75 million in view of our procurement of capital equipment from Finnish suppliers of technologically advanced mining and plant equipment. We are working closely with KPMG, our debt adviser to secure the necessary project financing by 1Q 2021.

As mentioned in our previous announcements, our eligibility for UFK loan is based on 10 years supply of MREC for one-third of our production volume to Schaeffler AG, a German Automotive Tier 1 supplier. Despite the interruptions to our negotiations caused by the COVID-19 lockdown, we eventually signed the Master Agreement in June this year with Schaeffler, a global automotive and industrial supplier of high-precision components and systems in engine, transmission and chassis applications primarily focused on the automotive industry.

Schaeffler’s ambition is to be a major manufacturer of electrical motors and axles for the European and global electric vehicle industry. Recent global trade tensions between the US and China, together with the COVID-19 pandemic, have highlighted the need for Europe to develop a degree of self-dependency in its supply chain from mine to magnets. The realisation of this long term plan is core to Schaeffler’s strategy of building a non-China supply chain which currently does not exist in Europe. We are pleased to be able to assist Schaeffler in its ambitions.

We recently recommenced negotiations with Thyssenkrupp for a long term offtake agreement (having signed an MOU in 2018) and similarly with another major European automotive component company. We have previously signed an offtake contract with Skyrock Rare Earth New Materials Co Ltd of Baotou, China, for 2,500 tonnes of MREC a year for 5 years. Their main product is sintered neodymium magnets. Recently we initiated discussions with potential customers in the US, Japan and China for long term sales opportunities (when in production) which are ongoing and complex due to the different demands of each customer in the supply chain. Our commercial strategy is to have a diversified customer base. The combined volume of these offtake contracts will further enhance the long term investment attractiveness of the Yangibana project.

Since 2014, when we first commenced drilling at Yangibana, the project’s continued progress and development has been made possible by the ongoing support of our shareholders, many of whom have come on board in recent years. We now have more than 2,000 shareholders spread across 10 countries. In 2H 2019, we raised a total of $15.1 million and more recently in August, post the financial year end, we raised a further $20.7 million in a shares placement which was over subscribed due to strong support from shareholders and institutional and retail investors. So as to ensure that all shareholders are given a chance to participate in the future success of Hastings, your board concurrently launched a $3 million fully underwritten share purchase plan. In the last 7 years, a total of $133 million equity capital have been raised which represents a significant portion of the equity in the Company’s future gearing and capital structure. At present the company has no debt.

In the face of COVID-19, the management took multiple steps to establish systems and protocols to ensure the health and safety of its workforce and contractors at Yangibana, and in the Perth and Singapore offices. As business activity slowed considerably in April, we felt it was prudent to introduce operational costs saving measures and this included an immediate cut in staff and directors’ remuneration by 20% for a 6 month period to end September. I would like to take this opportunity to thank our Hastings team for their continued dedication and professionalism during this last 6 months. The board has recently committed to implementing a performance rights scheme for all our staff that will take us into production so that we are aligned with our shareholders on a single dream and goal.

On behalf of the board, I would like to thank you, our shareholders, for your continued support for Hastings. We have come a long way towards our dream to become the next major rare earth producer in the world. We are confident of our future and the role we will play in the emerging EV industry and renewable energy. Our timing is opportune and the challenges of the last 12 months have helped us improve the robustness of the Yangibana project.

Finally, I also express my gratitude to my fellow Board members for their valued input throughout the year.

Our motto: One dream, one team.

Yours sincerely,

Charles Lew
Executive Chairman

Directors

Charles Lew, Executive Chairman

Guy Robertson, Executive Director

Jean Claude Steinmetz, Non-Executive Director

Neil Hackett, Non-Executive Director

Malcolm Randall, Non-Executive Director

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REVIEW OF OPERATIONS

YANGIBANA PROJECT

OVERVIEW

Over the course of the last 12 months, Hastings has substantially progressed the Yangibana Project to the position where it is now considered to be the next most likely light rare earth project to be constructed anywhere in the world. Advancement of the project has occurred on many fronts, from updated mineral resources and mining reserves to tendering equipment selection and advanced process design engineering.

In November 2019, an updated JORC Mineral Resource estimation was completed by independent consultant David Princep from Gill Lane Consulting, incorporating all known drilling results from Bald Hill, Fraser's, Auer and Auer North, Yangibana and Yangibana North deposits. A complete geological re-interpretation was completed which defined thicker and more coherent zones of mineralisation based on Total Rare Earths Oxide (TREO) as opposed to the previous interpretation which used only Neodymium and Praseodymium (Nd_2O_3+Pr_6O_{11}).

The mineral resource update resulted in 13% more, or 1.7 million tonnes (Mt) increase, in Measured and Indicated tonnes to 15.40Mt @ 1.12% TREO.

A subsequent economic optimisation of the Measured and Indicated portions of the Mineral Resource resulted in an 18% increase in the economic Ore Reserves to 12.20Mt @ 1.13% TREO.

The COVID-19 delay has allowed Hastings to rapidly progress an internal project review process, which has been undertaken at a desktop level targeting opportunity around decoupling the hydrometallurgical plant from the beneficiation plant with additional internal site layout optimisation around the process plant and tailings storage dam locations.

The concept of decoupling the Hydrometallurgical portion from the beneficiation plant and relocating it to a coastal location has resulted in a potentially significant CAPEX reduction. The relocated acid-baked kiln which sits inside the hydrometallurgical plant to a fully serviced coastal location would remove the requirement for the gas pipeline and place the hydrometallurgical plant closer to ports for export of the mixed rare earth carbonate (MREC) and imported reagents.

The Yangibana site layout as per the definitive feasibility study (DFS) contained opportunities to realise operational improvements by relocating the camp and slightly re-arranging the process plant and tailings storage facilities to a more central and customised location. Benefits of the re-arrangement include:

- reduction in internal haul road length and construction cost; and
- a much-reduced main access road length.

To support these proposed changes additional flora and fauna surveys have been undertaken. Technical engagement through third party specialists continues to solidify these concepts as a pre-cursor prior to re-starting engineering engagement. FLSmidth Pty Ltd has been placed on hold during COVID-19 and no further progress has been made on the kiln package in this area. TAPC (Kiln Off Gas Scrubber) engineering works are now at 96% complete, with the delivery of the last of the off-gas scrubber engineering around the filter press requirements.

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MINERAL RESOURCES

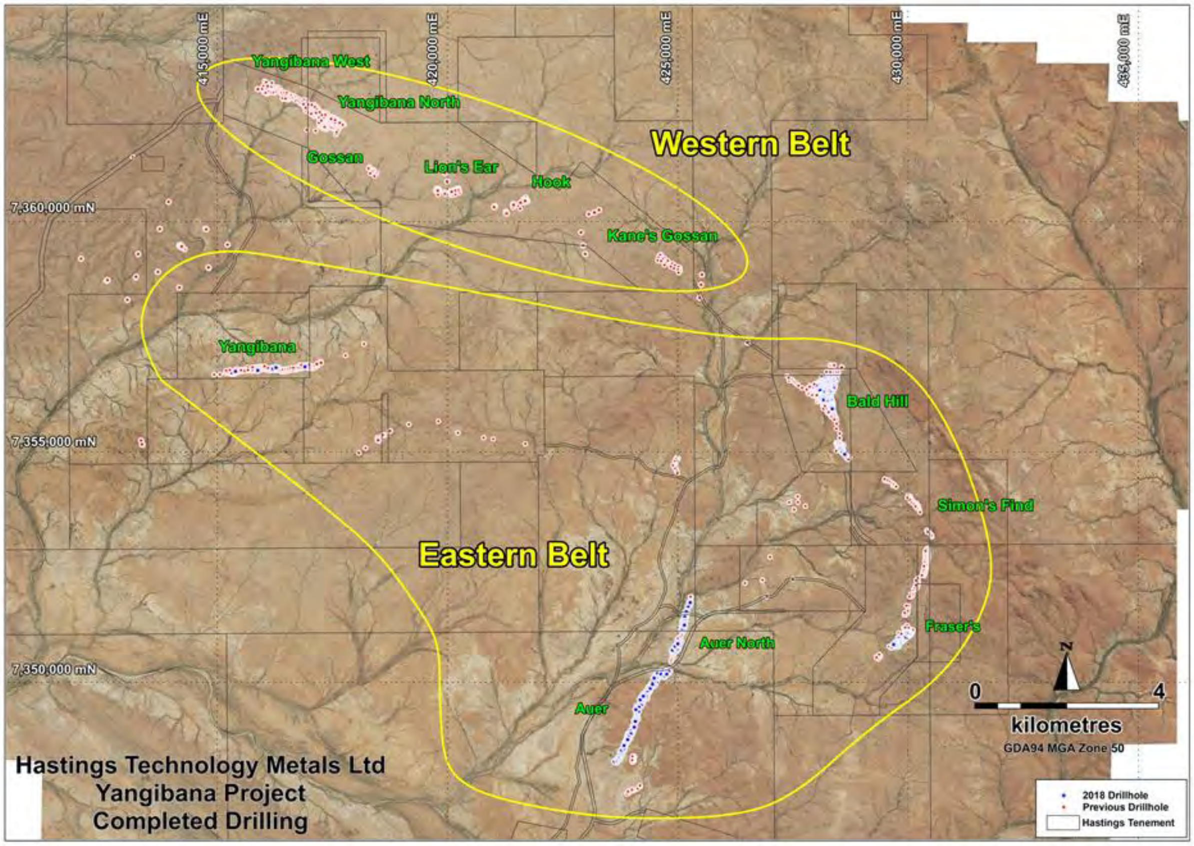

Figure 1 - Location of the deposits hosting mineral resources

The total resources as at June 30 2020 are as shown in Table 1. Note that in all resource tables rounding errors may appear. The resources are based on a 0.20% Nd_2O_3+Pr_6O_{11} lower cut-off.

Category	Million tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}
Measured	4.15	1.15	0.43
Indicated	11.25	1.11	0.38
Inferred	5.46	1.14	0.35
TOTAL	20.86	1.12	0.38

Table 1 – Yangibana Project – Total JORC Mineral Resources June 30 2020

The new Mineral Resources are based on the re-estimated and updated deposits as listed in Table 2 plus the previously announced deposits listed in Table 3 which have not been changed since the mineral resource announcement dated 28 November 2018.

Deposit	Comments
Bald Hill	Re-estimated
Frasers	Re-estimated
Yangibana	Re-estimated
Yangibana North	Re-estimated
Auer	Re-estimated
Simon's Find	*Re-estimated

Table 2: Summary of deposits re-estimated forming new mineral resources

*Simon's Find was re-estimated in February 2020. All others in November 2019.

Deposit	Comments
Gossan	Not re-estimated
Lion's Ear	Not re-estimated
Hook	Not re-estimated
Kane's Gossan	Not re-estimated

Table 3: Summary of deposits unaltered and unchanged forming new mineral resources

The work completed on the unaltered deposits was completed by Lynn Widenbar and Associates incorporating all information and data as per the previous mineral resource announcement from 28 November 2018.

Interpretation of Geology – Wireframing

Each of the six (6) re-estimated deposits was assessed for grade and geological continuity and the mineralised wireframes were defined around a combination of TREO grades and, where TREO grades were low and mineralisation continuity was believed to exist, Fe grades were used as a substitution for mineralisation.

The drilling data was limited to selected assay intervals with large sections of the drilling unsampled in areas where no mineralisation was believed to exist. Within the mineral resource estimation data set the unsampled zones within the drilling were replaced with zero values. In a limited number of instances, for geological consistency, the mineralised envelopes were carried through areas within drill holes that had not been sampled. In these cases, the minimum thickness of intercept was assumed to be 2 metres and, in common with the rest of the drilling, these intervals were assumed to be at zero grade.

In a limited number of cases where the assay values did not meet the TREO cut-off grade criteria for wireframing assessment of the mineralisation was undertaken using elevated Fe values. This was done to enable a consistent mineralised envelope with the low TREO (and other element) values incorporated. In general, these areas are of limited extent.

Cut-Off Grades

Following the review of the original Yangibana mineral resource estimates, based on an elevated Nd_2O_3+Pr_6O_{11} 0.2% cut off, a decision was taken to re-wireframe all of the deposits that contained ore reserves using a TREO cut-off grade in order to improve the geological and grade consistency of the modelled wireframes. In this instance a TREO grade of approximately 0.18% was chosen for the wireframing value as this was considered to represent the transition between consistently mineralised and non-mineralised material. In cases where a lower grade was adjacent to significantly higher grades the lower grade interval was incorporated into the wireframe as these were constructed around the final 1 metre composites rather than the original selective sampling.

This process created a level of conservatism whereby lower grades of Nd_2O_3+Pr_6O_{11} were incorporated into the wireframe than was previously the case. Additional conservatism was added by only allowing the wireframes to be extrapolated down dip below the last drill hole, using the geological convention of 50% of the local drill hole spacing. The effect of this can be seen in Figures 2-6.

This interpretation differed from the previous Mineral Resource estimate which was undertaken using a sectional interpretation combining logged geology and a nominal 0.2% Nd_2O_3+Pr_6O_{11} cut-off to define the mineralisation envelope.

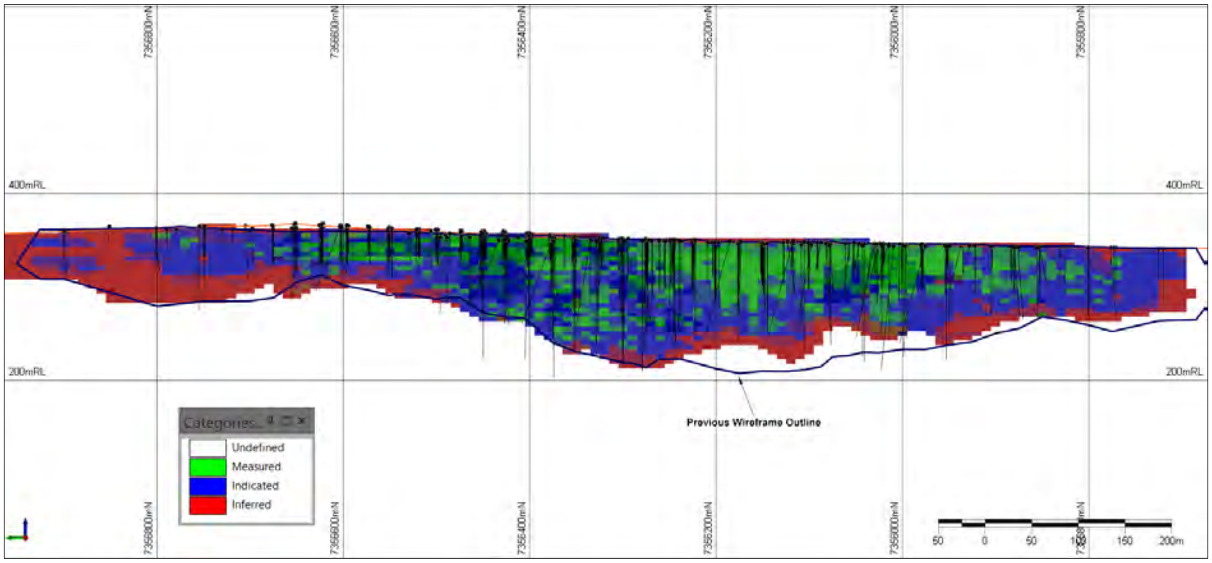

Figure 2: Wireframing results of the Bald Hill Deposit, with outline of 2018 limits

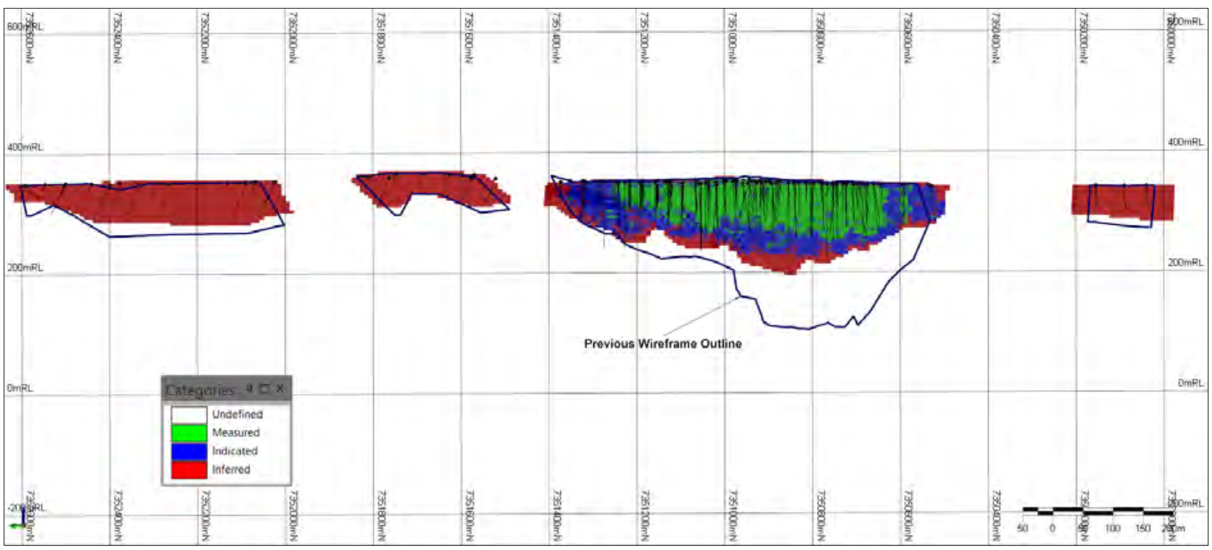

Figure 3: Wireframing results of the Frasers Deposit, with outline of 2018 limits

