Hastings Technology Metals Ltd

ABN 43 122 911 399

Interim Financial Report

December 2021

HASTINGS
Technology Metals Limited

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HASTINGS
Technology Metals Limited

DIRECTORS' REPORT

Your Directors submit the interim financial report of the consolidated entity consisting of Hastings Technology Metals Ltd (the "Company" or "Hastings") and the entities it controlled during the period (the "Group") for the half year ended 31 December 2021. Pursuant to the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the interim period and to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
Mr Charles Lew	Executive Chairman
Mr Guy Robertson	Executive Director
Mr Neil Hackett	Non-executive Director
Mr Bruce McFadzean	Non-executive Director
Mr Malcolm Randall	Non-executive Director
Mr Jean Claude Steinmetz	Non-executive Director

Joint Company Secretaries

Mr Neil Hackett
Mr Guy Robertson

Review of Operations

Yangibana Project

The business continues to remain loss time injury ("LTI") free with no incidents resulting in injury during the report period, with the business now LTI free for 1,249 days. INX, a workplace health and safety management system, has now been implemented as the safety enterprise resource planning system to manage all aspects of loss prevention inspections and mobile plant and equipment inspections that are being developed. Hastings has developed and regularly updates its COVID-19 Management Plan to incorporate the latest government and health authority advice and requirements to protect the well-being of its people and the communities in which it operates. The plan governs the access to the Perth head office and the Yangibana site to provide guidance for potential risk scenarios.

Hastings has received commendation from Western Australia Premier Mark McGowan, on behalf of the Western Australian Government, for the Company's commitment to bringing the Yangibana Rare Earths Project into production. The Project is demonstrated to have strong alignment with the State's Future Battery Industry Strategy, which aims to expand the range of future battery minerals that are extracted and processed in Western Australia.

Environment & Permitting

In order to improve on mining and operational efficiencies, it was considered necessary to re-optimise the Yangibana site layout, resulting in changes to the location of the accommodation village, access road, process plant and aerodrome. These changes required amendments to the existing Ministerial Statement 1110 (approved under the WA Environmental Protection Act 1986), EPBC consent 2016/7845 (approved under the Commonwealth Environmental Protection and Biodiversity Conservation Act 1999) and Mining Proposal (approved under the WA Mining Act 1978). All three amendment applications were approved by the regulators during the period.

A key condition under Ministerial Statement 1110, to have a Flora and Vegetation Environmental Management Plan approved prior to construction, was also met. The Flora and Vegetation Environmental Management Plan sets out the environmental objectives to be achieved and specifies management actions that will be implemented to achieve compliance. Hastings has prepared targets and monitoring programmes to measure the effectiveness of management actions.

Baseline impact studies on the Yangibana Expansion 1 project (encompassing the expanded proposed mining envelope during operations) continued. This has included hydrogeological investigations at SipHon borefield, subterranean fauna surveys, and groundwater dependent ecosystem studies. Collation of the Environmental Review Document has commenced with intentions to submit to the regulator in mid-2022.

DIRECTORS' REPORT (Continued)

Three applications were submitted for the Onslow Rare Earth Hydrometallurgical Plant. These include a Development Application under the WA Planning and Development Act 2005, a Works Approval, and a Native Vegetation Clearing Permit under the WA Environmental Protection Act. These will be progressed in the first half of 2022 with grant of approval anticipated by mid-2022.

Ashburton North Strategic Industrial Area ("ANSIA")

Hastings has progressed lease negotiations with Development WA and presented a detailed project overview to the governing body of the Native Title holders, the Buurabalayji Thalanyji Aboriginal Corporation ("BTAC"). At this stage a final lease agreement is expected during the June 2022 Quarter.