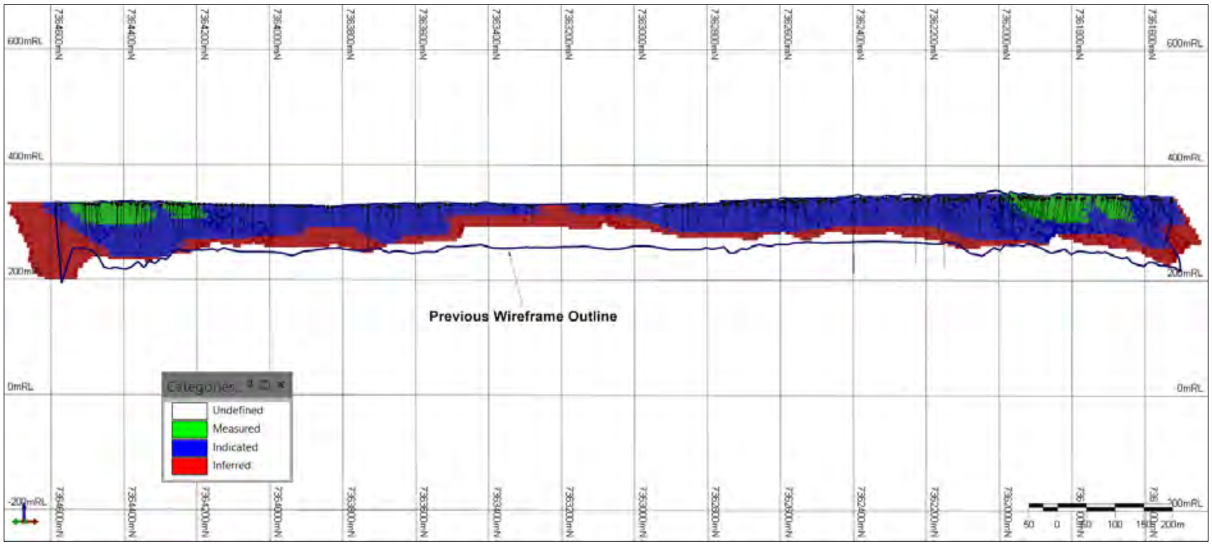

Figure 4: Wireframing results of the Yangibana North Deposit, with outline of 2018 limits

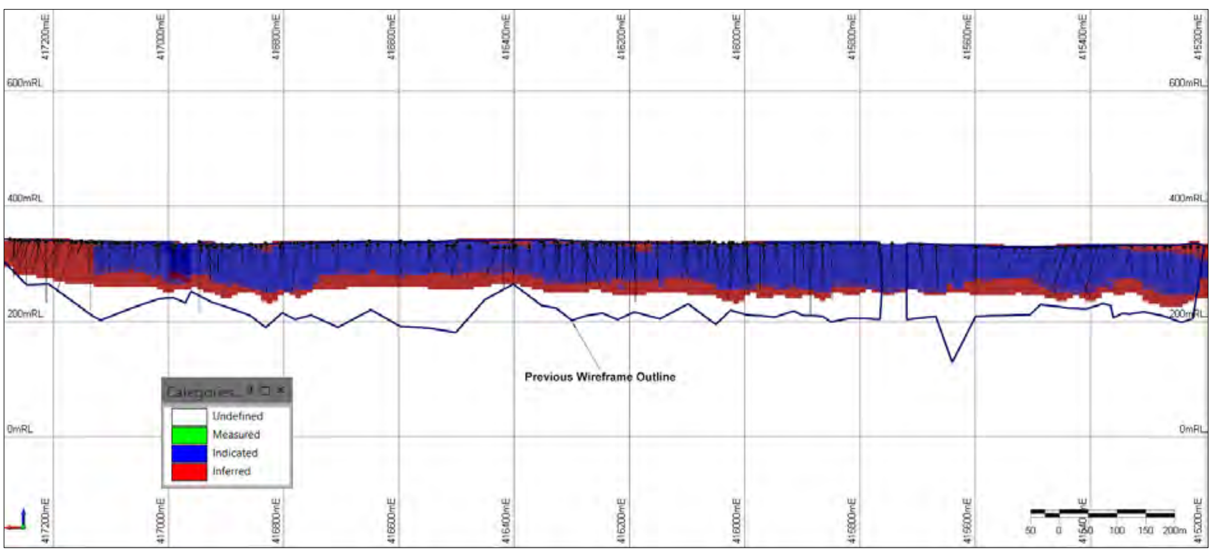

Figure 5: Wireframing results of the Yangibana Deposit, with outline of 2018 limits

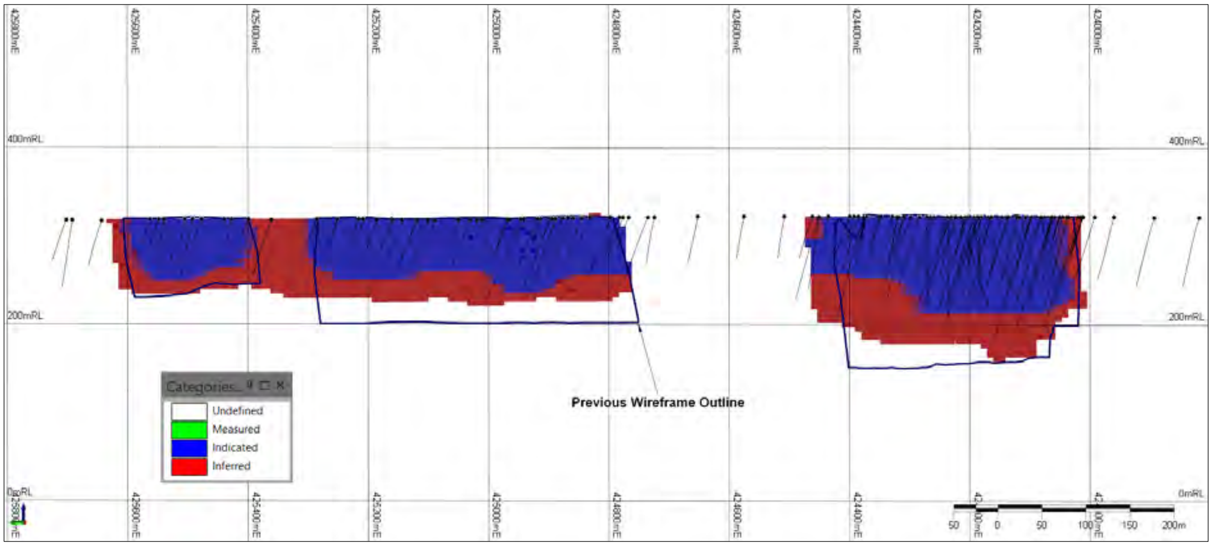

Figure 6: Wireframing results of the Auer Deposit, with outline of 2018 limits

Block Modelling Parameters – re-estimated Resources only

Due to the complexity and generally narrow nature of the mineralisation a 'third party' geological domain was inserted into the MIK modelling process such that the resulting mineralised domain proportions closely match those of the underlying wireframes. One metre (m) down hole compositing based on the assay data was used to regularise the assayed intervals. Summary statistics for each deposit were used to identify the presence of outliers. As the estimated are based around MIK methodologies no grade top-cutting is performed in the estimation process.

For each deposit, variograms of the primary elements were defined and used in the mineral resource estimate. In all instances the directional trends evident in the variogram maps are evident to some extent in plan views of the sample data, and they normally conform to the orientation of the mineralisation within the wireframes. As expected, variogram model ranges in the vertical direction are relatively short due to the predominantly thin nature of the mineralisation. The majority of variograms display reasonable structure, with anisotropies reflecting those observed in the variogram maps.

All re-estimated mineral resources were created with the same panel size of 10m x 10m x 5m. This size was chosen as a compromise between the average drill spacing (up to 40m x 40m in some areas), size of the mineralisation wireframes (in order to limit resulting low mineralised proportions), orientation of mineralisation (ideally the panels would have been orientated with the mineralisation however this results in a model that is unusable for pit optimisation purposes) and the models' ultimate use for mine planning.

The mineral resources have been classified in the Measured, Indicated and Inferred categories, in accordance with the 2012 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC) by the Competent Person. A range of criteria has been considered in determining the classification including geological and grade continuity, data quality, drill hole spacing, and modelling technique and kriging output parameters.

As a general rule, the following spacings characterise the mineral resource classification:

- Infill drilling between 20m by 20m and 35m by 35m – Measured Category
- Drill spacing 50m by 50m – Indicated Category
- Drill spacing 100m by 50m to 100m by 100m – Inferred Category

Re-Estimated JORC (2012) Mineral Resources – by Deposit

The following Tables represent those deposits which have been re-estimated and updated from those previously announced in November 2018. Numbers may not add up due to rounding.

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

Table 4: Bald Hill re-estimated mineral resource, 100% Hastings

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

Table 5: Frasers re-estimated mineral resource, 100% Hastings

Auer	Million Tonnes	%TREO	% Nd_2O_3+Pr_6O_{11}
Indicated	1.87	1.00	0.35
Inferred	0.90	1.01	0.35
TOTAL	2.78	1.00	0.35

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

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

Yangibana M09/165 100% Hastings

Indicated	1.42	0.91	0.43
Inferred	0.36	0.79	0.38
TOTAL	1.78	0.89	0.42

Yangibana M09/163 (JV Tenement 70% of Total to Hastings)

Indicated	0.11	0.78	0.39
Inferred	0.05	0.85	0.42
TOTAL	0.16	0.80	0.40

Yangibana North	Million Tonnes	%TREO	% Nd2O3+Pr6O11
Measured	0.66	1.39	0.36
Indicated	4.15	1.41	0.36
Inferred	0.97	1.43	0.37
TOTAL	5.78	1.41	0.36

Yangibana North M09/160 100% Hastings

Measured	0.29	1.35	0.35
Indicated	1.66	1.43	0.37
Inferred	0.60	1.43	0.37
TOTAL	2.55	1.42	0.37

Yangibana North M09/159 (JV Tenement 70% of Total to Hastings)

Measured	0.38	1.42	0.36
Indicated	2.49	1.40	0.36
Inferred	0.37	1.45	0.37
TOTAL	3.24	1.41	0.36

Table 7: Yangibana North re-estimated mineral resource, total

Simons Find	Million Tonnes	%TREO	% Nd2O3+Pr6O11
Indicated	0.78	0.57	0.30
Inferred	0.14	0.53	0.25
TOTAL	0.93	0.56	0.29

Table 8: Simon's Find Mineral Resource, 100% Hastings

JORC (2012) Mineral Resources, not updated in this announcement– by Deposit

The following Tables represent those deposits which have not been updated or altered since the 28 November 2018 minerals resource announcement. Numbers may not add due to rounding errors.

Inferred	Million Tonnes	%TREO	% Nd2O3+Pr6O11
Gossan	0.25	1.43	0.35
Lion's Ear	0.71	1.54	0.39
Hook	0.29	1.52	0.33
Kane's Gossan	0.57	1.04	0.29
TOTAL	1.82	1.36	0.34

Table 9: Mineral resources not updated, 100% Hastings, all mineral resources are Inferred only

MINING ORE RESERVES

The ore reserve estimate is derived from the Measured and Indicated ore tonnes from the mineral resource estimates undertaken for the Bald Hill, Frasers, Auer, Yangibana and Yangibana North deposits. Only the Measured and Indicated Blocks from the mineral resources were converted to an ore reserve using Whittle 4D software which generated optimised pit shells defining economic envelopes based on various modifying factors, geotechnical domains, operational costs and sales pricing. The optimised pit shells were used as the basis for detailed open pit designs and subsequent mine scheduling which maximised net present value (NPV).

Operational costs were built up from existing test-work results completed during the Definitive Feasibility Study, mining contractor rates sourced from tender evaluations and market commissioned reports for salaries and sales pricing.

The mining schedule and operational costs were then evaluated in a financial model built by KFW IPEX-Bank which resulted in an NPV of A$549 million and other financial metrics as listed in Table 15 below. The table discusses the relevant Modifying Factors in accordance with JORC (2012) standards.

Mining Plan

Mining will be undertaken at the Yangibana Project by a mining contractor utilising a standard truck and shovel arrangement. Ore and waste will be mined by conventional drill and blast and load and haul practices, mined on discrete flitches at bench heights dependant on the material type (ore or waste) and ore body geometry.

Close spaced grade control drilling will be undertaken ahead of mining on a campaign basis by angled reverse circulation (RC) drilling at drill spacings deemed appropriate for the orebody being mined.

The deposits considered in this new mining plan have different degrees of weathering with each of the deposits hosted by:

- An upper horizon comprising saprolite that does not require blasting,
- A transition zone of decreasing alteration that will require blasting, and
- Deeper, fresh granite that will require blasting.

The deposits occur in a range of dips as shown in Table 10, with Fraser's having the most extreme variation from 5° towards its north-eastern end to 65° at its south-western end.

Average true thickness varies from 2.2m to 3.5m throughout the ore reserve deposits although locally true thicknesses in excess of 20m occur.

Deposit	Declination (degrees)	Ave true thickness (m)
Bald Hill	10 to 60	3.5
Fraser's	5 to 65	3.3
Auer	60 to 80	3.2
Auer North	65 to 85	3.5
Yangibana	30 to 65	2.2
Yangibana West	10 to 35	2.9
Yangibana North	5 to 20	3.2

Table 10: Basic dimensions of the Yangibana deposits hosting ore reserves

The processing plant and associated facilities will be run and operated by Hastings personnel. Additional facilities such as the power station and pipeline will most likely be operated by specialist third party providers.

Cut-Off Parameters

A cut-off grade of 0.18% TREO has been used to interpret the mineralisation of potential economic interest with neodymium (Nd) and praseodymium (Pr) being the most important sources of potential revenue from the project. The cut-off coincides generally with the visual ore/waste geological contact of the deposits, with target minerals being hosted predominantly by ironstone, and to a much lesser extent by phoscorite or carbonate.

The economic cut-off grade for the ore reserves was determined on a block by block value basis and is dependent on the recoverable grade and distribution of oxide elements contained. Blocks with revenue from recoverable metal greater than the sum of the processing and selling costs (weighted average A$110/tonne ore) were determined to be above the cut-off for processing and included as ore in the optimisation process.

Mining Factors

Mining Recovery and Dilution

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

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

Geotechnical

Based on the geotechnical report provided by Snowdens Consultants in 2019 (Geotechnical Feasibility Study Project Number AU10083 August 2019) the pit optimisations incorporated a conservative 28^0 overall wall angle in the saprolite, and 35-40^0 in the weathered and fresh granite. Due to the relatively shallow nature of the pits and very competent waste domains, geotechnical issues are considered to be a relatively low risk to the operation.

Ground Water

Ground water at all deposits sits at approximately 45m below the natural surface level. Pits will be dewatered ahead of mining using bores or by in-pit pumping from sumps to dedicated temporary storage facilities at the pit edge. Stormwater will be managed in-pit using sumps pumped externally to the pit.

Waste Material

Waste from each pit will be stored in adjacent waste storage dumps. A portion of the Bald Hill pit is likely to be backfilled to minimise haulage distances. All waste is considered non-reactive and not considered to pose an Acid Rock Drainage (ARD) issue and therefore will not require additional treatment or contained dumping strategies.

Ore Material

Ore is transferred either directly to the Run-Of-Mine (ROM) pad or to low-grade stockpiles by mining trucks. For pits remote from the plant the long hauls are achieved by road trains.