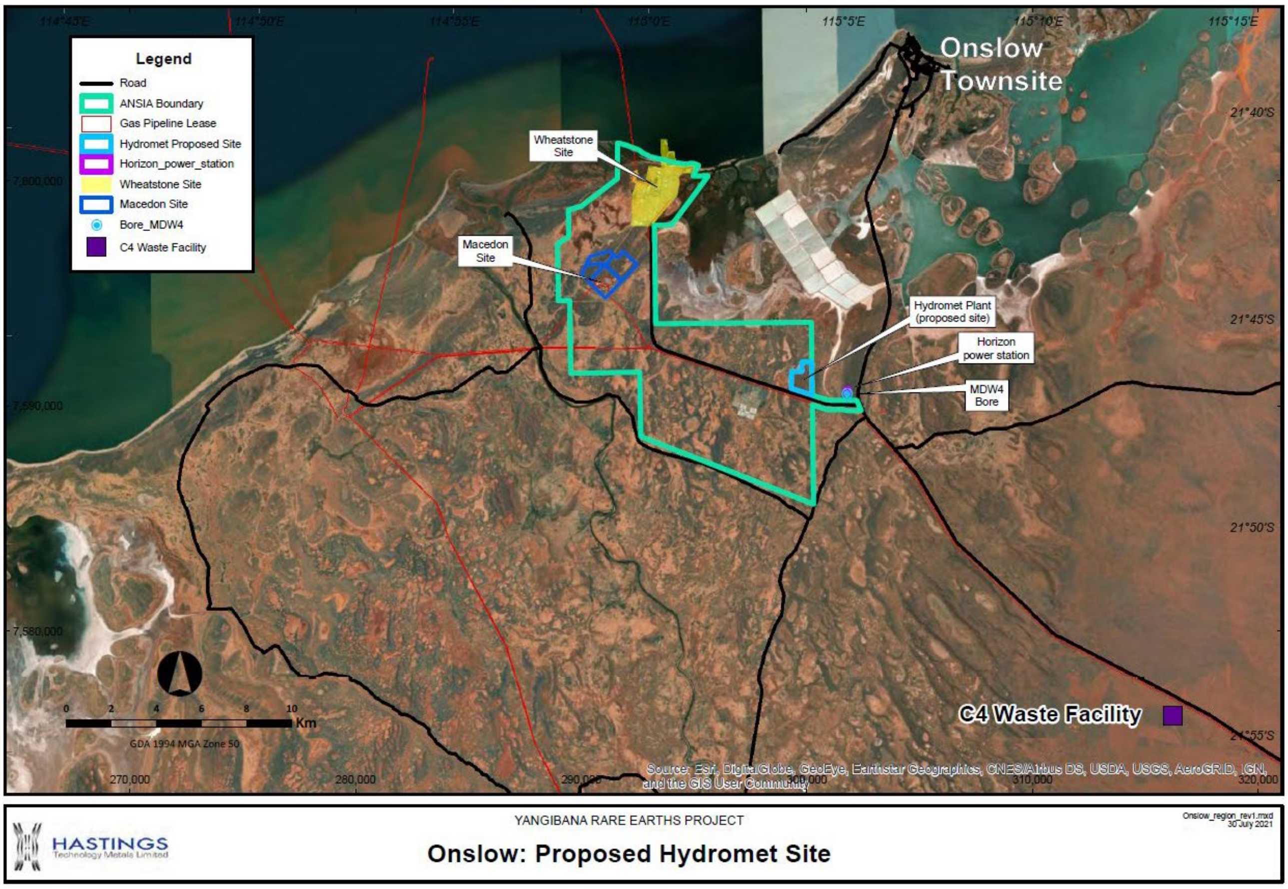

Figure 1. Location of the proposed Onslow Hydrometallurgical Plant and associated services at the ANSIA.

Yangibana Early Works

Early works as part of a $20 million infrastructure scope of activities continue to progress at the Yangibana site. As planned, enabling infrastructure works will continue ahead of the plant construction activities and mine development planned to commence mid-2022.

The 60-bed fly camp is fully operational with plans in the March 2022 Quarter to further expand capacity to 80 beds in line with the ramp up in the early works programmes. Earthwork's contractors have begun to mobilise in earnest with the initial earthworks works programme including:

• Access road connecting the mine site to the public Shire roads;

• An airstrip capable of accommodating aircraft of up to 50 seat capacity;

DIRECTORS' REPORT (Continued)

• Temporary construction water facilities;

• SipHon bore field infrastructure works (installation of remaining bores and monitoring holes);

• 300 bed village, and

• 300km long telecommunication network.

The establishment of a regular Fly In Fly Out ("FIFO") charter to support the camp and contractor mobilisations has commenced.

The two key positions of Earthworks Manager and Earthworks Supervisor were filled, with these key appointments in place onsite to oversee the mobilisation effort and earthworks. Additional support roles include the appointment of camp caterers and ESS personnel as on-site facilities managers and a permanent site paramedic.

Yangibana Project Development

The development of the Yangibana Project continues to ramp up positively, with capital and operating cost reviews close to completion by the end of the period. Revision of detailed supporting documentation for revised capital and operating cost estimates reflecting changes to the project engineering scope as well as general industry increases around labour, consumables, and transportation costs were substantially completed.

The operating cost model revision was completed to reflect changes in labour requirements and transportation changes driven by the processing plant decoupling. Hastings continues to expand the technical project team located in Perth, while contractor DRA Global has commenced a ramp up in personnel numbers as the Project progresses towards the Engineering, Procurement and Construction Management ("EPCM") phase of construction slated for mid-2022 at both the Yangibana and Onslow sites.

Hastings is continuing to further de-risk the Project's development schedule and capital expenditure by completing detailed cost inventories with a view to awarding several contracts for major construction/fabrication works in early 2022.

Key early works in the period included:

- Progression of detailed design layouts for the Yangibana and Onslow sites with the Yangibana site layout now essentially fixed;
- Revised labour and execution planning requirements to reflect EPCM commencement in mid-2022;
- Accommodation Village – finalised review of tenders with award pending;
- Access Road – designs, construction planning and resourcing completed, with a view to expanding works in the March 2022 Quarter;
- Tailings Storage Facility design – draft preliminary design to support permitting for a 20-year expansion plan completed. Detailed design for existing 10-year facility to commence in the March 2022 Quarter;
- Progression of the airstrip design with Issued For Construction drawings due in the March 2022 Quarter for a scheduled construction start in the March 2022 Quarter; and
- Completion of a revised and updated logistics management plan with ongoing work on opportunities around the best possible use of Onslow Ports as a hub for incoming equipment and reagents during construction and into operations.

Work towards a collaborative road user agreement with the Shires of Ashburton, Carnarvon and Upper Gascoyne continued to advance. Substantial road data was collected through ARRB and the Shires, which is now being analysed with an emphasis on developing a road upgrade schedule and ongoing road maintenance plan that which will underpin a single multi-Shire road user agreement.

Hastings is engaged in ongoing negotiations around key lease agreements for access to land and infrastructure at Onslow with several Western Australian government departments and agencies. At this stage these discussions are envisaged to be largely completed in the March 2022 Quarter.

DIRECTORS' REPORT (Continued)

Ore Sorting Test Work Results

Ore sorting test programs on samples sourced across the Yangibana deposits have confirmed suitability of ore sorting within the beneficiation process, providing early gangue mineral rejection and upgrade of rare earths ore material. The ore sorting test results confirmed that the Total Rare Earths Oxide ("TREO") recovery through the ore sorter is a linear function where the lower the head grade, the higher the mass rejection. It is therefore forecast, based on the average content of alumina and silica for all deposits, that 24% of crusher feed is to be rejected by the ore sorters as waste with a loss of TREO volumes of only 4%. The variability testwork program has completed testing 12 samples from across the Yangibana deposits. The performance of the ore sorters is closely linked to head grade, resulting in Life-Of-Mine mass rejection of 24% with a corresponding increase in average grade of TREO content of 26%. Initial bulk testwork was completed in 2019, (see ASX Announcement dated 25 November 2019: 95% Recovery or Ore and 52% Improvement in Head Grade from Bulk Ore Sorting Trial). The test work program assessed various sorting sensors on small scale samples and optimisation of the setup for the XRT sensors on a bulk sample. A more extensive ore sorting variability test program has now been completed on drill core obtained from the proposed pit areas of Bald Hill, Simons Find, Frasers, Yangibana, Yangibana North-West, and Auer. The drill core samples were crushed, screened, and sorted using an XRT ore sorter. The sorted samples and their corresponding unsorted samples were then tested in separate batch flotation bench tests at ALS laboratories in Perth. A total of 12 samples were tested through the sorting and flotation phase, plus two sets of composite samples were tested through the flotation stages of the process flow sheet. Flotation results on the 12 samples confirmed that the sum of the sorted samples made a rare earths concentrate 7.0% higher in Nd_2O_3+Pr_6O_{11} recovery and 1.0% higher in Nd_2O_3+Pr_6O_{11} grade compared with the sum of the corresponding unsorted samples. Four (4) composite samples (two sorted and two unsorted) were made from the sorted and their corresponding unsorted samples to simulate a blended crusher feed stock from Simons Find and a blended crusher feed stock from Bald Hill. Compared with unsorted composite samples, the sorted samples have delivered a much higher Nd_2O_3+Pr_6O_{11} recovery.

Metallurgy

As the project moves towards the construction phase, the focus is now on the test programmes for operational readiness and engineering support.

For Beneficiation, flotation chemistry testing programmes to investigate physical and chemical factors affecting metallurgical performance are being completed to develop guidelines for trouble shooting during plant operation and to support a smooth plant ramp-up.

For Hydrometallurgy, a testwork programme on the gas scrubbing alkali regeneration system has been completed. The knowledge developed in the process will not only assist with final engineering design, but also provide information for a smooth start-up in full scale commissioning.

Drilling programmes conducted over the recent years showed a significant presence of Niobium in the Yangibana ore resources, which may be economic to mine and process. Accordingly, a research programme focused on the recovery of Niobium has commenced. The aim of this programme is to determine whether a process could be developed to produce a saleable Niobium product, as a by-product of the rare earths process flowsheet.

2021 Mineral Resource Drilling

Resource Definition Reverse Circulation ("RC") Drilling commenced in November along the 8kms of defined economic mineralisation from Bald Hill – Simon's Find – Frasers and by the end of December, 68 holes had been drilled for 5,698m out of a planned 140 holes for 13,000m (Figure 2). The majority of these holes were in the Simon's Find area. Further drilling is planned for Bald Hill and Fraser's in 2022.

The first batch of samples for assay were received by the laboratory on January 3rd and first assay results expected in April.

The majority of holes drilled to date show visual encouragement in the form of ironstone and elevated scintillometer readings which bear a close relationship with rare earth mineralisation at Yangibana. The RC drilling is focussing on extension and infill holes where intervals of high composition (>50% of rare earths is represented as Neodymium ("Nd") and Praseodymium ("Pr")) were previously identified and where mineralisation is interpreted to remain open down dip and along strike. The drilling will also reduce drill spacing in areas currently classified as Inferred Resources to allow re-classification and upgrading to Indicated or Measured categories.

DIRECTORS' REPORT (Continued)

Hydrological Drilling

In December, a large program of Hydrological Drilling commenced at the SipHon Well Borefield. The program is designed to install four new production bores and associated monitoring bores along the palaeochannel downstream of the existing borefield. By the end of December, three shallow and two deep monitoring bores had been completed with all holes producing water flows of similar levels seen at the existing bore field.

A program of several test bores to allow hydrological modelling of potential ground water impacts from mining of the Simon's Find, Auer and Yangibana resources have also been completed.

A further program of shallow drilling to provide monitoring sites in areas adjacent to the SipHon Well Bore Field and Auer mineralisation will commence later in the first quarter. The holes will measure baseline water levels in areas of existing drainage lines and calcrete landforms.