Optimisation Parameters

Pit optimisations were completed using the Whittle optimisation software to determine the economic mining limits for each deposit. Only Measured and Indicated Resources were considered for processing and all Inferred material is considered to have no economic value in this process.

Economic pits were then designed in stages to enable the required ore tonnages and grades and waste volumes to be optimised based on plant requirements.

Pit optimisation studies and designs have defined the total Probable Ore Reserves for the Yangibana Project as shown in Table 11. (Note that rounding discrepancies may appear in the following tables.)

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

Table 11: Total Probable ore reserves

Probable Ore Reserves within tenements held 100% by Hastings are shown in Table 12 with those within tenements in which Hastings holds a 70% interest being shown in Table 13.

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

Table 12: Probable ore reserves within tenements held 100% by Hastings

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

Table 13: Probable ore reserves within JV tenements (only 70% of reserves tabled)

Table 12 represents the Eastern Belt Ore Reserves tonnages held 100% by Hastings and the grades of Nd_2O_3+Pr_6O_{11} and TREO. The portion of Nd_2O_3+Pr_6O_{11} calculated as a percentage of TREO is also tabled. Table 13 represents the Western Belt Ore Reserves which accounts for only 70% of the mining reserves allocated to Hastings as part of the Joint Venture in the respective tenements M09/160 and M09/159.

Metallurgical Factors and Assumptions

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

Process and Flowsheet

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

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

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

Ore Feed Chemistry Tolerances

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

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

Test-work

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

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

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

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

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

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

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

Environmental Factors

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

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

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

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

Waste rock geochemical characterisation: Yangibana West pit lithologies have been characterised geochemically and classify as benign and non-acid forming. The mineralogy of the project is not associated with asbestiform minerals. Erodibility parameters were determined for waste rock and topsoil and inform the waste rock landforms' design for Yangibana West. Waste rock geochemical characterisation for Auer, Auer North and Yangibana are initiated.

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

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

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

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

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

- The mining plan has been submitted and is currently under review.
- Water abstraction license (5c) has been approved.

Market Assessment

The Yangibana project will produce a Mixed Rare Earth Carbonate (MREC) that has a high neodymium (Nd) and praseodymium (Pr) content (ranging from 20 - 25% in concentrate) as the predominant value elements. It is estimated that praseodymium oxide (Pr_6O_{11}), neodymium oxide (Nd_2O_3) will contribute 85% of the economic value per kilogram of the MREC. When aggregated with terbium oxide (Tb_4O_7) and dysprosium oxide (Dy_2O_3) the value rises to 92%.

- Supply shortages are anticipated in the near future for Nd_2O_3 and Pr_6O_{11} oxides. This due to the demand growth in permanent magnets used in the manufacture of electric power trains for Electric Vehicles in the decade of the 2020s.
- A market report published in October 2019 by CRU* was independently commissioned by the expected project finance lenders being KFW IPEX-Bank (German state bank) and Northern Australia Infrastructure Facility (NAIF). CRU supplied non-disclosable price forecasts for RE oxides covering the period from 2020 to 2035 which were used to calculate the economic mining reserves.
- The plant has a design capacity of 15,000t of MREC per annum.
- The MREC, when further processed and separated, results in TREO of 8,500t per annum on average.

*CRU - an independent commodities research and advisory service group, headquartered in London, provides data-backed insight, analysis and forecasting in select emerging minerals commodities such as the rare earths industry. The company monitors key industry and market developments to support its price forecasting.

Hastings has previously announced a total of five offtake memorandums of understanding (MOUs) entered into between July 2017 and June 2019. A contract was signed with Baotou Sky Rock Rare Earth in November 2018 for 2,500t of MREC a year for 5 years. Two other Chinese MOUs with Qiandong Rare Earth Group and China Rare Earth Holdings Limited have lapsed. The MOU with Schaeffler AG for 5,000t per annum for 10 years which is pivotal in the German UFK (untied loan guarantee scheme) project finance loan negotiations are actively under contract negotiations. The MOU with Thyssenkrupp Raw Materials GmbH has been amended from 5,000t to 3,500t per annum and contract discussions are ongoing. In total, these MOUs account for approximately 11,000t of the total planned 15,000 MREC annual tonnage.

Social

Hastings is implementing a Stakeholder Engagement Plan. The overall response to the project has been positive. A Land Access Agreement has been negotiated and ratified with the pastoral lessee. A Native Title Agreement has been negotiated and ratified with the Native Title claimants as reported in the ASX announcement titled "Hastings Signs Native Title Agreement with Thiin-Mah Warriyangha, Tharrkari and Jiwarli People" dated 14 November 2017.

The workforce will be recruited from the region, and where this is not possible, such as plant operation specialists, the manpower required will be sourced from Perth.

Hastings is currently developing systems and processes to ensure it maintains its social licence to operate, to ensure its workforce are competent in their respective roles and have a culture of safety and compliance.

Infrastructure

The Yangibana project is located approximately 200km north of Gascoyne Junction in the Upper Gascoyne region. The process plant is located on a greenfield site and all supporting infrastructure must be constructed. The proposed infrastructure for the project will include:

- Comminution plant
- Beneficiation plant
- Hydrometallurgy plant
- Access and site roads
- Water supply borefield
- Tailings storage facility (TSF) and evaporation plant
- Mining buildings
- Fuel storage
- Security and fencing
- Borefield
- Employee housing and transportation
- Water treatment and mine site sewage
- Data and communications infrastructure
- Gas Pipeline
- LNG fuelled power station.

As of December 2018, early site works include the construction of the water supply bore and pipeline, the 340-room accommodation village and the access road from the Cobra–Gifford Creek Road to the plant site. Of the above, construction has started on the bore and pipeline and off-site fabrication of the accommodation village buildings has commenced with the first deliveries to site. Designs have been completed for the site access road. Additionally, for the longest lead item, the rotary kiln, an order has been placed with FLSmidth Pty Ltd.

Cost Assumptions

The key ore reserve parameters used for the A$549 million NPV (as of November 2019) are shown in Table 14 below.

Study Parameters	Parameter
Status of JORC Resources used for financial evaluation	Measured and Indicated
Mining Method	Open Pits
Mining Dilution – inherent in the wireframing of the October 2019 updated MIK resource model.	variable
Mining Recovery	98%
Processing Route	Flotation, Acid Bake – Water Leach and MREC Precipitation
Overall Processing Recovery (TREO) – Ore to MREC	76.2%
Maximum Target Production Rate (Mixed Rare Earths Carbonate)	15,000tpa
Maximum Target Contained Nd_2O_3+Pr_6O_{11}	3,400tpa
Capital Expenditure (before contingencies)	A$517 million
Direct Operating Costs	A$21.60/kg TREO
*LOM Average Basket Price of MREC (before separation costs)	US$39.50/kg TREO
Exchange Rate US$:A$	0.71
**Discount Rate (i.e. weighted average cost of capital)	6.7%

Table 14: Ore Reserve Parameters

**price forecast provided by CRU*

***As calculated by KFW IPEX -Bank in the financial model*

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

Operating costs

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

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

Processing costs for Bald Hill and Fraser's applied in the optimisation are shown in Table 15.

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

Table 15: DFS Ore Reserve Parameters

*Total ore costs as $/tonne run-of-mine

Selling costs included a state royalty cost of 2.5% and a native title royalty of 0.7% for all RE and niobium mined for the life of mine. Additionally, a separation charge (inclusive of impurity removal) of A$3.87/TREO in carbonate was applied, based on industry benchmarking. For modelling purposes, this cost was applied to each RE oxide separately. A transport cost of $147.88 per tonne of MREC produced was also applied.

The project will provide a MREC product for sale and the separated oxide prices used for the economic evaluation are from CRU price forecasts. In the financial model annual year-on-year forecast prices is applied to the individual RE oxide elements.

For the optimisation component, pricing was averaged over two 6-year periods, the first period pricing regime was applied to the Bald Hill and Frasers optimisations while the latter 6-year period was used for Auer, Yangibana and Yangibana North optimisations.

The annual MREC production volume (as TREO kg's) is calculated through the application of beneficiation and hydrometallurgy elemental recovery factors (derived from pilot plant and laboratory testing) to a monthly mining schedule.

The MREC revenue is calculated as: TREO Basket Price minus Customer Separation Quote minus Customer Impurity Removal Charges = MREC Product Price

Revenue Factors

The financial model assumes an average long-term US$/A$ exchange rate of 0.71 and uses CRU price forecasts for rare earths prices for the period 2020 to 2035. Financial evaluation of the Probable Ore Reserves resulted in the following economic outcomes as set out in Table 16 below.

Operating Life	13.0 years
Net Present Value (NPV)	A$549 million
Internal Rate of Return (IRR)	21.1%
Payback Period	3.4 years

Table 16: Financial evaluation results

The economic model assumes Mojito Resources will participate in the development and mining of the deposits held 70% by Hastings in joint venture with Mojito Resources (30%) under the 'Yangibana Joint Venture Agreement'. As set out in Table 13, the specific deposits to which the joint venture applies are Yangibana and Yangibana North. If there is development of the mine by the joint venture, not only will there need to be a Mining Joint Venture Agreement agreed and put in place to replace the existing joint venture documentation and regulate the arrangements between the participants for the mine development, but arrangements will also need to be established to determine how the Yangibana production and tenements, the subject of the joint venture, fit with the broader 100% Hastings group owned production and tenements. No costs or revenue ascribed to the 30% interest in the deposits held by Mojito Resources are reported in the financial modelling. If Mojito Resources did not participate in any future development of the joint venture deposits and the development of those deposits were to proceed on a 100% basis by Hastings, then the economic model would need to be updated to allocate those costs and resulting revenue to Hastings.

Production Targets

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

In this Ore Reserve Statement;

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

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

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

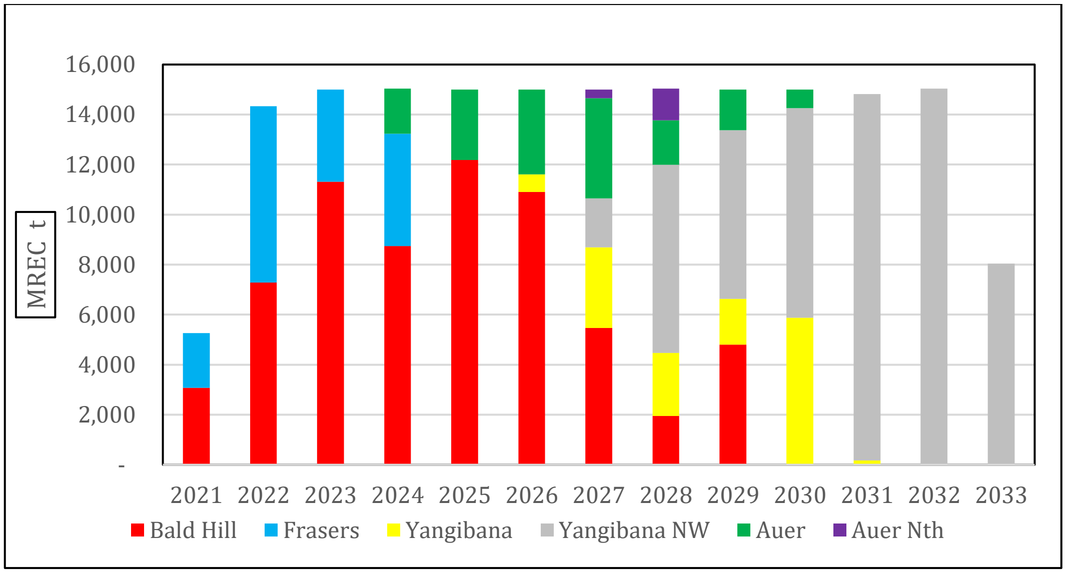

Figure 7: Annualised MREC production targets by deposit

Current production targets on an annualised basis are listed in Figure 7 above to produce up to 15,000tpa of MREC. The MREC will contain up to 8,500tpa TREO, of which up to 3,400tpa will be neodymium oxide (Nd_2O_3) + praseodymium oxide (Pr_6O_{11}).

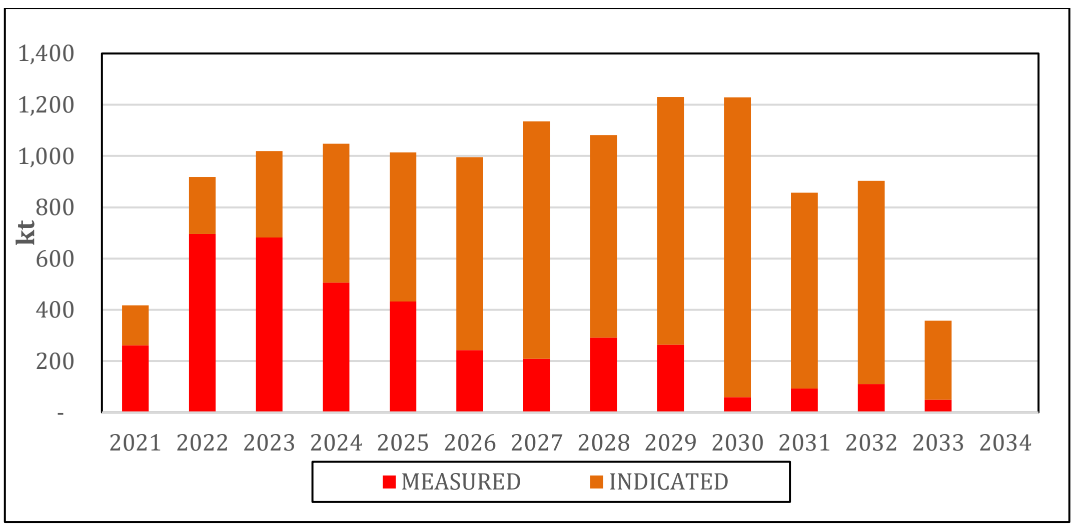

Figure 8: Mining by Mineral Resource Category

Figure 8 shows the various resource category tonnages to be mined on an annualised basis.

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

Audits and Reviews

All aspects of the project including the resources and reserves have been reviewed extensively by Behre Dolbear Australia (BDA), the Independent Technical Experts appointed by the Project's debt providers.

HASTINGS
Technology Metals Limited

PROJECT CAPITAL COST REDUCTION

A revised capital estimate is now approximately $449 million (exclusive of contingencies), being $68 million or 13% lower than that previously announced.

The overall project capital cost estimate was developed by DRA Global and Hastings technical personnel based on an Engineering, Procurement, Construction and Management (EPCM) approach for the process plant and infrastructure. The estimate includes all necessary costs associated with engineering, drafting, procurement, construction, construction management, commissioning of the processing facility and associated infrastructure, mining infrastructure, first fills of plant reagents, consumables and spare parts.

Estimate structure

The estimate is based upon preliminary engineering, material take-offs and budget price quotations for major equipment and bulk commodities. Unit rates for installation were based on market enquiries specific to the material requirements planning (MRP).

The estimate pricing was obtained predominantly during calendar quarter one 2019 (1Q19) and is in Australian dollars (A$), with new and updated pricing being included from quarter one 2020 (1Q20) and quarter two 2020 (2Q20) for those items which have been altered due to the Hydrometallurgical plant re-location. The overall capital estimate has an estimated accuracy of ±15 to 20%. This will be refined over the next few months prior to a final cost estimate release during 4Q2020.

The capital estimate was prepared using a project Work Breakdown Structure (WBS) which delineates the various areas of the project. Individual estimates were prepared for each area covering all engineering disciplines. The capital estimate has been structured into the following major categories:

- Direct costs;
- Indirect costs;
- Owner's Costs; and
- Contingency

Capital comparison

A comparison of the change in the capital cost estimate announced developed for the hydrometallurgical plant relocation at A$449 million is presented in Table 17 and Figure 9.

	Capex Budget 2019 ($m)	Capex Revised 2020 ($m)	Variance ($m)
Mining	14	10	-3
Process Plant	167	181	14
Tailings Facility	19	18	-1
Infrastructure	77	69	-8
Services	130	50	-79
Other Items	9	9	0
Indirects	104	112	8
Totals	*517	*449	-68

Table 27: CAPEX changes by cost centre

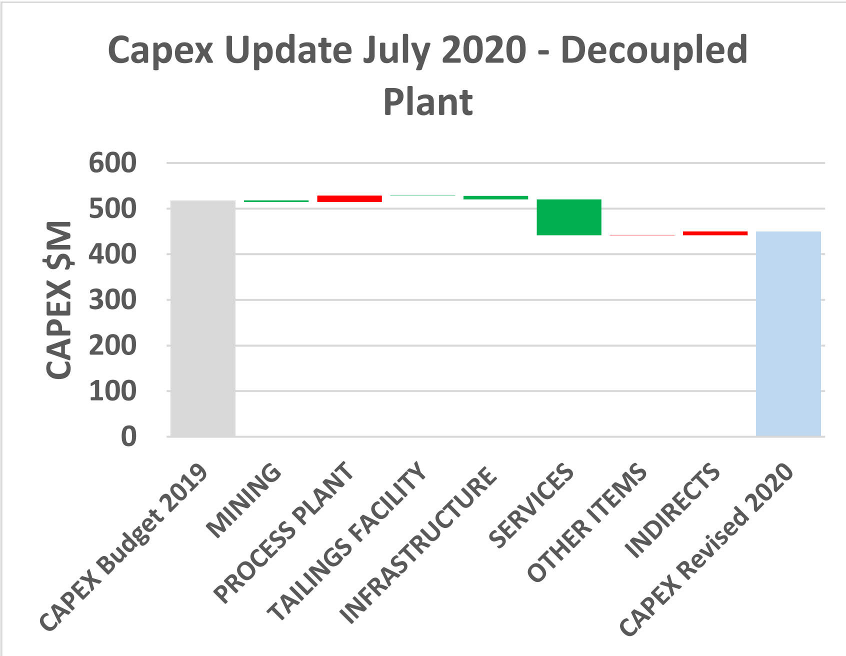

Figure 9: Waterfall chart showing CAPEX changes by cost centre

* Numbers may be subject to rounding errors. All numbers presented are without contingency.

The Yangibana capital cost reduction of $68 million is as follows:

- $3.4 million reduction in pre-strip mining costs due to volume reductions associated with optimisation of the mining schedule;
- $50 million reduction associated with elimination of the 114km gas pipeline;
- $30 million reduction associated with elimination of 14Mw on-site power-station and replacement with smaller modular third-party power offtake agreement;
- $8 million reduction in site Infrastructure:
  - $1.3 million accommodation facility increase;
  - $1 million increase for airstrip;
  - $12.4 million reduction in road access realignment;
  - $2 million increase in non-process buildings;
- Additional $14 million has been allocated as a result of duplication required in services dealing with storage, and loading and unloading of concentrate and tailings material, reagent storage and distribution services at the new Hydrometallurgical plant location. The addition of an ore sorter and mandated regulatory changes associated with the acid baked kiln and gas scrubber have also been included;
- The cost of non-process related infrastructure (buildings) has risen by $2 million through necessary duplication at both sites;
- $1 million increase for the relocation of the accommodation village. New location is only 3kms from processing plant, compared to 12kms previously;
- $2.3 million capex saving due to the reduction in water abstraction infrastructure requirements; and
- $8 million increase in indirect costs anticipated with EPCM labour (accommodating a second workforce at the Hydrometallurgical location during the construction phase) and the required duplication of site services to support the construction phase.

NATIVE TITLE AGREEMENT

In November 2017 Hasting's signed a Native Title Agreement (NTA) with the Thiin-Mah Warriyangka, Tharrkari and Jiwarli People (TMWTJ People) in respect of the Yangibana Project. To date, Hasting's has met all of its obligations with respect to its Native Title agreement.

HASTINGS
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BROCKMAN PROJECT

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

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).

Andrew Reid
Chief Operating Officer
25 September 2020

HASTINGS Technology Metals Limited

Annual Ore Reserves and Mineral Resources Statement

Summary

This statement represents the Mineral Resources and Ore Reserves (MROR) for Hastings Technology Metals Limited (Hastings or the Group) as at 30 June 2020. This MROR statement has been compiled and reported in accordance with the guidelines of the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (2012 JORC Code).

This statement is to be reviewed and updated annually in accordance with Section 15 of the 2012 JORC Code. The nominated annual review date for this MROR statement is 30 June.

The Group's mineral resources increased at the Yangibana Project which were announced in November 2019 and remained unchanged at the Brockman Project (Halls Creek). The information in this statement has been extracted from the relevant reports as indicated below in each ore reserve or mineral resource table.

The Group is not aware of any new information or data that materially affects the information included in the relevant market releases for this estimate. The Group confirms that all material assumptions and technical parameters underpinning the estimate in the relevant market releases continue to apply and have not materially changed. The Group confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified. Reserves are reported from tenements in which Hastings holds a 100% interest as well as a 70% controlling interest through a joint venture arrangement. (Table 18).

The quoted Yangibana Mineral Resource estimate was first reported in November 2017 in accordance with the 2012 JORC Code. In November 2018 and then again in October 2019 the Group announced a major mineral resource increase over the 2017 estimate. The Group is not aware of any new information or data that materially affects the information included in the relevant market releases for this estimate. The Group confirms that all material assumptions and technical parameters underpinning the estimate in the relevant market releases continue to apply and have not materially changed. The Group confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified. Resources are shown for the total project (Table 19); and this total then split into the 100% Hastings tenements (Table 20); and the joint venture ground in which Hastings holds a 70% interest (Table 21).

The Brockman Mineral Resource estimate was first reported in September 2011 in accordance with the guidelines of the 2004 Edition of the JORC Code and has not been updated to comply with the 2012 JORC Code. The mineral resource estimate for the Southern Extension was first reported in the Group's December 2015 Quarterly Report. The Group is not aware of any new information or data that materially affects the information included in the relevant market releases for this estimate. The Group confirms that all material assumptions and technical parameters underpinning the estimate in the relevant market releases continue to apply and have not materially changed. The Group confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified. Resources are shown for the main Brockman Project (Table 22) and the Southern Extension (Table 23).

Yangibana Project Ore Reserves

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

Table 38: Total ore reserves by deposit

The above quoted Yangibana Ore Reserve was first reported in November 2019 in accordance with the 2012 JORC Code (refer to ASX Release dated 4 November 2019 titled "18% increase in Ore Reserves, Mine Life Extended to 13 years", available to view at www.hastingstechmetals.com).

Yangibana Project Mineral Resources

Category	M tonnes	%TREO	% Nd_2O_3+Pr_6O_{11}
Measured	4.15	1.15	0.43
Indicated	11.25	1.11	0.38
Inferred	5.46	1.14	0.35
TOTAL	20.86	1.12	0.38

Table 49: Total Yangibana mineral resource by category at a 0.2% Nd_2O_3+Pr_6O_{11} cut-off, June 30 2020.

Total Resource in Tenements 100% held by Hastings			
Category	M Tonnes	%TREO	% Nd_2O_3+Pr_6O_{11}
Measured	3.78	1.12	0.44
Indicated	8.65	1.03	0.38
Inferred	5.04	1.12	0.34
TOTAL	17.46	1.08	0.38

Table 20: Yangibana rare earths resources within 100% Hastings tenements at a 0.2% Nd_2O_3+Pr_6O_{11} cut-off, June 30 2020.

Total Resource in Tenements 70% held by Hastings			
Category	M Tonnes	%TREO	%Nd_2O_3+Pr_6O_{11}
Measured	0.38	1.42	0.36
Indicated	2.60	1.37	0.36
Inferred	0.42	1.37	0.37
TOTAL	3.40	1.38	0.36

Table 21: Yangibana rare earths resources within Joint Venture tenements at a 0.2% Nd_2O_3+Pr_6O_{11} cut-off, June 30 2020.

The updated Yangibana Mineral Resource was reported in November 2019 in accordance with the 2012 JORC Code (refer to ASX Release dated 31 October 2019 titled "13% Increase in Measured and Indicated Minerals Resource Tonnes". Simon's Find *was reported in 25 February 2020 in accordance with the 2012 JORC Code (refer to ASX Release dated 25 February 2020 titled '73% Increase in Simons' Find Indicated Mineral Resources ".available to view at www.hastingstechmetals.com).*

Brockman Project Mineral Resources

Category	Tonnes	ppm Nb_2O_5	ppm Ta_2O_5	ppm ZrO_2	ppm Ga_2O_5	ppm HfO_2	ppm TREO	ppm HREO	ppm Dy_2O_3	ppm Y_2O_3
Indicated	27,100,000	3545	182	8913	110	318	2103	1803	186	1120
Inferred	9,100,000	3547	182	8914	110	318	2100	1802	186	1120
TOTAL	36,200,000	3546	182	8913	110	318	2102	1802	186	1120

Table 22: Brockman rare metals-rare earths resource at a 1,500ppm Nb_2O_5 cut-off. September 2011.

Brockman Southern Extension Mineral Resources

Category	Tonnes	ppm Nb_2O_5	ppm ZrO_2	ppm TREO
Indicated	5,200,000	3900	9500	2200
TOTAL	5,200,000	3900	9500	2200

Table 23: Brockman rare metals-rare earths southern extension resource at a 0.2%TREO cut-off. December 2015.

The quoted Brockman Mineral Resource was first reported in the December 2015 Quarterly Report in accordance with the 2004 JORC Code (refer to ASX Release dated 29 January 2016 titled "Quarterly Report December 2017. There has been no resource adjustments made in the last 12 months, available to view at www.hastingstechmetals.com).

Material Changes and Resource Statement Comparison

The Group 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 Group's end of financial year balance date. If there are any material changes to its mineral resources over the course of the year, the Group is required to promptly report these changes.

Governance Arrangements and Internal Controls

Hastings has ensured that the ore reserves and mineral resources quoted are subject to good governance arrangements and internal controls. The ore reserves and 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 Group.

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 that relates to the Ore Reserves at Bald Hill, Fraser's, Yangibana, Auer and Auer North and Yangibana West is based on information reviewed or work undertaken by Mr Stephen O'Grady, AusIMM, a Director of Intermine Engineering Consultants. Mr O'Grady has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the preparation of mining studies to qualify as a Competent Person as defined by the JORC Code 2012. Mr O'Grady consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. The scientific and technical information that relates to process metallurgy is based on information reviewed by Ms. Narelle Marriott (Principal Engineer – Beneficiation) and Mr Zhaobing (Robin) Zhang (Process Engineering Manager) of Hastings Technology Metals Limited. Both Ms Marriott and Mr Zhang are members of AusIMM. Each has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined by the 2012 JORC Code. Ms Marriott and Mr Zhang consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

The information that relates to Mineral Resources at the Yangibana Deposit is based on information compiled by Mr David Princep of Gill Lane Consulting. Mineral Resources at Brockman were completed by Mr Simon Coxhell of CoxsRocks Pty Ltd, both of *whom are Members of the Australasian Institute of Mining and Metallurgy (AusIMM). Both are consultants to Hastings Technology Metals Limited and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 and 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Princep and Mr Coxhell consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.*

The information that relates to Exploration Results is based on information compiled by Mr Andrew Reid. Mr Reid is an employee of the Group and is a Member of the Australian Institute of Mining and Metallurgy (FAusIMM). Mr Reid has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this presentation 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"). Mr Reid 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 2020 (All tenements are in Western Australia)

YANGIBANA PROJECT

Gascoyne Metals Pty Limited (100% subsidiary)

E09/2084	100%
E09/2086	100%
E09/2095	100%
P09/482	100%
P09/489	100%
E09/1989	100%
E09/2007	100%
E09/2129	100%
E09/2137	100%
E09/2334	100%
M09/157	100%
M09/160	100%
M09/164-165	100%
G09/10	100%
G09/14	100%
L09/66-72	100%
L09/74-75	100%
L09/80-83	100%
L09/85-87	100%
L09/89	100%
E09/2364	(Application)
E09/2403	(Application)
E09/2404	(Application)
E09/1703-1706	70%
E09/2296	70%
E09/2298	70%
E09/2333	70%
M09/159	70%
M09/161	70%
M09/163	70%
G09/11	70%
G09/13	70%

Yangibana Pty Limited (100% subsidiary)

E09/1700	100%
E09/1943-1944	100%
E09/2018	100%
M09/158	100%
M09/162	100%
G09/17-18	100%
G09/20-21	100%
L09/92	(Application)

BROCKMAN PROJECT

Brockman Project Holdings Pty Limited (100%)

P80/1626-1635	100%
E80/5248	(Application)
M80/636	(Application)

DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity consisting of Hastings Technology Metals Ltd (the "Company") and the entities it controlled during the period (the "Group") for the financial year ended 30 June 2020. 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	Executive Chairman
Mr Guy Robertson	Executive Director (Reappointed 23 August 2019)
Mr Jean Claude Steinmetz	Non-executive Director
Mr Neil Hackett	Non-executive Director
Mr Malcolm Randall	Non-executive Director

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 one of Malaysia's prominent banking group, RHB Bank from March 2004 until his retirement from the Group in May 2016. During this period, he was on the board of RHB Investment Bank (2004 to 2016), RHB Islamic Bank (2008 to 2016) and RHB Capital Berhad (2005 to 2007). 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 Lew has not held any other ASX directorships in the last three years.

Mr Guy Robertson
Executive Director

Qualifications: B.Com (Hons) CA

Mr Robertson has significant experience as a Director and Company Secretary of ASX listed and private companies in both Australia and Hong Kong.

Mr Robertson previously held senior roles in the Jardine Matheson group of companies over a period of sixteen years including Finance Director and Managing Director (NSW) for Jardine Lloyd Thompson Australia Insurance Brokers, Finance Director and Chief Operating Officer for Colliers International Property Services Asia Pacific and General Manager Finance of the Franklins Limited supermarket chain.

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Mr Robertson is an executive director of Metal Bank Limited (ASX:MBK) and was previously a director of Bellevue Gold Limited (ASX:BGL).

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 (CO_2) 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 and is fluent in English, Dutch, German and French. Mr Steinmetz has not held any other ASX directorships in the last three years.

Mr Neil Hackett
Non-Executive Director

Qualifications: BEcon UWA, GDAFI, GDFP, FFin, GAICD(Merit)

Mr Hackett is a professional ASX Director with 26 years practical experience with ASX200 resources entities, diversified industrials, funds management, and ASIC. He is currently Non-Executive Chairman of Ardiden Ltd (ASX: ADV), Non-Executive Director of Calima Energy Ltd (ASX:CE1), Non-Executive Director of Intelicare Ltd (ASX:ICR), Council Member of John XXIII College, and Company Secretary to Steel Blue Safety Boots. Mr Hackett's previous ASX resources experience includes Ampella Mining Ltd, Modun Resources Ltd and Sundance Resources Ltd.

He holds a Bachelor of Economics from UWA, Graduate Diploma in Applied Finance & Investment, Graduate Diploma in Financial Planning, is a Fellow of FINSIA, and a Graduate (Order of Merit) and Facilitator with the Australian Institute of Company Directors.

Mr Malcolm Randall
Non-Executive Director

Qualifications: Dip Applied Chem, FAICD

Mr Randall holds a Bachelor of Applied Chemistry degree and has more than 46 years of experience in corporate, management and marketing in the resources sector, including more than 25 years with the Rio Tinto group of companies.

His experience has covered a diverse range of commodities including iron ore, base metals, uranium, mineral sands and coal.

Mr Randall has held the position of chairman and director of a number of ASX listed companies. Past directorships include Iron Ore Holdings Limited, United Minerals Corporation NL, MZI Limited, and Kalium Lakes Limited. Current directorships include Ora Gold Limited (ASX:OAU), Magnetite Mines Limited (ASX: MGT), and Argosy Minerals Limited (ASX:AGY);

DIRECTORS' REPORT (continued)

Interests in the shares and options of the Company

The following relevant interests in shares and options of the Group 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 of options*	Number of Performance of Rights
Mr Charles Lew	113,289,155	2,941,177	10,000,000
Mr Jean Claude Steinmetz	3,720,890	100,000	1,500,000
Mr Malcolm Randall	115,074	32,537	2,500,000
Mr Neil Hackett	-	-	1,500,000
Mr Guy Robertson	331,472	-	1,500,000

**Listed options exercisable at 25 cents per share expiring on 12 April 2022.*

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 activities of the Group during the year were the exploration and evaluation of the Yangibana Project, advancing funding applications with the Northern Australia Infrastructure Fund and the German United Loan Guarantee Scheme with KfW IPEX-Bank, and signing the long-term binding agreement with Schaeffler Technologies AG. For a review of operations, please refer to the section Review of Operations on pages 6 to 25.

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 $4,230,338 (2019: $5,143,029).

The Group's operating income decreased to $226,707 (2019: $258,027) primarily due to a decrease in interest income given lower interest rates and funds on hand, offset by a $50,000 Government grant received.

Expenses decreased to $4,450,498 (2019: $5,421,465) due to a decrease in consulting and professional fees as the Group looks to conserve cash.

Capitalised exploration increased to $57,224,056 (2019: $55,087,366) reflecting the costs associated with drilling on the Yangibana project to increase probable reserves, and heritage and environmental approvals.