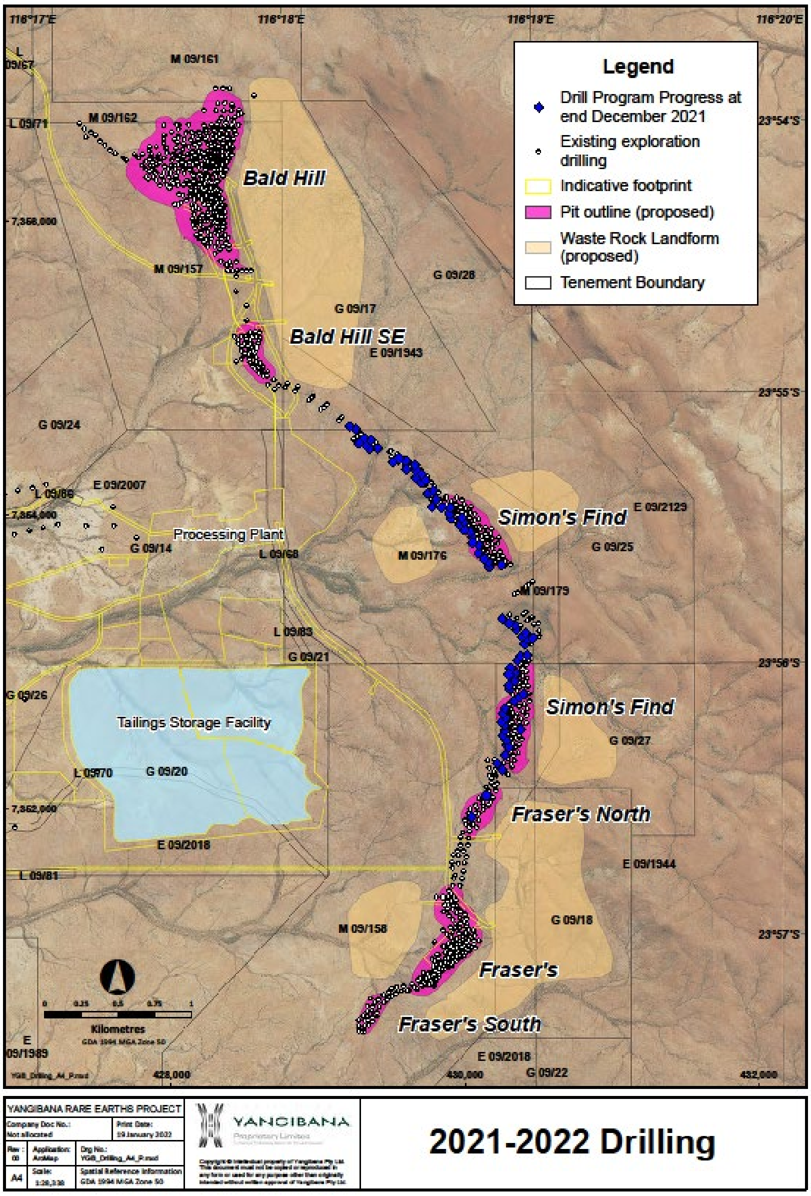

Figure 1. Primary targets for 2021 Drill Program.
Drilling commenced in November 2021.

DIRECTORS' REPORT (Continued)

Project Finance

Hastings has made significant progress towards securing the project finance required to fund the Yangibana Project's construction, with extensive due diligence undertaken by potential lenders since late July 2021 and is awaiting final credit approved commitments from the project finance consortium. As part of the financing workstream required to put in place the most advantageous debt package, the Company has actively engaged with leading project finance banks and fixed interest bond providers in Australia and Europe as well as specialist mining funds in addition to the Commonwealth's Northern Australia Infrastructure Facility ("NAIF"), Finland's export credit agency (Finnvera) and Germany's state bank (KFW-Ipex Bank).

Once firm credit-approved commitments are received, the drafting of formal loan documentation will be undertaken ahead of completion of standard conditions precedent and first drawdown in late 2022 or early 2023.

The Company announced on 2 February 2022 approval from NAIF of a $140 million loan facility with a 12 ½ year tenor, subject to pre-completion conditions.

Hastings had $95.9 million in cash assets ($50.9 million in cash and cash equivalents and $45.0 million in other financial assets at amortised cost) as at 31 December 2021. The Company also has 126.7 million listed options on issue (ASX: HASO), which have an expiry date of 12 April 2022. If all HASO are exercised, the Company's cash balance will be supplemented by a further $31.6 million.

Commercial

Since October 2021, global NdPr oxide prices have risen 40% reaching USD134.22/kg oxide EXW China. In 2022 prices have continued to climb with sellers showing no intention to lowering prices at this stage. Demand for magnet rare earths remained strong and this is probably due to the recent changes in China on its energy efficiency standards for electrical motors. The new standard, GB18613-2020 was introduced in May 2020 and took effect in June last year. It regulates the minimum allowable values of energy efficiency and values of efficiency grades for motors. Following its energy crisis last Autumn, the Chinese Government accelerated the adoption of this new standard in November by its nationwide plan to eliminate outdated and low efficiency motors on the basis that expected annual electricity saving of 49 billion kWh is equivalent to an annual saving of 15 million tons of standard coal, reducing carbon dioxide emissions by 28 million tons by a rapid adoption of the new standard.

Permanent magnet (otherwise also known as neodymium sintered magnets ie. NdFeB magnets in short) electrical motors with their inherent power efficiency and weight advantage over induction motors have been propelling demand for NdPr. Currently, the market share of NdFeB motors in industry is still relatively low, but when GB18613-2020 is fully implemented, NdFeB demand is estimated to increase to 20KT per year which will significantly drive the overall demand growth rate for magnetic rare earth materials to rise 20% year-on-year and beyond. Accordingly, in the first 11 months of 2021, Baotou's rare earth industry achieved an output value of 35.5 billion yuan (USD5.5 billion), a year-on-year increase of 70%, the highest growth rate in the same period in the past 10 years. In 2021, there are 42 key rare earth projects under construction in China alone, a total investment of 12.9 billion yuan (USD2 billion).

A recent CITIC Securities Research Report pointed out that NdFeB magnets accounted for 35% of the global rare earth consumption, corresponding to 91% of the consumption value. This pattern is unlikely to change given the rapid e-mobility adoption worldwide.

Against this expected strong demand for NdPr, possible supply constraints may emerge as the Chinese Government draft consultative paper released in January last year on "Rare Earth Management Regulations" states that China aims to protect national interests and industrial security against illegal mining, destructive mining, unplanned production, illegal trade in rare earth products, and activities that damage the environment. The draft regulations also set out the applicability of export control laws to Chinese rare earth exports, which will affect industries that depend on those exports.

Maiden Sustainability Report

In October 2021, Hastings released its inaugural annual Sustainability Report in alignment with the release of the Company's Annual Report. Hastings transparently reported its progress against material topics under each of our four sustainability pillars of Governance, Our People, Our Community and the Environment.

DIRECTORS' REPORT (Continued)

Hastings intends to build upon this report year-on-year in an effort to continually improve its sustainability performance. Each sustainability report will aim to summarise the Company's annual efforts to meet the expectations of stakeholders, build value for shareholders that extends beyond financial gain, align with international standards such as the Global

Reporting Initiative ("GRI") and Task Force on Climate Related Financial Disclosures ("TCFD"), and measure the Company's contribution in part to the United Nations ("UN") Sustainable Development Goals ("SDGs").

COP26 continued to highlight the urgency of transitioning to a lower-carbon economy. This reaffirmed Hastings' mission to be a key enabler of the decarbonisation revolution by bringing its high-quality rare earths elements (NdPr) to market in an effort to contribute towards making the planet healthier for future generations. While the Hastings team has worked tirelessly to develop the Yangibana Project, the Company is aware that it must also play its part to transition operations to meet the objectives of the Paris Agreement. As a first step, Hastings released its Climate Change Policy and accelerated its focus on the development of a climate change framework that follows the TCFD recommendations.

Terminology used in this report

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

Competent Persons' Statement

The scientific and technical information that relates to process metallurgy is based on information reviewed by Ms. Narelle Marriott (Principal Engineer – Beneficiation) of Hastings Technology Metals Limited. Ms Marriott is a member of AusIMM an 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 consents 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 Exploration Results is based on information compiled by Mr Andrew Ford. Mr Ford is an employee of the Group and is a Member of the Australian Institute of Mining and Metallurgy (FAusIMM). Mr Ford has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this reportt 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 Ford consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This report contains reference to certain intentions, expectations, future plans, strategy and prospects of the Company. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of the Company may be influenced by a number of factors, many of which are outside the control of the Company. No representation or warranty, express or implied, is made by the Company, or any of its directors, officers, employees, advisors or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. The Company does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended.

DIRECTORS' REPORT (continued)

Dividends

No dividends have been paid or declared since the start of the interim period and the Directors do not recommend the payment of a dividend in respect of the interim period.

Operating results for the half year and financial review

The comprehensive loss of the Group for the interim period, after providing for income tax amounted to $5,138,095 (2020: $2,599,289).

The Group's operating income increased to $131,530 (2020: $100,062) primarily due to interest earned on increased cash assets held. No COVID-19 government grants were received in 2021 (2020: $58,188).

Expenses increased to $5,269,625 (2020: $2,690,424) primarily because of increases in employee benefits to $1,445,766 (2020: $746,127) and share-based payments to $2,129,767 (2020: $732,642). The increases reflect the build-up of personnel required for the Yangibanna Project.

Capitalised exploration increased to $67,612,231 (30 June 2021: $64,704,236) reflecting exploration drilling completed to expand resource reserves and the costs of approvals sought to progress the Yangibana Project.

Plant and equipment increased to $53,798,617 (30 June 2021: $46,446,450) reflecting preliminary construction works on the Yangibana Project site.

Net assets decreased to $218,897,123 (30 June 2021: $221,931,429) reflecting the movement in the Profit and Loss (excluding share-based payments) for the interim period.

Review of financial conditions

As at 31 December 2021 the consolidated entity had approximately $95.9 million in cash assets ($50.9 million in cash and cash equivalents and $45.0 million in other financial assets at amortised costs).

Going concern

In light of the $95.9 million in funds held by the Group ($50.9 million in cash and cash equivalents and $45.0 million in other financial assets at amortised costs), and the Group's forecasted cash outflows over the next 12 months, the Directors expect that the Group can continue its normal business activities, subject to any changes to the underlying assumptions on which those forecasts have been made. This includes the ability to extinguish liabilities as and when they fall due without the need for additional funding. The Directors therefore have determined it is appropriate for the financial statements to be prepared on a going concern basis.

The Group continues discussions with the support of its appointed debt adviser, KPMG, on project debt funding with a syndicate including KfW IPEX-Bank, Finland's Export Credit Agency Finnvera Oyj, Northern Australian Infrastructure Facility ("NAIF"), and a number of commercial banks.

On 2 February 2022, the Company received approval from NAIF for a $140 million loan facility with a 12 ½ year tenor, subject to pre-completion conditions.

In addition, the currently issued HASO share options with an expiry date of 12 April 2022, if exercised by this date, would supplement the Company's cash balance by a further $31.6 million.

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

Significant changes in the state of affairs

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

- The Group received conditional approval to construct the Yangibana Rare Earth Project's hydrometallurgical plant in the Ashburton North Strategic Industrial Area, just outside of Onslow;

DIRECTORS' REPORT (continued)

- Infrastructure site works at the Yangibana site commenced in August 2021;
- Ore sorter test work has delivered significant life-of-mine improvements; and
- Total Ore Reserve for the Yangibana Project increased 37% to 16.7Mt at 0.95% TREO.

Significant events after balance sheet date

On 2 February 2022, the Company received approval from NAIF for a $140 million loan facility with a 12 ½ year tenor, subject to pre-completion conditions.

Other than as outlined above, there are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future financial periods.

Auditor's Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, PricewaterhouseCoopers, to provide the Directors of the Company with an Independence Declaration. This Independence Declaration is set out on page 11 and forms part of this Directors' report for the interim period ended 31 December 2021.

Signed in accordance with a resolution of the Directors.