Plant and equipment increased to $43,038,256 (2019: $31,375,526) reflecting preliminary construction works on the Yangibana project site, the ordering of long lead items, and design and engineering costs.

Net assets increased to $109,943,000 (2019: $99,445,275) reflecting capital raisings during the year of $15.1 million (before costs) offset by the results for the year.

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DIRECTORS' REPORT (continued)

Operating results for the year and financial review (continued)

Statutory key performance indicators of the Group over the last five years

	2020	2019	2018	2017	2016
Loss for the year attributable to owners of Hastings Technology Metals Limited	4,230,338	5,143,029	2,891,278	1,523,429	9,515
Basic loss per share (cents)	0.43	0.65	0.43	0.30	0.00
Opening share price (cents)	15.0	22.5	9.0	7.3	8.0
Closing share price (cents)	11.5	15.0	22.5	9.0	7.3
(Decrease)/increase in share price (%)	(23%)	(33%)	150%	23%	(9%)

Review of financial conditions

As at 30 June 2020 the consolidated entity had $9.5 million in cash. These funds will be used for the long lead items associated with the processing plant, design, corporate costs, and working capital.

Going concern

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

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

The Directors are satisfied, however that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The directors have based this determination on the demonstrated historical ability of the Group to raise new capital, the intention to raise new capital in the short term via equity issues, and their assessment of the probability of executing project financing with KfW IPEX-Bank and Northern Australia Infrastructure Facility in 2020.

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

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.

The Group has a Diversity Policy and is committed to addressing the recommendations and guidance of the ASX Corporate Governance Council's Corporate Governance principles and recommendations. The Group has 21 employees, 7 of which are women, with 3 in senior positions.

DIRECTORS' REPORT (continued)

Significant events after balance sheet date

Significant changes in the state of affairs

The following summary of events were significant milestones in the state-of-affairs of the Group during the year:

- Receiving environmental approvals from both the WA Minister for Environment and the Commonwealth Government for the Yangibana Rare Earths Project
- DRA Pacific Pty Ltd being awarded the Engineering, Procurement and Contract Management contract for the Yangibana Rare Earth Processing Plant
- An 18% increase in ore reserves, extending the Yangibana Rare Earth's mine life to 13 years
- Increase in the Total Rare Earths Oxide (TREO) of 8,200 tonnes to 171,000 tonnes in the Indicated Mineral Resources Categories
- Successful bulk ore sorting trials demonstrating a 95% recovery of ore and 52% improvement in head grade
- Signing of a long-term binding master agreement with German automotive tier 1 supplier, Schaeffler Technologies AG
- The WA Government's Department of Water and Environmental Regulations granting work permits allowing for the construction of the Yangibana Rare Earth Processing Plant
- Commencing of a major drilling program to include 20,000m of RC drilling and 3,000m of diamond drilling
- Received confirmation of in-principle eligibility for the Finnish Government Export Credit Guarantee Scheme from Finnvera Oyj for project financing up to A$75 million
- Successful capital raisings totalling A$15.1 million

Since 30 June 2020 the Group has announced:

- A $68 million reduction in estimated capital expenditure for the Yangibana Project;
- A share placement that has raised $14.6 million (before costs);
- An additional $3.1 million to be raised via a conditional placement and a further $3.0 million from a fully underwritten share purchase plan; and
- Excellent drilling results confirming high grate extensions to the Fraser's deposit.

Other than as outlined above, there were 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 120,060,577 listed options on issue exercisable at 25 cents per share expiring on 12 April 2022.

The Group has 20,250,000 performance rights on issue to directors and senior management, of which 17,000,000 were issued during the year to directors.

Likely developments and expected results

During the coming year the Group plans to focus on sourcing funding for the Yangibana Rare Earths Project, ongoing exploration and evaluation and development of the Project, and the evaluation of the Brockman Project.

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

- Future capital needs – the Group does not currently generate cash from its operations. The Group will require further funding in order to develop the Yangibana Rare Earths Project, meet its exploration activities on the Brockman project and meet its corporate costs.

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DIRECTORS' REPORT (continued)

Likely developments and expected results (continued)

- Exploration and developments risks – The Brockman project has a substantial resource but needs to undergo further exploration and studies before a determination is made as to its economic viability. The Group employs geologists and other technical specialists and engages external consultants where appropriate to address this risk.
- Commodity price risk – as a Group 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 Group monitors historical and forecast price information from a range of sources to support its planning and decision making.

Environmental legislation

The consolidated entity is subject to significant environmental and monitoring requirements in respect of its natural resources' exploration and development 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 $30,654 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.

Indemnity of auditors

Hastings Technology Metals Limited has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from Hastings Technology Metals Limited's breach of their agreement. The indemnity stipulates that Hastings Technology Metals Ltd will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

DIRECTORS' REPORT (continued)

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 2020.

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

Name	Particulars
Mr Charles Lew	Executive Chairman
Mr Guy Robertson	Executive Director – Reappointed 23 August 2019
Mr Jean Claude Steinmetz	Non-Executive Director
Mr Neil Hackett	Non-Executive Director
Mr Malcolm Randall	Non-Executive Director
Mr Andrew Reid	Chief Operating Officer

Remuneration philosophy

The performance of the Group depends upon the quality of the directors and executives. The philosophy of the Group 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

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Group 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.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group 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 Group.

Remuneration report (Audited) (continued)

The remuneration of non-executive directors for the period ended 30 June 2020 is detailed below.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and performance rights to shares (as determined from time to time). In addition to Group employees and directors, the Group 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 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 below.

All Directors have a letter of appointment. Remuneration of non-executive directors is set at $60,000 per annum and the Executive Chairman at $525,000 per annum. Non-executive director fees over and above $60,000 per annum are for additional consulting services paid at agreed rates. Due to the impact of COVID-19 on the Group, all Key Management Personnel have agreed to a 20% reduction in fees/salaries for the period April-September 2020. Executive and non-executive contract details are as follows:

Name	***Position***	***Directors Fee $[4]***	***Other Fees/Salary $[4]***	***Termination***
Mr Charles Lew	Executive Chairman	120,000	405,000	12 months notice
Mr Guy Robertson[1]	Executive Director	60,000	60,000	1 months notice
Mr Jean Claude Steinmetz[2]	Non-Executive Director	60,000	-	3 months notice
Mr Neil Hackett[3]	Non-Executive Director	60,000	-	1 months notice
Mr Malcolm Randall	Non-Executive Director	60,000	-	-
Mr Andrew Reid	Chief Operating Officer	-	415,000	3 months notice

[1]Mr Robertson's fee for joint company secretarial services were fixed from September 2019, after his appointed as a director

[2]Mr Steinmetz's agreement provides for additional consulting services at a rate of $1,000 per day

[3]Mr Hackett receives fees as joint company secretary, which are included in the table below

[4]All fees are per annum, pre the agreed 20% reduction in fees for all Key Management Personnel from April – September 2020

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Remuneration of key management and personnel

Table 1: Key management personnel remuneration for the year ended 30 June 2020

	Short-term employee benefits		Post-employment benefits	Equity		
	Salary & Fees $	Annual leave and long service leave $	Superannuation $	Performance Rights[1] $	Total $	% Performance Related
Mr Charles Lew	498,750	-	-	60,966	559,716	10.9
Mr Guy Robertson[2]	92,000	-	-	-	92,000	-
Mr Jean Claude Steinmetz	62,500	-	-	15,241	77,741	19.6
Mr Neil Hackett[3]	65,617	-	-	-	65,617	-
Mr Malcolm Randall	52,055	-	4,945	-	57,000	-
Mr Andrew Reid	370,502	7,791	25,000	66,068	469,361	14.1
Total	1,141,424	7,791	29,945	142,275	1,321,435	10.6

[1]Performance rights have been granted and valued, however vesting is subject to performance hurdles with the exception of the following amounts which have vested: Mr Lew $60,966, Mr Steinmetz $15,241, Mr Reid $77,107

[2]Mr Robertson is paid through Integrated CFO Solutions Pty Ltd, a company in which he has a controlling interest. Mr Robertson was reappointed as a Director on 23 August 2019

[3]Mr Hackett is paid through Corporate-Starboard Pty Ltd, a company in which he has a controlling interest

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Table 2: Key management personnel remuneration for the year ended 30 June 2019

	Short-term employee benefits		Post-employment benefits	Equity		
	Salary & Fees $	Annual leave and long service leave $	Superannuation $	Performance Rights[1] $	Total $	% Performance Related
Mr Charles Lew	461,502	-	-	20,322	481,824	4.2
Mr Guy Robertson[2]	30,000	-	-	(8,800)[6]	21,200	(41.5)
Mr Jean Claude Steinmetz	171,500	-	-	5,080	176,580	2.9
Mr Neil Hackett[3]	97,421	-	-	-	97,421	-
Mr Malcolm Randall[4]	21,255	-	2,019	-	23,274	-
Mr Andrew Reid[5]	242,500	14,911	15,545	18,932	291,888	6.5
Mr Hannes Zandberg[7]	[9]168,971	-	8,233	(3,391)[6]	173,813	(2.0)
Mr Andy Border[8]	193,616	-	18,173	1,386	213,175	0.7
Total	1,386,765	14,911	43,970	33,529	1,479,175	2.3

[1]Performance rights have been granted and valued, however vesting is subject to performance hurdles with the exception of the following amounts which have vested: Mr Border $1,386

[2]Mr Robertson is paid through Integrated CFO Solutions Pty Ltd, a company in which he has a controlling interest. Mr Robertson resigned as a Director 30 November 2018, was reappointed on 23 August 2019 and continued to act as company secretary of Group subsidiary companies throughout the period

[3]Mr Hackett is paid through Corporate-Starboard Pty Ltd, a company in which he has a controlling interest. Mr Hackett commenced on 30 November 2018

[4]Commenced 11 February 2019

[5]Commenced 19 November 2018

[6]Performance rights forfeited on resignation

[7]Resigned 31 October 2018

[8]Resigned 26 April 2019

[9]Includes $65,000 in termination payments

Performance rights in existence during the year ended 30 June 2020 (and prior comparative period) were approved for granting at 2016 and 2019 Annual General Meetings.

At the 2019 Annual General Meeting shareholders approved the granting of 17,000,000 performance rights to Directors. The performance rights were valued at $0.06/performance right based on the Black-Scholes Model utilising the following assumptions:

- $0.06 share price at grant date;
- 3 year maturity period;
- 0.88% risk-free interest rate; and
- 4.69% volatility.

Vesting occurs at the end of the performance period ended 31 December 2022, with a nil exercise price, if the following performance conditions are met:

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Non-market based performance conditions

- 30% of the performance rights will vest on positive determination of the final investment decision, being the decision to proceed with the development of the Yangibana Rare Earths Project based on having the requisite government permits and sufficient funds to fund construction of the mine and process plant;
- 30% of the performance rights will vest on first ore into the SAG mill by the C3 Commissioning date, being the date of initial feeding of ore grade material into the crusher and SAG mill and the introduction of chemical reagents into the process plant under load so as to achieve stable operating conditions; and
- 40% of the performance rights will vest on achieving production throughput performance of no less than 90% of benefication design capacity for a consecutive period of no less than 3 days post C3 Commissioning but not exceeding 180 days post C3 Commissioning.

All 17,000,000 performance rights remain outstanding as at the date of this report.

At the 2016 Annual General Meeting shareholders approved the granting of 15,000,000 performance rights to Directors. The performance rights were valued based on the share price on grant date discounted for lack of marketability, with 1,666,667 having lapsed and 13,333,333 vesting in February 2020.

None of the 15,000,000 performance rights remain outstanding as of 30 June 2020.

Shareholdings of Key Management Personnel

30 June 2020	Balance at beginning of period Ord	Purchased Ord	On Vesting of Performance Rights Ord	Other Ord	Balance at end of period Ord
Mr Charles Lew[1]	103,289,155	-	10,000,000	-	113,289,155
Mr Guy Robertson[2]	-	-	-	331,472	331,472
Mr Jean Claude Steinmetz	720,890	500,000	2,500,000	-	3,720,890
Mr Neil Hackett	-	-	-	-	-
Mr Malcolm Randall[3]	115,074	-	-	-	115,074
Mr Andrew Reid	30,000	-	500,000	-	530,000
Total	**104,155,119**	**500,000**	**13,000,000**	**331,472**	**117,986,591**

[1]18,883,402 shares are held by nominee entities on Mr Lew's behalf
[2]Director reappointed on 23 August 2019
[3]115,074 shares are held by nominee entities on Mr Randall's behalf

HASTINGS Technology Metals Limited

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

30 June 2019	Balance at beginning of period Ord	Purchased Ord	On Vesting of Performance Rights Ord	Other Ord	Balance at end of period Ord
Mr Charles Lew	97,406,802	5,882,353	-	-	103,289,155
Mr Guy Robertson[4]	1,001,299	-	-	(1,001,299)	-
Mr Jean Claude Steinmetz	520,890	200,000	-	-	720,890
Mr Neil Hackett[1]	-	-	-	-	-
Mr Malcolm Randall[2]	-	115,074	-	-	115,074
Mr Andrew Reid[3]	-	30,000	-	-	30,000
M Hannes Zandberg[5]	-	-	-	-	-
Mr Andy Border[6]	639,069	-	119,250	(758,319)	-
Total	**99,568,060**	**6,227,427**	**119,250**	**(1,759,618)**	**104,155,119**

[1]Director appointed 30 November 2018
[2]Director appointed 11 February 2019
[3]Chief Operating Officer appointed 19 November 2019
[4]Director resigned 30 November 2018, reappointed 23 August 2019
[5]Project Director resigned 31 October 2018
[6]General Manager Exploration resigned 26 April 2019

Option holdings of Key Management Personnel

During the year ended 30 June 2019, the Group issued listed options exercisable at 25 cents per share expiring on 12 April 2022. The options were issued as free attaching options to a share placement on the basis of one option for every two new shares purchased.

30 June 2020	Balance at beginning of period Options	Purchased Options	On Vesting of Performance Rights Options	Other Options	Balance at end of period Options
Mr Charles Lew	2,941,177	-	-	-	2,941,177
Mr Guy Robertson	-	-	-	-	-
Mr Jean Claude Steinmetz	100,000	-	-	-	100,000
Mr Neil Hackett	-	-	-	-	-
Mr Malcolm Randall[1]	32,537	-	-	-	32,537
Mr Andrew Reid	15,000	-	-	-	15,000
Total	**3,088,714**	**-**	**-**	**-**	**3,088,714**

[1]32,537 options are held by nominee entities on Mr Randall's behalf

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

30 June 2019	Balance at beginning of period Options	Purchased Options	On Vesting of Performance Rights Options	Other Options	Balance at end of period Options
Mr Charles Lew	-	2,941,177	-	-	2,941,177
Mr Guy Robertson	-	-	-	-	-
Mr Jean Claude Steinmetz	-	100,000	-	-	100,000
Mr Neil Hackett	-	-	-	-	-
Mr Malcolm Randall	-	32,537	-	-	32,537
Mr Andrew Reid	-	15,000	-	-	15,000
Total	**-**	**3,088,714**	**-**	**-**	**3,088,714**

Performance rights held by Directors and Key Management Personnel
The following performance rights were held during the current and prior year and are subject to the Group achieving certain milestones as set out on page 41.

	Number	Performance period
Mr Charles Lew	10,000,000*	28 November 2019
Mr Charles Lew	10,000,000	31 December 2022
Mr Guy Robertson	1,500,000	31 December 2022
Mr Jean Claude Steinmetz	2,500,000*	28 November 2019
Mr Jean Claude Steinmetz	1,500,000	31 December 2022
Mr Neil Hackett	1,500,000	31 December 2022
Mr Malcolm Randall	2,500,000	31 December 2022
Mr Andrew Reid	500,000*	31 December 2019
Mr Andrew Reid	1,000,000	31 December 2020
Mr Andrew Reid	1,500,000	31 December 2021

* Vested performance rights

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Performance Rights

30 June 2020	Balance at beginning of period	Vested and Exercised During Period	Granted as remuneration	Lapsed	Balance at end of period
Mr Charles Lew	10,000,000	(10,000,000)	10,000,000	-	10,000,000
Mr Guy Robertson	-	-	1,500,000	-	1,500,000
Mr Jean Claude Steinmetz	2,500,000	(2,500,000)	1,500,000	-	1,500,000
Mr Neil Hackett	-	-	1,500,000	-	1,500,000
Mr Malcolm Randall	-	-	2,500,000	-	2,500,000
Mr Andrew Reid	3,000,000	(500,000)	-	-	2,500,000
Total	**15,500,000**	**(13,000,000)**	**17,000,000**	**-**	**19,500,000**

30 June 2019	Balance at beginning of period	Vested and Exercised During Period	Granted as remuneration	Lapsed	Balance at end of period
Mr Charles Lew	10,000,000	-	-	-	10,000,000
Mr Jean Claude Steinmetz	2,500,000	-	-	-	2,500,000
Mr Andrew Reid	-	-	3,000,000	-	3,000,000
Mr Guy Robertson	150,000	-	-	(150,000)	-
Mr Hannes Zandberg	500,000	-	-	(500,000)	-
Mr Andy Border	150,000	(119,250)	-	(30,750)	-
Total	**13,300,000**	**(119,250)**	**3,000,000**	**(680,750)**	**15,500,000**

Related Party Transactions

	2020 $	2019 $
Office and administration costs[1]	**91,702**	88,180
Capital raising fees	-	215,555[2]

[1]Office and administration costs were paid to Equator Capital Pte Limited, a company in which Mr Charles Lew has a controlling interest. Of this amount $12,253 (2019: $7,416) remains payable at 30 June 2020.