Charles Lew
Executive Chairman
14 March 2022

Auditor's Independence Declaration

As lead auditor for the review of Hastings Technology Metals Ltd for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

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

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

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
14 March 2022

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Notes	Consolidated 2021 $	Consolidated 2020 $
Continuing operations			
Other income	2	131,530	100,062
Administration expenses		(492,736)	(291,463)
Depreciation – plant and equipment		(77,739)	(65,295)
Depreciation – right-of-use assets		(102,747)	(79,010)
Directors' fees		(478,699)	(371,025)
Occupancy expenses		(89,279)	(50,318)
Employee benefits expense		(1,445,766)	(746,127)
Legal fees		(72,240)	(191,670)
Consulting and professional fees		(341,929)	(140,821)
Travel expenses		(27,995)	(14,587)
Share-based payments		(2,129,766)	(732,642)
Finance costs		(10,560)	(7,466)
Loss before income tax expense		(5,137,926)	(2,590,362)
Income tax benefit		-	-
Net loss for the period		(5,137,926)	(2,590,362)
Other comprehensive (loss)/income		(169)	(8,927)
Total comprehensive loss for the period		**(5,138,095)**	**(2,599,289)**
Basic and diluted loss per share (cents per share)		(0.30)	(0.24)

The accompanying notes form part of these financial statements.

HASTINGS Technology Metals Limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	Consolidated 31 DECEMBER 2021 $	30 JUNE 2021 $
Assets			
Current assets			
Cash and cash equivalents		50,887,515	28,067,095
Trade and other receivables		5,896,421	4,612,174
Other financial assets at amortised cost		45,000,000	82,000,000
Total current assets		101,783,936	114,679,269
Non-current assets			
Plant and equipment		53,798,617	46,446,450
Right-of-use assets		524,060	78,926
Deferred exploration and evaluation expenditure	4	67,612,231	64,704,236
Total non-current assets		121,934,908	111,229,612
Total assets		223,718,844	225,908,881
Liabilities			
Current liabilities			
Trade and other payables		3,528,922	2,692,483
Lease liabilities		117,533	112,189
Employee benefit obligations		200,236	202,703
Total current liabilities		3,846,691	3,007,375
Non-current liabilities			
Employee benefit obligations		90,510	86,394
Lease liabilities		430,965	-
Rehabilitation provision		453,555	883,683
Total non-current liabilities		975,030	970,077
Total Liabilities		4,821,721	3,977,452
Net Assets		**218,897,123**	**221,931,429**
Equity			
Issued capital	5	242,250,522	242,275,502
Reserves	5	10,381,628	8,285,175
Accumulated losses		(33,735,027)	(28,629,248)
Total Equity		**218,897,123**	**221,931,429**

The accompanying notes form part of these financial statements.

HASTINGS Technology Metals Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Consolidated	Notes	Issued Capital $	Accumulated Losses $	Option Reserve $	Share Based Payment Reserve $	Total $
Balance at 30 June 2021		**242,275,502**	**(28,629,248)**	**6,790,066**	**1,495,109**	**221,931,429**
Loss for the period		-	(5,137,926)	-	-	(5,137,926)
Other comprehensive loss		-	(169)	-	-	(169)
Total comprehensive loss for the period		**-**	**(5,138,095)**	**-**	**-**	**(5,138,095)**
Shares/options issued during the period		-	-	-	-	-
Exercise of options	5	5,020	-	(997)	-	4,023
Transaction costs on share issue	5	(30,000)	-	-	-	(30,000)
Share based payments	5	-	32,316	-	2,097,450	2,129,766
Balance at 31 December 2021		**242,250,522**	**(33,735,027)**	**6,789,069**	**3,592,559**	**218,897,123**
Balance at 30 June 2020		**125,691,027**	**(22,294,825)**	**6,546,798**	**-**	**109,943,000**
Loss for the period		-	(2,590,362)	-	-	(2,590,362)
Other comprehensive loss		-	(8,927)	-	-	(8,927)
Total comprehensive loss for the period		**-**	**(2,599,289)**	**-**	**-**	**(2,599,289)**
Shares/options issued during the period		21,201,860	-	243,309	-	21,445,169
Transaction costs on share issue		(1,116,759)	-	-	-	(1,116,759)
Share based payments		-	-	-	732,642	732,642
Balance at 31 December 2020		**145,776,128**	**(24,894,114)**	**6,790,107**	**732,642**	**128,404,763**

The accompanying notes form part of these financial statements

HASTINGS Technology Metals Limited

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

		Consolidated	
	Note	2021 $	2020 $
Cash flows from operating activities			
Payments to suppliers and employees		(3,876,400)	(2,357,698)
Interest and finance costs paid		(1,994)	(10,701)
Government grants received		-	58,188
Interest received		97,497	44,559
Net cash used in operating activities		(3,780,897)	(2,265,652)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(3,365,872)	(4,305,253)
Payments for plant and equipment		(6,897,545)	(2,680,973)
Receipts from other financial assets at amortised cost		37,000,000	-
Net cash used in investing activities		26,736,583	(6,986,226)
Cash flows from financing activities			
Proceeds from issue of shares and options		4,022	20,810,000
Payments for share issue costs		(30,000)	(936,758)
Repayment of borrowings		-	(9,078)
Principal elements of lease payments		(111,572)	(80,460)
Net cash used in financing activities		(137,550)	19,783,704
Net increase in cash held		22,818,136	10,531,826
Foreign exchange gain/(loss)		2,284	(5,074)
Cash and cash equivalents at the beginning of the period		28,067,095	9,453,516
Cash and cash equivalents at the end of the period		50,887,515	19,980,268

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These interim condensed consolidated financial statements for the half year ended 31 December 2021 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2021 and any public announcements made by the Group during the interim reporting period in accordance with the conditions disclosure requirements of the *Corporation Act 2001*.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021, with the exception of the adoption of new and amended standards as set out in Note 1(d).

(b) Going Concern

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

As disclosed in the condensed consolidated financial statements, the Group incurred losses of $5,138,095, had net cash outflows from operating activities of $3,780,897, net cash inflows from investing activities of $26,736,583, and net cash outflows from financing activities of $137,550 for the half year ended 31 December 2021. As at 31 December 2021 the Group had outstanding commitments for project construction contracts of $14,275,005, of which $8,816,045 are cancellable with cause. Outstanding commitments are all due within 12 months.

Considering the Group's positive net cash position of $95,887,515 (including $45,000,000 in other financial assets at amortised cost), and the forecasted cash outflows over the next 12 months, the Directors expect that the Group can continue its normal business activities, subject to any changes to the underlying assumptions on which those forecasts have been made. This includes the ability to extinguish liabilities as and when they fall due without the need for additional funding. The Directors therefore have determined it is appropriate for the financial statements to be prepared on a going concern basis.

The development of the Yangibana Project is dependent on the Group securing additional funding, the current status of which is set out below:

- On 2 February 2022, the Company received approval from NAIF for a $140 million loan facility with a 12 ½ year tenor, subject to pre-completion conditions;
- The Group received confirmation of in-principal eligibility from Finnvera Oyj for project financing of up to $93.8 million (refer to 1 July 2020 ASX announcement "Hastings Receives In-Principle Eligibility From Finnvera For The Project Financing Of Yangibana Rare Earth Project);
- To assist the Group raise project debt capital, KPMG have been engaged for support with, but not limited to, senior debt and any form of junior capital including but not limited to subordinated and mezzanine finance, hybrid debt and debt like capital;
- The Group has issued HASO share options with an expiry date of 12 April 2022, which if exercised by this date, would supplement the Group's cash balance by a further $31.6 million; and
- The Directors are of the view that the Group will be able to raise further equity capital.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(c) Statement of Compliance

The interim condensed consolidated financial report was authorised for issue by the Board on 14 March 2022. The Board has the power to amend the financial statements after their issue.

(d) Adoption of new and revised standards

In the half year ended 31 December 2021, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for reporting periods beginning on or after 1 July 2021.

There was no new significant accounting standard adopted by the Group for the period commencing 1 July 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 2: OTHER INCOME

	Consolidated Half Year	
	2021	2020
	$	$
Other income		
Interest income[1]	131,530	41,874
Government grants[2]	-	58,188
	131,530	100,062

[1]Interest income is solely derived within Australia.

[2]Government grants received in 2020 consisted of COVID-19 incentives received from both the Australian ($50,000) and Singaporean Governments ($8,188).

NOTE 3: SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the nature of its interests and projects. Discrete financial information about each of these projects is reported to the executive management team on at least a monthly basis.

Location of interests and nature of projects

Yangibana Project
Hastings owns the Yangibana Rare Earths Project in the Gascoyne region of Western Australia through the 100% ownership of fifteen (15) tenements/exploration licences, one (1) prospecting license, and eleven (11) 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 590 square kilometres.

Brockman Project
Hastings is the owner of the Brockman Rare Earths Project, comprising of one tenments/exploration licence, ten (10) wholly owned prospecting licenses, and one (1) mining lease 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 3: SEGMENT REPORTING (continued)

Accounting policies and inter-segment transactions

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

Project segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
31 December 2021				
Revenue				
Interest and other income	-	-	131,530	131,530
Total segment revenue	-	-	131,530	131,530
Expenses				
Administration	-	(2,678,593)	(2,590,863)	(5,269,456)
Total segment expenses	-	(2,678,593)	(2,590,863)	(5,269,456)
Income tax benefit	-	-	-	-
Other comprehensive expense	-	-	(169)	(169)
Segment result	-	(2,678,593)	(2,459,502)	(5,138,095)

Project segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
31 December 2021				
Cash flows used in operating activities	-	-	(3,780,897)	(3,780,897)
Cash flows used in investing activities	8,804	(10,272,221)	37,000,000	26,736,583
Cash flows from financing activities	(8,804)	10,272,221	(10.400.967)	(137,550)
Segment assets	15,261,044	127,831,329	80,626,471	223,718,844
Segment liabilities	-	4,821,721	-	4,821,721
Acquisition of exploration assets	8,804	3,270,074	-	3,278,878
Acquisition of property, plant and equipment	-	7,306,367	111,543	7,417,910

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 3: SEGMENT REPORTING (continued)

Project segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
31 December 2020				
Revenue				
Interest and other income	-	-	100,062	100,062
Total segment revenue	-	-	100,062	100,062
Expenses				
Administration	-	-	(2,690,424)	(2,690,424)
Total segment expenses	-	-	(2,690,424)	(2,690,424)
Income tax benefit	-	-	-	-
Other comprehensive expense	-	-	(8,927)	(8,927)
Segment result	-	-	(2,599,289)	(2,599,289)

Project segments	Brockman Project $	Yangibana Project $	Unallocated $	Total $
31 December 2020				
Cash flows used in operating activities	-	-	(2,265,652)	(2,265,652)
Cash flows used in investing activities	3,558	(6,988,464)	(1,320)	(6,986,226)
Cash flows from financing activities	(3,558)	-	19,787,262	19,783,704
Segment assets	15,235,968	92,627,273	22,976,138	130,839,379
Segment liabilities	-	1,978,357	456,259	2,434,616
Acquisition of exploration assets	3,558	5,105,761	-	5,109,319
Acquisition of property, plant and equipment	-	929,382	-	929,382