[2]During the year ended 30 June 2019 the Group paid $50,000 in capital raising fees directly to Mr Charles Lew and $165,555 to Mr Jean Claude Steinmetz, based on an underwriting fee of 5% of any underwritten amount raised and following relevant shareholder approvals. Mr Lew raised $1,000,000 in May 2019's placement, and Mr Steinmetz $3,311,100 in August 2018.

Reliance on external remuneration consultants

The Company did not engage any external remuneration consultants during the financial year.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Voting of shareholders at last year's annual general meeting

Hastings Technology Metals Limited received more than 95% of "yes" votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the AGM on its remuneration practices.

End of audited remuneration report.

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	7	7	-	-	-	-
Mr Guy Robertson	5	5	2	2	-	-
Mr Jean Claude Steinmetz	7	7	-	-	1	1
Mr Neil Hackett	7	7	2	2	-	-
Mr Malcolm Randall	6	7	2	2	1	1

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, PricewaterhouseCoopers, to provide the directors of the Group with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 48 and forms part of this directors' report for the year ended 30 June 2020.

Audit and Non-Audit Services

Details on the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non-audit services during the year are disclosed in in note 23.

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

The Board, in accordance with advice provided by the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Signed in accordance with a resolution of the directors.

Charles Lew
Executive Chairman
25 September 2020

HASTINGS Technology Metals Limited

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, recognises 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 Group has issued a Corporate Governance Statement which discloses the Group's corporate governance practices and the extent to which the Group has followed the recommendations set out in the Principles. The Corporate Governance Statement was approved by the Board on 24 September 2020 and is available on the Group's website: https://hastingstechmetals.com/about-us/governance/

Auditor's Independence Declaration

As lead auditor for the audit of Hastings Technology Metals Ltd for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
25 September 2020

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HASTINGS
Technology Metals Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
Continuing operations			
Other income	2	226,707	258,027
Administration expenses		(558,678)	(492,098)
Depreciation		(130,071)	(96,713)
Depreciation – right-of-use assets	18(b)	(138,394)	-
Directors fees		(775,867)	(783,697)
Occupancy expenses		(137,288)	(274,733)
Employee benefits expense	3	(1,826,396)	(1,826,853)
Legal fees		(84,611)	(322,832)
Consulting and professional fees		(262,487)	(1,121,881)
Travel expenses		(140,138)	(303,926)
Share based payments		(370,332)	(198,732)
Finance costs		(26,236)	(7,434)
Loss before income tax expense		(4,223,791)	(5,163,438)
Income tax benefit	4	-	-
Net loss for the period		(4,223,791)	(5,163,438)
Other comprehensive (loss)/income		(6,547)	20,409
Total comprehensive loss for the period		**(4,230,338)**	**(5,143,029)**
Basic and diluted loss per share (cents per share)	5	(0.43)	(0.65)

The accompanying notes form part of these consolidated financial statements.

HASTINGS
Technology Metals Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Consolidated	
	Notes	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	7	9,453,516	18,390,457
Trade and other receivables	9	3,891,701	1,376,426
Total current assets		13,345,217	19,766,883
Non-current assets			
Plant and equipment	10	43,038,256	31,375,526
Right-of-use assets	18(a)	266,385	-
Deferred exploration and evaluation expenditure	11	57,224,056	55,087,366
Total non-current assets		100,528,697	86,462,892
Total assets		113,873,914	106,229,775
Liabilities			
Current liabilities			
Trade and other payables	12	3,407,171	6,583,704
Lease liability	18(a)	203,025	-
Borrowings	19	9,078	-
Employee benefit obligations	13	143,108	136,738
Total current liabilities		3,762,382	6,720,442
Non-current liabilities			
Lease liability	18(a)	112,189	-
Employee benefit obligations	13	56,343	64,058
Total non-current liabilities		168,532	64,058
Total Liabilities		3,930,914	6,784,500
Net Assets		**109,943,000**	**99,445,275**
Equity			
Issued capital	14	125,691,027	112,858,264
Reserves	14	6,546,798	4,642,039
Accumulated losses		(22,294,825)	(18,055,028)
Total Equity		**109,943,000**	**99,445,275**

The accompanying notes form part of these consolidated financial statements.

HASTINGS
Technology Metals Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Issued Capital $	Accumulated Losses $	Option Revaluation Reserve $	Share Based Payment Reserve $	Total $
Balance at 1 July 2019		112,858,264	(18,055,028)	4,299,329	342,710	99,445,275
Change in accounting policy	1(c)	-	(9,459)	-	-	(9,459)
Restated total equity at 1 July 2019		**112,858,264**	**(18,064,487)**	**4,299,329**	**342,710**	**99,435,816**
Loss for the year		-	(4,223,791)	-	-	(4,223,791)
Other comprehensive loss		-	(6,547)	-	-	(6,547)
Total comprehensive loss for the year		**-**	**(4,230,338)**	-	**-**	**(4,230,338)**
Shares/options issued during the year		12,816,363	-	2,247,469	-	15,063,832
Transaction costs on share issue		(696,642)	-	-	-	(696,642)
Share based payments		-	-	-	370,332	370,332
Transfer from share based payments		713,042	-	-	(713,042)	-
Balance at 30 June 2020		**125,691,027**	**(22,294,825)**	**6,546,798**	**-**	**109,943,000**
Balance at 1 July 2018		81,231,618	(13,147,527)	-	411,424	68,495,515
Loss for the year		-	(5,163,438)	-	-	(5,163,438)
Other comprehensive income		-	20,409	-	-	20,409
Total comprehensive loss for the year		**-**	**(5,143,029)**	-	**-**	**(5,143,029)**
Shares/options issued during the year		33,255,861	-	4,299,329	-	37,555,190
Transaction costs on share issue		(1,661,133)	-	-	-	(1,661,133)
Share based payments		-	-	-	198,732	198,732
Transfer from share based payments		31,918	235,528	-	(267,446)	-
Balance at 30 June 2019		**112,858,264**	**(18,055,028)**	**4,299,329**	**342,710**	**99,445,275**

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(6,749,618)	(4,698,809)
Interest and finance costs paid		(26,236)	(7,434)
Government grants received		50,000	-
Interest received		195,644	266,129
Net cash used in operating activities	8	(6,530,210)	(4,440,114)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(4,434,688)	(7,087,168)
Payments for plant and equipment		(14,441,545)	(26,589,317)
Research and development tax offset in relation to exploration assets		1,785,578	343,361
Net cash used in investing activities		(17,090,655)	(33,333,124)
Cash flows from financing activities			
Proceeds from issue of shares and options		15,063,831	36,871,426
Payments for share issue costs		(696,642)	(1,296,967)
Proceeds from borrowings	7	1,471,289	-
Repayment of borrowings	7	(1,462,210)	-
Advance from Director		455,169	-
Principal element of lease payments		(146,906)	-
Net cash provided by financing activities		14,684,531	35,574,459
Net (decrease)/increase in cash held		(8,936,334)	(2,198,779)
Foreign exchange loss		(607)	-
Cash and cash equivalents at the beginning of the period		18,390,457	20,589,236
Cash and cash equivalents at the end of the period	7	9,453,516	18,390,457

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 years presented unless otherwise stated. The consolidated financial statements are for the consolidated entity consisting of Hastings Technology Metals Ltd and its subsidiaries. Hastings Technology Metals Ltd is a for-profit entity for the purpose of preparing the consolidated financial statements.

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

(b) Statement of Compliance

The financial report was authorised for issue by the Board on 25 September 2020. The Board has the power to amend the consolidated financial statements after their issue.

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 consolidated financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Effects of Changes in Accounting Policy

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

AASB 16 Leases

The Group has adopted AASB 16 Leases retrospectively from 1 July 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 18.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.1%.

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

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Effects of Changes in Accounting Policy (continued)

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

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

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

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

- Trade and Other Receivables – increased by $47,882;
- Right-Of-Use Assets – increased by $287,024;
- Lease Liabilities – increased by $344,364.

The net impact on accumulated losses on 1 January 2019 was an increase of $9,459.

Measurement of lease liabilities	$
Operating lease commitments disclosed as at 30 June 2019	399,391
Discounted using the lessee's incremental borrowing rate	374,463
(Less): Short-term leases not recognised as a liability	(30,000)
Lease liability recognised as at 1 July 2019	**344,464**

Of which are:	$
Current lease liability	130,321
Non-current lease liability	214,043
Lease liability recognised as at 1 July 2019	**344,464**

New standards not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) **Going concern**

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

As disclosed in the consolidated financial statements, the Group incurred a comprehensive loss of $4,230,338, had net cash outflows from operating activities of $6,530,210, net cash outflows from investing activities of $17,090,655, and net cash inflows from financing activities of $14,684,531 for the year ended 30 June 2020. At 30 June 2020 the Group had outstanding commitments for construction contracts of $15,770,194, of which $13,099,189 are cancellable at the Group's discretion. The outstanding commitments are all due within 12 months.

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

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

The Group has net working capital as at 30 June 2020 of approximately $9.5 million, and based on the factors outlined below the Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report:

- The Group has been successful in raising approximately $15.1 million in equity (before costs) during the year;
- Subsequent to year end, the Group raised a further $20.7 million in share placements, which includes $3.1 million via a conditional placement and another $3.0 million fully underwritten share purchase plan;
- The Group has signed an exclusive mandate with German KfW IPEX-Bank to provide project finance loan advisory services in relation to securing approval from Euler Hermes Aktiengesellschaft ("Euler Hermes") as mandated by the German Federal Government as administrators of the Untied Loan Guarantee scheme (UFK). Euler Hermes has confirmed in principle eligibility for the German government UFK scheme for up to USD140 million;
- The Northern Australia Infrastructure Facility (NAIF), an Australian Government implemented initiative, is currently undertaking a review of the Group for potential infrastructure debt financing;
- The Group received confirmation of in-principle eligibility from Finnvera Oyj for project financing of up to A$75 million; and
- The Directors are of the view that the Group will be able to raise further equity capital prior to the financial close of debt funding with lenders.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Basis of consolidation**

The consolidated financial statements incorporate the assets and liabilities of Hastings Technology Metals Ltd ('Company' or 'parent entity') as at 30 June 2020 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.

A group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

(f) **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.

Deferred Exploration expenditure:

The Directors continually assess the Group's exploration projects to determine the existence of any indications of impairment. Where any such indications are present, an impairment assessment is conducted under AASB 6 *Exploration For and Evaluation of Mineral Resources* and any resulting impairment is expensed to profit and loss. During the current financial year, no impairment triggers were identified.

Property, plant and equipment:

The Directors continually assess the Group's property, plant and equipment to determine the existence of any indications of impairment. Where any such indications are present, an impairment assessment is conducted under AASB 136 *Impairment of Assets* and any resulting impairment is expensed to profit and loss. During the current financial year, no impairment triggers were identified.

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 of share-based payments is determined using either a Black-Scholes model or external valuations, see Note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Issued options:

The Group issued options in conjunction with share placements and rights issues. The fair value of the options was determined using a Black-Scholes model, see Note 14.

(g) Other income recognition

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the can be reliably measured. The current sources of other income are interest income and Australian Government grants.

(h) Interest income

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

(i) Government grants

Government grants relate to the PAYG stimulus grants paid by the Australian Government to boost employer cash flow impacted by COVID-19. The grants are recognised when received.

(j) 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.

(k) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Other receivables are amounts generally arising from transactions outside the usual operating activities of the Group.

Receivables are recognised initially at fair value and then subsequently measured at amortised cost, less provision for credit losses. As at 30 June the Group has determined that the expected provision for credit losses is not material. In determining the recoverability of a trade or other receivable using the expected credit loss model, the Group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, and timing of payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

Plant and equipment are depreciated over a period ranging from 3 to 20 years and in the case of mining plant over the life-of-mine, currently projected to be 13 years. The accommodation village is currently under construction.

Software is depreciated over a period of 5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(m) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) **Exploration and evaluation (continued)**

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.

Research and development tax offsets received are accounted for as a reduction of exploration costs.

(n) **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.

Research and development tax offsets are recognised on receipt against deferred exploration expenditure.

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
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) **Income tax (continued)**

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.

(o) **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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) **Other taxes (continued)**

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

(p) **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 of disposal 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.

(q) **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) **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.

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.

(s) **Share-based payment transactions**

The Group provides incentives to employees (including senior executives) of the Group in the form of share-based payments, whereby employees receive performance rights over shares which will vest in the event performance hurdles are met (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.

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 due to market conditions, 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. If an equity-settled award is cancelled due to non-market conditions, it is treated as if it had vested on the date of cancellation, and no further expense is recognised. Any vested balances recognised in the share-based payment reserve is transferred and offset against retained earnings. However, if a new award is substituted for a 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) **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.

(u) **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.

(v) **Parent entity financial information**

The financial information for the parent entity, Hastings Technology Metals Ltd, disclosed in Note 26 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 granting by the Group of options or performance rights 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.

(w) **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) 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.

(y) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Hastings Technology Metals Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Finance Costs

Finance costs principally represent interest expense, bank charges and the unwinding of discounts on lease liabilities. They are recognised in the statement of profit & loss except when directly attributable with the construction of qualifying assets, where they are added to the cost of the qualifying asset until such time as the assets are substantially ready for their intended use or sale. Where funds are used to finance a qualifying asset form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant borrowings during the construction period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(aa) Comparatives

Where applicable, certain comparatives have been adjusted to conform with current year presentation.

NOTE 2: OTHER INCOME

	Consolidated 2020 $	Consolidated 2019 $
Other income		
Interest income	176,707	258,027
Government grants	50,000	-
	226,707	258,027

NOTE 3: EMPLOYEE BENEFITS EXPENSE

	Consolidated 2020 $	Consolidated 2019 $
Employee benefits expense		
Wages and salaries	4,235,703	4,629,477
Superannuation	331,907	375,438
Payroll tax	259,540	246,723
Provision for annual and long service leave	(1,344)	79,390
Other employee expenses	69,522	342,862
Geologist and technical costs capitalised	(3,068,932)	(3,847,037)
	1,826,396	1,826,853

NOTE 4: INCOME TAX

	Consolidated 2020 $	Consolidated 2019 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-

(b) Income tax recognised in the statement of profit or loss and other comprehensive income

	2020 $	2019 $
Loss from ordinary activities before tax	(4,223,791)	(5,163,438)
Income tax using the Group's domestic tax rate of 27.5% (2019: 27.5%)	(1,161,543)	(1,419,945)
Share based payments	101,841	54,651
Other non-deductible items	83	883
Tax benefit on tax losses not recognised	1,059,619	1,364,411
Income tax benefit reported in the consolidated statement of comprehensive income	-	-

(c) Deferred tax balances

	2020 $	2019 $
Deferred tax assets comprise:		
Tax losses carried forward	9,251,887	8,029,073
Accrued expenses	100,439	197,960
Share issue costs	595,052	641,721
	9,947,378	8,868,754
Deferred tax liabilities comprise:		
Accrued income	-	-
Capitalised exploration costs	(9,947,378)	(8,868,754)
	(9,947,378)	(8,868,754)

(d) Income tax expense not brought to account in equity during the year

	2020 $	2019 $
Share issue costs	(191,576)	(456,811)

NOTE 4: INCOME TAX (continued)

(e) Tax losses

The Group has total carried forward tax losses of $41,419,394 (2019: $32,423,007) available for offset against future assessable income of the Group. The deferred tax asset in respect of these losses has been used to offset a deferred tax liability. The net deferred tax asset attributable to residual tax losses of $2,138,446 (2019: $887,254) has not been brought to account.

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 Group in realising the benefit.