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2021 $	30 June 2021 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	64,704,236	57,224,056
Exploration expenditure	3,278,879	7,600,477
Rehabilitation provision	(370,884)	385,728
Less research and development tax offset	-	(506,025)
Total deferred exploration and evaluation expenditure	**67,612,231**	**64,704,236**

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 5: ISSUED CAPITAL

Ordinary shares

	31 December 2021 $	30 June 2021 $
Balance at beginning of period	242,275,502	125,691,027
Shares issued – placement	-	121,008,863
Shares issued – rights issue	-	914,500
Shares issued on vesting of performance rights	-	595,925
Exercised options	5,020	206
Less share issue costs	(30,000)	(5,935,019)
At end of period	**242,250,522**	**242,275,502**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 5: ISSUED CAPITAL (continued)

Movements in ordinary shares on issue	31 December 2021 No.	30 June 2021 No.
At beginning of period	1,738,455,928	1,034,649,093
Shares issued – placement	-	692,460,173[1]
Shares issued – rights issue	-	7,316,000
Shares issued on vesting of performance rights	-	4,030,000
Exercised options	16,087	662
Balance at end of period	**1,738,472,015**	**1,738,455,928**

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.

[1] The Chairman, Charles Lew subscribed for 3,183,000 shares in the December 2019 share placement. The shares were issued on terms consistent with other shares issued for the same placement upon shareholder approval at the 2020 Annual General Meeting.

Options reserve

Movements in the options reserve were as follows:	31 December 2021 $	30 June 2021 $
Balance at beginning of period	6,790,066	6,546,798
Options issued – placement	-	63,309
Options issued – rights issue	-	-
Options issued – supplier payment	-	180,000
Exercised options	(997)	(41)
Balance at end of period	6,789,069	6,790,066

HASTINGS Technology Metals Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 5: ISSUED CAPITAL (continued)

Movements in the options reserve were as follows:	31 December 2021 No.	30 June 2021 No.
Balance at beginning of period	126,651,415	120,060,577
Options issued – placement	-	1,591,500[1]
Options issued – rights issue	-	-
Options issued – supplier payment	-	5,000,000
Exercised options	(16,087)	(662)
Balance at end of period	126,635,328	126,651,415

[1] The Chairman, Charles Lew subscribed for 1,591,500 options in the December 2019 share placement. The options were issued on terms consistent with other options issued for the same placement upon shareholder approval at the 2020 Annual General Meeting.

Share based payments reserve

Movements in share-based payments reserve were as follows:	31 December 2021 $	30 June 2021 $
Balance at beginning of period	1,495,109	-
Performance rights vested – transferred to issued capital	-	(595,925)
Performance rights lapsed – transferred from accumulated losses	(32,316)	-
Value of performance rights issued during the period	2,129,766	2,091,034
Balance at end of period	3,592,559	1,495,109

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 5: ISSUED CAPITAL (continued)

	31 December 2021 No.	30 June 2021 No.
Movements in performance rights		
Balance at beginning of period	37,965,000	20,250,000
Performance rights forfeited or cancelled during the period	(1,800,000)	(20,250,000)
Performance rights issued during the period	3,985,000	43,120,000
Performance rights vested during the period	-	(4,030,000)
Performance rights lapsed during the period	-	(1,125,000)
Balance at end of period	40,150,000	37,965,000

Reserve balance

	31 December 2021 $	30 June 2021 $
Option reserve	6,789,069	6,790,066
Share based payments reserve	3,592,559	1,495,109
Balance at end of period	10,381,628	8,285,175

i. No performance rights were issued to Directors during the interim period. An expense of $1,382,125 was recognised for the interim period ended 31 December 2021 (2020: $200,602) in relation to the Directors' performance rights.

ii. Details of the employees' issued performance rights during the interim period are as follows:

Date granted	Value per share	Performance period ended
18 August 2021	21.5 cents	31 December 2022
3 September 2021	22.5 cents	31 December 2021
3 September 2021	22.5 cents	31 December 2022

The vesting of employee performance rights is conditional on non-market based performance conditions. These performance conditions are key objectives for each employee.

An expense of $747,642 (2020: $525,667) was recognised during half year ended 31 December 2021 in relation to employee performance rights.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 6: DIVIDENDS

The Directors of the Group have not declared any dividend for the half year ended 31 December 2021 (31 December 2020: Nil).

NOTE 7: CONTINGENT LIABILITIES

There are no contingent liabilities at period end (2020: Nil).

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

On 2 February 2022, the Company received approval from NAIF for a $140 million loan facility with a 12 ½ year tenor, subject to pre-completion conditions.

Other than as outlined above there are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future financial periods.

NOTE 9: RELATED PARTY DISCLOSURES

	31 December 2021 $	31 December 2020 $
Office rental and administration expenses[1]	43,566	19,626
Finance costs	150	771

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

	31 December 2021	30 June 2021
Right-of-use assets	-	29,439
Lease liability current	-	29,850

NOTE 10: OUTSTANDING COMMITMENTS

As at 31 December 2021 the Group had outstanding commitments for project construction contracts of $14,275,005, of which $8,816,045 are cancellable with cause. The outstanding commitments are all due within 12 months.

DIRECTORS' DECLARATION

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

a. The financial statements and notes thereto, as set out on pages 12 to 25, are in accordance with the *Corporations Act 2001* including:

    i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of the performance of the Group for the half year then ended; and

    ii. complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

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

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Charles Lew
Executive Chairman
14 March 2022

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Hastings Technology Metals Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated statement of financial position as at 31 December 2021, the Condensed consolidated statement of changes in equity, Condensed consolidated statement of cash flows and Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date

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

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
14 March 2022