(f) Tax consolidation

Hastings Technology Metals Ltd and its wholly-owned Australia subsidiaries formed a tax consolidated group as of 1 July 2017 and have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a result, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

NOTE 5: EARNINGS PER SHARE

	2020	2019
Basic loss per share:		
Continuing operations (cents per share)	(0.43)	(0.65)
Loss used in the calculation of total basic loss per share reconciles to net loss in the statement of profit or loss and other comprehensive income as follows:	**$**	**$**
Loss used in the calculation of basic loss per share	(4,223,791)	(5,163,438)
Loss used in the calculation of basic loss per share from continuing operations	(4,223,791)	(5,163,438)

Basic loss per share	**Number of shares**	
The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:	985,582,644	798,396,114

The Group has 20,250,000 (2019 – 19,533,333) performance rights on issue and a further 120,060,577 (2019 – 69,344,034) listed options. The performance rights and options are not considered dilutive as the Group has a net loss.

NOTE 6: 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.

HASTINGS
Technology Metals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 6: SEGMENT REPORTING (continued)

Location of interests and nature of projects
Yangibana Project

Hastings owns the Yangibana rare earths project in the Gascoyne region of Western Australia through the 100% ownership of twelve (12) tenements/exploration licences and eight (8) mining leases and through a 70% held joint venture comprising seven (7) granted exploration licences and three (3) mining lease, in all covering an area of approximately 650 square kilometres.

Brockman Project

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

Accounting policies and inter-segment transactions

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

Project segments	Brockman Project	Yangibana Project	Unallocated	Total
30 June 2020	$	$	$	$
Other income				
Interest and other income	-	-	226,707	226,707
Total segment other income	-	-	226,707	226,707
Expenses				
Administration	(680)	-	(4,449,818)	(4,450,498)
Total segment expenses	(680)	-	(4,449,818)	(4,450,498)
Income tax benefit	-	-	-	-
Other comprehensive income	-	-	(6,547)	(6,547)
Segment result	(680)	-	(4,229,658)	(4,230,338)
Cash flows from operating activities	(680)	-	(6,529,530)	(6,530,210)
Cash flows from investing activities	(36,384)	(17,039,518)	(14,753)	(17,090,655)
Cash flows from financing activities	37,064	-	14,647,467	14,684,531

NOTE 6: SEGMENT REPORTING (continued)

Project segments 30 June 2020	Brockman Project $	Yangibana Project $	Unallocated $	Total $
Segment assets	15,232,410	84,896,988	13,744,516	113,873,914
Segment liabilities	-	3,407,171	523,743	3,930,914
Acquisition of exploration assets	36,384	3,885,884	-	3,922,268
Acquisition of property, plant and equipment	-	11,753,653	39,964	11,793,617

Interest income of $176,707 was solely derived within Australia. $5,019 in non-current assets are located overseas.

Project segments 30 June 2019	Brockman Project $	Yangibana Project $	Unallocated $	Total $
Other income				
Interest and other income	-	-	258,027	258,027
Total segment other income	-	-	258,027	258,027
Expenses				
Administration	-	-	(5,421,465)	(5,421,465)
Total segment expenses	-	-	(5,421,465)	(5,421,465)
Income tax benefit	-	-	-	-
Other comprehensive income	-	-	20,409	20,409
Segment result	-	-	(5,143,029)	(5,143,029)
Cash flows from operating activities	-	-	(4,440,115)	(4,440,115)
Cash flows from investing activities	(24,281)	(32,792,047)	(516,796)	(33,333,124)
Cash flows from financing activities	-	-	35,574,459	35,574,459

HASTINGS Technology Metals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 6: SEGMENT REPORTING (continued)

Project segments 30 June 2019	Brockman Project $	Yangibana Project $	Unallocated $	Total $
Segment assets	15,196,026	71,435,136	19,598,613	106,229,775
Segment liabilities	-	6,583,704	200,796	6,784,500
Acquisition of exploration assets	24,281	5,946,461	-	5,970,742
Acquisition of property, plant and equipment	-	26,050,371	346,980	26,397,351

Interest income of $258,027 was solely derived within Australia. $9,462 in non-current assets are located overseas.

NOTE 7: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and on hand	1,953,516	2,433,791
Short-term deposits	7,500,000	15,956,666
	9,453,516	18,390,457

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 non-cash financing activities, other than during the year ended 30 June 2019:

- The issue of 400,000 shares at 21 cents each in settlement of underwriter invoices of $84,000;
- The issue of 1,880,000 shares at 17 cents each in settlement of supplier invoices of $319,600; and
- The issue of 1,648,016 shares at 17 cents each in settlement of underwriter invoices of $280,163.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 7 Cash and cash equivalents (continued)

The Group had the following borrowing facilities during the year ended 30 June 2020:

- A $2,000,000 short term working capital overdraft facility overdrawn to a maximum of $1,380,320 for 20 days in July 2019. The facility expired in July 2019; and
- A $90,968 annual insurance premium funding facility.

There were no borrowing facilities during the year ended 30 June 2019.

The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include $106,636 (2019 – $258,598) held in term deposits supporting cash backed bank guarantees and amounts due to suppliers. These deposits are therefore not available for general use.

NOTE 8: CASH FLOW INFORMATION

Reconciliation of loss for the year to net cash flows from operating activities

	2020 $	2019 $
Loss for the year	(4,223,791)	(5,163,438)
Other non-cash items:		
Share based payments expense	370,332	198,732
Depreciation	129,527	96,713
Depreciation – right-of-use assets	138,394	-
Loss on sale of assets	810	16,423
Supplier invoices settled in shares	-	319,600
Changes in working capital		
Increase in trade and other receivables	(2,497,093)	(525,941)
(Decrease)/Increase in trade and other payables	(448,389)	617,796
Net cash used in operating activities	(6,530,210)	(4,440,115)

For non-cash financing activities during the year see Note 7.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9: TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Prepayments[1]	3,660,730	923,612
GST recoverable	74,639	317,236
Interest receivable	11,676	30,630
Other receivable	144,656	104,948
Trade and other receivables	3,891,701	1,376,426

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. No impairment losses were recognised against the prepayments, GST recoverable, interest receivable, and other receivable.

[1] Prepayments consist predominately of transaction costs to later be offset against the fair value of future debt associated with the transaction costs. After recognition of the debt, the transaction costs are to subsequently be measured at amortised cost using the effective interest method. Should such debt not eventuate, the transaction costs are to be transferred to the Profit and Loss and expensed in full.

NOTE 10: PLANT AND EQUIPMENT

	Plant and Equipment	Software	Construction in Progress	Total
Cost				
Opening balance, 1 July 2019	469,888	454,046	30,591,242	31,515,176
Foreign exchange	(116)	-	-	(116)
Disposals	(1,008)	(60)	-	(1,068)
Additions	60,993	-	11,732,624	11,793,617
Closing balance, 30 June 2020	529,757	453,986	42,323,866	43,307,609
Opening balance, 1 July 2018	203,820	223,050	4,692,445	5,119,315
Foreign exchange	152	-	-	152
Disposals	(29,439)	-	-	(29,439)
Additions	295,355	230,996	25,898,797	26,425,148
Closing balance, 30 June 2019	469,888	454,046	30,591,242	31,515,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 10: PLANT AND EQUIPMENT (continued)

	Plant and Equipment	Software	Construction in Progress	Total
Depreciation				
Opening balance, 1 July 2019	(118,074)	(21,576)	-	(139,650)
Foreign exchange	169	-	-	169
Disposals	199	-	-	199
Depreciation	(97,177)	(32,894)	-	(130,071)
Closing balance, 30 June 2020	(214,883)	(54,470)	-	(269,353)
Opening balance, 1 July 2018	(46,222)	(2,150)	-	(48,372)
Foreign exchange	(780)	-	-	(780)
Disposals	6,215	-	-	6,215
Depreciation	(77,287)	(19,426)	-	(96,713)
Closing balance, 30 June 2019	(118,074)	(21,576)	-	(139,650)
Book value 30 June 2020	314,874	399,516	42,323,866	43,038,256
Book value 30 June 2019	351,814	432,470	30,591,242	31,375,526

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2020 $	2019 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	55,087,366	49,454,998
Exploration expenditure	3,922,268	5,970,742
Less research and development tax offset	(1,785,578)	(338,374)
Total deferred exploration and evaluation expenditure	**57,224,056**	**55,087,366**

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

NOTE 12: TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables[1]	2,509,361	5,723,159
Accruals	442,641	860,545
Other payables[2]	455,169	-
Total trade and other payables	**3,407,171**	**6,583,704**

[1]Trade payables are non-interest bearing and are normally settled on 45-day terms.

[2]In December 2019, the Chairman, Mr Charles Lew subscribed for shares in a share placement. The shares are subject to shareholder approval. Until shareholder approval is received, the funds received from Mr Lew have been treated as other payables.

NOTE 13: EMPLOYEE BENEFIT OBLIGATIONS

	2020			2019		
	Current $	Non-current $	Total $	Current $	Non-current $	Total $
Annual leave						
Opening balance	136,738	-	136,738	74,332	-	74,332
Additions	6,370	-	6,370	62,406	-	62,406
Closing Balance	143,108	-	143,108	136,738	-	136,738
Long Service Leave						
Opening balance	-	64,058	64,058	-	47,074	47,074
Deduction	-	(7,715)	(7,715)	-	-	-
Additions	-	-	-	-	16,984	16,984
Closing balance	-	56,343	56,343	-	64,058	64,058

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14: ISSUED CAPITAL

	2020 $	2019 $
Ordinary shares		
At 1 July	112,858,264	81,231,618
Shares issued – placement	9,939,063	23,900,974
Shares issued – rights issue	2,877,300	9,354,887
Shares issued on vesting of performance rights	713,042	31,917
Less share issue costs	(696,642)	(1,661,132)
At 30 June	**125,691,027**	**112,858,264**

	2020 No.	2019 No.
Movements in ordinary shares on issue		
At 1 July	917,161,676	711,512,675
Movements during the period		
Shares issued on vesting of performance rights	16,054,333	398,000
Shares issued – share placement	80,733,084	137,949,644
Shares issued – rights issue	20,700,000	67,301,357
At 30 June	**1,034,649,093**	**917,161,676**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14 ISSUED CAPITAL (continued)

Listed options

Listed options carry no voting rights and carry no right to dividends:

	2020 $	2019 $
Options		
At 1 July	4,299,329	-
Options issued – placement	1,605,769	2,212,986
Options issued – rights issue	641,700	2,086,343
At 30 June	**6,546,798**	**4,299,329**

The call options issued via the placement for the year ended 30 June 2020 have been valued using the Black Scholes Option Pricing Model at $0.040 per option assuming a 82% volatility (based on the last 12 months of trading prior to being issued) and a Reserve Bank of Australia cash rate of 0.8%.

All other call options have been valued using the Black Scholes Option Pricing Model at $0.062 per option assuming a 64% volatility (based on the last 12 months of trading prior to being issued) and a Reserve Bank of Australia cash rate of 1.5%.

	2020 No.	2019 No.
Movements in share options		
At 1 July	69,344,034	-
Options issued – placement	40,366,543	35,693,318
Options issued – rights issue	10,350,000	33,650,716
At 30 June	120,060,577	69,344,034

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

	2020 No.	Weighted average exercise price 2020 $	2019	Weighted average exercise price 2019 $
Outstanding at the beginning of the year	69,344,026	$0.25	-	-
Issued during the year	50,716,543	$0.25	69,344,026	$0.25
Outstanding at the end of the year	120,060,577	$0.25	69,344,026	$0.25
Exercisable at the end of the year	120,060,577	$0.25	69,344,026	$0.25

The options have an expiry date of 12 April 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 14 Issued capital (continued)

Performance rights

Share based payments reserve	2020 $	2019 $
Movements in share-based payments reserve were as follows:		
Balance 1 July	342,710	411,424
Performance rights lapsed – transferred from/(to) accumulated losses	149,352	(247,721)
Value of performance rights issued during the year	220,980	210,923
Performance rights vested – transferred to issued capital	(713,042)	(31,916)
Balance 30 June	-	342,710

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

	2020 No.	2019 No.
Movements in performance rights		
At 1 July	19,533,333	15,458,333
Performance rights issued during the year	17,474,000	5,200,000
Performance rights vested during the year	(16,054,333)	(398,000)
Performance rights lapsed during the year	(703,000)	(727,000)
At 30 June	20,250,000	19,533,333

Valuation of Director issued performance rights

There were two (2) sets of Director issued performance rights during the year ended 30 June 2020.

At the 2019 Annual General Meeting shareholders approved the granting of 17,000,000 performance rights to Directors. The performance rights were valued at $0.06/performance right based on the Black-Scholes Model utilising the following assumptions:

- $0.06 share price at grant date;
- 3 year maturity period;
- 0.88% risk-free interest rate; and
- 4.69% volatility.

Vesting occurs at the end of the performance period ended 31 December 2022, with a nil exercise price, if the following performance conditions are met:

- 30% of the performance rights will vest on positive determination of the final investment decision, being the decision to proceed with the development of the Yangibana Rare Earths Project based on having the requisite government permits and sufficient funds to fund construction of the mine and process plant;
- 30% of the performance rights will vest on first ore into the SAG mill by the C3 Commissioning date, being the date of initial feeding of ore grade material into the crusher and SAG mill and the introduction of chemical reagents into the process plant under load so as to achieve stable operating conditions; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 14 Issued capital (continued)

- 40% of the performance rights will vest on achieving production throughput performance of no less than 90% of beneficiation design capacity for a consecutive period of no less than 3 days post C3 Commissioning but not exceeding 180 days post C3 Commissioning.

All 17,000,000 performance rights remain outstanding as at the date of this report. As at 30 June 2020, the Directors assessed the performance conditions for these performance rights as being unachievable within the performance period due to COVID-19 and therefore no expense has been recognised for the year ended 30 June 2020 in relation to these performance rights.

At the 2016 Annual General Meeting shareholders approved the granting of 15,000,000 performance rights to Directors. The performance rights were valued based on the share price on grant date discounted for lack of marketability, with 1,666,667 having expired and 13,333,333 vesting in February 2020. None of the 15,000,000 performance rights remain outstanding as of 30 June 2020.

An expense of $78,189 was recognised for the year ended 30 June 2020 (2019 – $30,194) in relation to these performance rights.

i. The movement in employee performance rights during the year is as follows:

Date granted	Balance 30 June 2019	Value per share	Performance period ended	Issued	Vested and Exercised	Lapsed	Balance 30 June 2020
26 June '18	1,000,000	22.5 cents	31 August 2019	-	(885,000)	(115,000)	-
4 June '19	1,950,000	17.0 cents	31 December 2019	-	(1,362,000)	(588,000)	-
4 June '19	1,350,000	17.0 cents	31 December 2020	-	-	-	1,350,000
4 June '19	1,900,000	17.0 cents	31 December 2021	-	-	-	1,900,000
25 February '20	-	12.5 cents	25 February 2020	237,000	(237,000)	-	-
6 March '20	-	9.6 cents	6 March 2020	237,000	(237,000)	-	-
	6,200,000			474,000	(2,721,000)	(703,000)	3,250,000

Non-market based performance conditions comprise key objectives specific to each employee. The Directors have assessed the performance conditions on the 3,250,000 employee performance rights balance as at 30 June 2020 as being unachievable within the performance period due to COVID-19.

An expense of $292,143 (2019 – $180,729) was recognised during the year in relation to these performance rights.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	9,453,516	18,390,457
Receivables	3,891,701	1,376,426
	13,345,217	19,766,883
Financial Liabilities		
Trade and other payables	3,407,171	6,583,704
Lease liability	315,214	-
Borrowings	9,078	-
	3,731,463	6,583,704

The following table details the expected maturity for the Group's non-derivative financial assets and liabilities. 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 $
2020						
Assets						
Non-interest bearing		-	-	-	-	-
Variable interest rate instruments	-	1,953,516	-	-	-	-
Fixed interest rate instruments	1.0%	1,500,000	6,000,000	-	-	-
		3,453,516	6,000,000	-	-	-
Liabilities						
Lease liability	4.1%	203,025	112,189	-	-	-
Borrowings	4.8%	9,078	-	-	-	-
		212,103	112,189	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15: FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2019						
Assets						
Non-interest bearing		-	-	-	-	-
Variable interest rate instruments	-	2,433,791	-	-	-	-
Fixed interest rate instruments	2.3%	3,000,000	13,061,614	-	-	-
		5,433,791	13,061,614	-	-	-

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Credit risk
- Liquidity risk
- Interest rate 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 Directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated 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 maintains a policy of dealing with creditworthy counterparties and mitigates the risk of financial loss from default by a counterparty by obtaining sufficient collateral where appropriate. The Group 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.

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group deposits funds with financial institutions rate A-1 and above.

The carrying amount of financial assets recorded in the consolidated 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.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Consolidated Group	**Within 1 year**		**1 to 5 years**		**Over 5 years**		**Total**	
	2020 $	2019 $	**2020 $**	2019 $	**2020 $**	2019 $	**2020 $**	2019 $
Financial liabilities - due for payment:								
Trade and other payables	**3,407,171**	6,583,704	**-**	-	**-**	-	**3,407,171**	6,583,704
Lease liability	**203,025**	-	**112,189**	-	**-**	-	**315,214**	-
Borrowings	**9,078**	-	**-**	-	**-**	-	**9,078**	-
Total contractual outflows	**3,619,274**	**6,583,704**	**112,189**	**-**	**-**	**-**	**3,731,463**	**6,583,704**

Management and the Board monitor the Group's liquidity reserve on the basis of expected cash flow. The information that is prepared by senior management and reviewed by the Board includes:

(i) Annual cash flow budgets;
(ii) Monthly rolling cash flow forecasts.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 and HSBC. The risk is managed by the Group by maintaining an appropriate mix of short-term deposits.

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax profit and equity would have been affected as shown. The analysis has been performed on the same basis for 2020 and 2019.

Consolidated			**Interest Rate Risk**		**Interest Rate Risk**	
30 June 2020		**Carrying**	**-1%**		**+1%**	
		Amount	**Profit**	**Equity**	**Profit**	**Equity**
		$	**$**	**$**	**$**	**$**
Financial Assets	**Footnote**					
Cash and cash equivalents	1	9,453,516	(94,535)	(94,535)	94,535	94,535
Trade and other receivables		106,636	(1,066)	(1,066)	1,066	1,066

Consolidated			**Interest Rate Risk**		**Interest Rate Risk**	
30 June 2019		**Carrying**	**-1%**		**+1%**	
		Amount	**Profit**	**Equity**	**Profit**	**Equity**
		$	**$**	**$**	**$**	**$**
Financial Assets	**Footnote**					
Cash and cash equivalents	1	18,390,457	(183,904)	(183,904)	183,904	183,904
Trade and other receivables		104,948	(1,049)	(1,049)	1,049	1,049

[1]Cash and cash equivalents are denominated in AUD include deposits at call at floating and short-term fixed interest rates.

(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 deposits. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: COMMITMENTS AND CONTINGENCIES

Remuneration Commitments

The Group has a contract with the Executive Chairman with annual remuneration of $405,000 (excluding director's fees of $120,000) which can be terminated by either party by giving 12 months' notice. The Group has entered into employment contracts with termination periods of between one and three months. The Group also employs consultants who are contracted under standard consultancy rates. There were no other remuneration commitments made.

Guarantees

The Group has provided cash backed financial guarantees in respect of property leases amounting to $104,948 for the year ended 20 June 2020 (2019: $104,948). No liability has been recognised in relation to these financial guarantees.

Western Australian Projects

The Group has minimum expenditure commitments on its beneficially owned Western Australian granted tenements.

The consolidated group currently has commitments for expenditure as at balance date on its Australian exploration tenements as follows:

	2020 $	2019 $
Not later than 12 months	1,622,803	1,042,793
Between 12 months and 5 years	4,834,192	2,782,373
Greater than 5 years	12,024,631	6,079,003
	18,481,626	9,904,169

As at 30 June 2020, outstanding commitments for construction contracts amounted to $15,770,194 (2019: $20,405,535), of which $13,099,189 are cancellable at the Group's discretion. The outstanding commitments are all due within 12 months.

The Company leases offices under non-cancellable operating leases expiring within three years. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2020[1] $	2019 $
Not later than 12 months	-	176,842
Between 12 months and 5 years	-	222,549
Greater than 5 years	-	-
	-	339,391

[1]Leases in 2020 have been accounted for under AASB16 (Refer Note 18).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 18: LEASES

Amounts recognised in the balance sheet:

	2020 $	2019 $
Right-of-use assets		
Offices	266,385	-
Total right-of-use assets	**266,385**	**-**
Lease liabilities		
Current	203,025	-
Non-current	112,189	-
Total right-of-use assets	**315,214**	**-**

Capitalised expenses relating to short-term leases (included in Plant and Equipment (Plant Construction in Progress)) for the year ended 30 June 2020 was $316,454.

Movement in right-of-use assets

	2020 $	2019 $
Right-of-use assets recognised as at 1 July 2019	287,024	-
Add: New leases	117,755	-
Less: Amortisation	(138,394)	-
Balance as at 30 June	**266,385**	**-**

Movement in lease liabilities

	2020 $	2019 $
Lease liability recognised as at 1 July 2019	344,364	-
Add: New leases	117,755	-
Less: Principal repayment	(146,905)	-
Balance as at 30 June	**315,214**	**-**

NOTE 18: LEASES (Continued)

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

	2020 $	2019 $
Depreciation charge of right-of-use assets		
Offices	138,394	-
Total right-of-use assets	**138,394**	**-**
Interest expense (included in finance cost)	17,403	-
Expenses relating to short-term leases (included in administrative expenses)	118,498	-

The total cash outflow for leases during the year ended 30 June 2020 was $599,261 (including short-term leases of $434,952).

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

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

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

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

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

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

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

NOTE 18: LEASES (Continued)

To determine the incremental borrowing rate, the Group:

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

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

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

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

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

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

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

NOTE 19: BORROWINGS

	2020 $	2019 $
Unsecured – payable within 1 year[1]	9,078	-
Total borrowings	**9,078**	**-**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 19: BORROWINGS (continued)

Movement in borrowings

	2020 $	2019 $
Balance as at 1 July	-	-
Add: New borrowings	1,471,289	-
Less: Principal repayment	(1,462,211)	-
Balance as at 30 June	**9,078**	**-**

NOTE 20: DIVIDENDS

The directors of the Group have not declared any dividend for the year ended 30 June 2020 (2019: $Nil).

NOTE 21: CONTINGENT LIABILITIES

There are no contingent liabilities at year end.

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

Since 30 June 2020 the Group has announced:

- A $68 million reduction in estimated capital expenditure for the Yangibana Project;
- A share placement that has raised $14.6 million (before costs);
- An additional $3.1 million to be raised via a conditional placement and a further $3.0 million from a fully underwritten share purchase plan; and
- Excellent drilling results confirming high grate extensions to the Fraser's deposit.

Other than as outlined above, there were 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 23: AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the parent entity, Hastings Technology Metals Limited, by PwC's related network firms and by non-related audit firms:

PricewaterhouseCoopers Australia

	2020 $	2019 $
Audit or review of the financial reports of the Group	61,840	74,762
Total audit and review of financial reports	61,840	74,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23: AUDITOR'S REMUNERATION (continued)

Network firms of PricewaterhouseCoopers Australia

	2020 $	2019 $
Other services		
Consulting on debt funding	289,334	-
	289,334	-

NOTE 24: DIRECTORS AND EXECUTIVES DISCLOSURES

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

	2020 $	2019 $
Short term benefits	1,149,215	1,401,676
Post-employment benefits	29,945	43,970
Performance rights	142,275	33,529
	1,321,435	1,479,175

NOTE 25: 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*	*Functional Currency*	*% Equity Interest 2020*	*% Equity Interest 2019*	*Investment ($) 2020*	*Investment ($) 2019*
Brockman Project Holdings Pty Ltd	Australia	A$	100%	100%	4,000,000	4,000,000
Gascoyne Metals Pty Ltd	Australia	A$	100%	100%	2,050,000	2,050,000
Yangibana Pty Ltd (Note 26)	Australia	A$	100%	100%	85,000	85,000
Hastings Technology Metals (Asia) Limited	Hong Kong	HK$	100%	100%	100	100
Hastings Technology Metals Pte Ltd	Singapore	S$	100%	100%	99,602	99,602

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 25: RELATED PARTY DISCLOSURES (continued)

Related party transactions with key management personnel	2020 $	2019 $
Office rental and administration expenses[1]	91,702	88,180
Capital raising fees[2]	-	215,555
Advance paid for purchase of shares[3]	455,169	-

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

[2]During the year ended 30 June 2019, the Group paid an underwriting fee of $50,000 to Mr Charles Lew. An amount of $165,555 was paid to Mr Jean Claude Steinmetz being fees relating to capital raising following relevant shareholder approvals.

[3]In December 2019, the Chairman, Mr Charles Lew subscribed for shares in a share placement. The issue of the shares is subject to shareholder approval. Until shareholder approval is received, the funds received from Mr Lew have been treated as other payables.

Shares and options acquired via placements and rights issues with key management personnel

30 June 2020	Ordinary Shares Purchased	Options Purchased[1]	$
Mr Charles Lew	-	-	-
Mr Jean Claude Steinmetz	500,000	-	35,000
Mr Malcolm Randall	-	-	-
Mr Andrew Reid	-	-	-
Total	**500,000**	**-**	**35,000**

30 June 2019	Ordinary Shares Purchased	Options Purchased[1]	$
Mr Charles Lew	5,882,353	2,941,177	1,000,000
Mr Jean Claude Steinmetz	200,000	100,000	34,000
Mr Malcolm Randall	65,074	32,537	11,063
Mr Andrew Reid	30,000	15,000	5,100
Total	**6,177,427**	**3,088,714**	**1.050.163**

[1] Options exercisable at 25 cents per share expiring on 12 April 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 26: PARENT ENTITY DISCLOSURES

	Company	
	2020 $	2019 $
Assets		
Current assets	13,194,975	19,649,957
Non-current assets	100,440,382	86,477,358
Total assets	113,635,357	106,127,315
Liabilities		
Current liabilities	3,619,551	6,704,975
Non-current liabilities	168,532	64,057
Total liabilities	3,788,083	6,769,032
Net Assets	109,847,274	99,358,283
Equity		
Issued capital	125,691,027	112,858,264
Reserves	6,546,798	4,642,039
Accumulated Losses	(22,390,551)	(18,142,020)
Total Equity	109,847,274	99,358,283
Financial performance		
Loss for the year	(4,239,072)	(5,181,594)
Other comprehensive income	-	-
Total comprehensive loss	(4,239,072)	(5,181,594)

Contingent liabilities of the parent entity

For details on contingent liabilities, see Note 21.

Commitments of the parent entity

The parent entity has:

- Tenement commitment obligations of $Nil (2019: $Nil) as at 30 June 2020; and
- Leases offices under non-cancellable operating leases expiring within three years.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2020[1] $	2019 $
Not later than 12 months	-	176,842
Between 12 months and 5 years	-	222,549
Greater than 5 years	-	-
	-	339,391

[1]Leases in 2020 have been accounted for under AASB16 (Refer to Note 18)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 27: INTEREST IN JOINT OPERATION

The Group has a 70% interest in the Yangibana joint venture (2019 – 70%), which is involved in the exploration, development and exploitation of rare metal resources in the Gascoyne region of Western Australia. For joint venture tenements see Tenement Schedule (page 30). The Group is the manager of and is sole funding the joint venture up until a decision to commission a Bankable Feasibility Study. Refer to Note 17 for details on capital commitments and guarantees. There were no impairment triggers identified in the jointly controlled operation.

HASTINGS
Technology Metals Limited

DIRECTORS' DECLARATION

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

   a. The consolidated financial statements and notes thereto, as set out on pages 31 to 91, 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 2020 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.

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

3. The consolidated financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

4. 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 2020.

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.

Guy Robertson
Executive Director
25 September 2020

Independent auditor's report

To the members of Hastings Technology Metals Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Hastings Technology Metals Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended, and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

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

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Material uncertainty related to going concern

We draw attention to Note 1(d) in the financial report, which indicates that the Group incurred a total comprehensive loss of $4,230,338, a net cash outflow from operating activities of $6,530,210 during the year ended 30 June 2020 and has outstanding commitments for construction contracts of $15,770,194 all due within 12 months. As a result, the Group is dependent on raising additional funding in the next 12 months to enable it to continue its normal business activities, including progression of its exploration and project development activities. These conditions, along with other matters set forth in Note 1(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $1,140,700, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose the Group's total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured whilst in the exploration and development phase.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group's operational and financial processes are managed by a corporate function in Perth, where substantially all of our audit procedures were performed.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter(s) described below to be the key audit matters to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Carrying amount of deferred exploration expenditure *(Refer to note 11)* As at 30 June 2020 the Group recognised deferred exploration expenditure totalling $57,224,056 on the statement of financial position relating to the Brockman, Gascoyne and Yangibana projects. Judgement was required by the Group to assess whether there were indicators of impairment of the deferred exploration expenditure due to the need to make estimates about future events and circumstances, such as whether the mineral resources may be economically viable to mine in the future. This was a key audit matter because of the size of the balance and judgement in considering the risk of impairment of the assets should results of exploration activities not be positive.	We performed the following procedures, amongst others: • Evaluated the Group's assessment that there had been no indicators of impairment for its deferred exploration expenditure assets, including performing inquiries with management and directors to develop an understanding of the current status and future intentions for the Group's exploration projects. • Assessed whether the Group retained right of tenure for all of its exploration licence areas by obtaining licence status records from relevant government databases. • For a sample of additions to exploration and evaluation assets during the year inspected relevant supporting documentation, such as invoices, and compared the amounts to accounting records. • Obtained the Group's exploration expenditure forecasts supporting its assessment and compared these to the approved budgets and future cash flow forecasts of the Group.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 37 to 45 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Hastings Technology Metals Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

Helen Bathurst
Partner

Perth
25 September 2020

HASTINGS
Technology Metals Limited

ADDITIONAL SHAREHOLDER INFORMATION

A. Corporate Governance

A statement disclosing the extent to which the Group 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 17 September 2020:

1	Charles Lew	113,289,155	9.84%
2	Mun Kee Chang	79,715,579	6.92%

2. Number of holders in each class of equity securities and the voting rights attached (as at 17 September 2020)

Fully Paid Ordinary Shares

There are 2,757 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 17 September 2020.

Fully Paid Ordinary Shares

Spread of holdings	Holders	Units	% of issued capital
1-1,000	105	4,874	0.00
1,001-5,000	360	1,358,799	0.12
5,001-10,000	520	4,109,070	0.36
10,001-100,000	1,253	50,662,718	4.40
Over 100,000	519	1,095,703,632	95.13
	2,757	**1,151,839,093**	**100.00**

There are 189 shareholders with less than a marketable parcel.

HASTINGS
Technology Metals Limited

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

4. 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 17 September 2020) is as follows:

Ordinary Shares Top 20 holders and percentage held

Position	Holder Name	Holding	%
1	CITICORP NOMINEES PTY LIMITED	184,013,023	15.98%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	163,380,854	14.18%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	108,180,298	9.39%
4	MR CHARLES LEW	94,405,753	8.20%
5	MR MUN KEE CHANG	41,687,284	3.62%
6	BNP PARIBAS NOMINEES PTY LTD <LGT BANK AG DRP>	38,835,568	3.37%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,952,892	2.95%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	28,068,861	2.44%
9	MR CHONG WAI THOONG	26,176,470	2.27%
10	FF OKRAM PTY LTD <FF OKRAM A/C>	20,419,149	1.77%
11	BNP PARIBAS NOMS PTY LTD <DRP>	16,109,870	1.40%
12	MR HENRI STEINMETZ	11,267,150	0.98%
13	BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	9,618,536	0.84%
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	9,615,448	0.83%
15	MR WENG YEW CHEW	8,500,000	0.74%
16	MELDA SUPER PTY LTD <MELDA SUPER FUND A/C>	7,414,418	0.64%
17	MR HOE CHUAN SOON	6,993,008	0.61%
18	DR CHOON HUAT LEE	6,400,000	0.56%
19	MS SOCK-LAN ELEANOR LIM <AUS SECURITIES A/C>	6,050,000	0.53%
20	GANGUS PTY LTD <THE JIG FAMILY A/C>	6,000,000	0.52%
	Total	**827,088,582**	**71.81%**
	Total ordinary fully paid shares	**1,151,839,093**	**100.00%**

HASTINGS
Technology Metals Limited

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

1. Company Secretary

The joint company secretaries are Mr Guy Robertson and Mr Neil Hackett.

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

Level 8, Westralia Plaza 167 St Georges Terrace
Perth WA 6000 Australia
Telephone: +61 (8) 6117 6118

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

Automic Group
Lvl 2/267 St Georges Terrace
Perth WA 6000

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

The Company's listed equity securities are quoted on the Australian Securities Exchange (ASX: HAS).

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.

HASTINGS
Technology Metals Limited

Registered Office
Level 8 Westralia Plaza
167 St Georges Terrace
Perth WA 6000
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