

ABN 43 122 911 399

Interim Financial Report 31 December 2016

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DIRECTORS' REPORT

Your directors submit the financial report of the Group consisting of Hastings Technology Metals Ltd ("Company" or "Hastings") and the entities it controlled during the half-year ended 31 December 2016. In accordance with 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 until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Charles Lew	Executive Chairman
Anthony Ho	Non-executive Director
Malcolm Mason	Non-executive Director (Resigned 3 March 2017)
Mr Jean Claude Steinmetz	Non-executive Director (Appointed 25 July 2016)

Company Secretary/Chief Financial Officer

Guy Robertson

Operating Results

The loss of the Group for the half-year after income tax was \$632,396 (31 December 2015 loss: \$400,476).

Review of Operations

Yangibana Project (70-100%)

Metallurgical Test Work - Yangibana Project

A series of test programmes were completed during the period to improve collector reagent consumption and operating cost, and optimising and improving the process recovery performance for a more competitive and efficient process flow, with the following results:

- An alternative collector reagent for the beneficiation process was identified and successfully tested during the
 period that can deliver superior upgrade performance of the mineralisation, with significantly lower operating
 costs.
- The annual cost saving is estimated to be 25% lower than the figure used in the pre-feasibility study announced in April 2016.
- Successfully completed the comminution test program and concluded the process design criteria for the Definitive Feasibility Study (DFS).
- Completed several preliminary thickening and filtration test works on the Yangibana rougher tailings and the final flotation concentrate samples and the design specifications are well understood.
- The hydrometallurgical process conditions for different grades of concentrate have been developed and optimised.
- The behaviour of impurities through the hydrometallurgical process has been well identified and the relevant technologies/processes for removal of key impurities have been well developed and defined.
- Test work to determine conditions required to generate a rare earths carbonate product with the required physical and chemical characteristics is currently being undertaken. Good progress has been made in understanding critical process parameters which impact physical properties and quality of the rare earth carbonate.

Planning is well advanced for the major pilot plant campaigns. The pilot plants for both beneficiation and hydrometallurgy are scheduled to run in Q1, 2017. Variability studies will be carried out for varying ore body once the beneficiation pilot plant run is complete.

Approval/Permits

A number of environmental studies were completed in the second half of calendar 2016, which forms part of the environmental approvals documentation. As part of the permitting process, in Q4 2016 Hastings referred the Project to the Commonwealth Department of the Environment and Energy (DoEE), and on 30 January 2017 Hastings referred the Project to the Western Australian Government's Environmental Protection Authority (EPA). In consultation with the Commonwealth and State governments, the Yangibana Project will undergo a formal environmental assessment in 2017, which will be administered by the EPA for both the State and Commonwealth agencies under an accredited process.

Geology

As reported in the Company's 2016 Annual Report, a major drilling programme commenced in June 2016 to provide a large composite sample from Bald Hill and Fraser's deposits for pilot plant testwork. This drilling also aimed to increase and upgrade the resources at these two deposits.

Assay results received after those reported in the Annual Report included:-

Bald Hill

Hole BHRC	From	То	Interval	%(Nd ₂ O ₃ +Pr ₂ O ₃)	%TREO
190	10	16	6	0.76	1.89
196	12	16	4	0.66	1.60
197	7	13	6	0.59	1.34
198	7	11	4	0.47	1.19
205	12	17	5	0.48	1.24
227	30	35	5	0.50	1.11
230	32	39	7	0.44	1.03
237	20	25	5	0.53	1.22
240	36	43	7	0.46	1.22
245	42	52	10	0.50	1.55
247	69	75	6	0.66	1.64
249	7	13	6	0.45	1.05

Fraser's

Hole No FRRC	From	То	Interval	%(Nd ₂ O ₃ +Pr ₂ O ₃)	%TREO
69	15	20	5	0.88	1.99
70	40	46	6	1.34	3.04
71	15	21	6	0.69	1.74
72	24	34	10	0.44	1.10
73	37	44	7	1.24	2.93
74	45	51	6	0.64	2.75
76	11	22	11	0.79	1.82
80	39	45	6	0.59	1.37
82	50	55	5	1.11	2.54
86	65	68	3	1.47	3.51
92	20	25	5	0.46	1.03
93	0	4	4	0.53	1.20
94	78	83	5	1.35	3.04
96	35	42	7	0.96	2.49
99	85	93	8	2.05	4.67

Drilling to test the north-eastern extension to the Fraser's deposit, returned best intersections of 5m (37-42) at 1.20% TREO including 0.56%Nd₂O₃+Pr₂O in FRRC102 and 2m (8-10) at 2.06% TREO including 0.96%Nd₂O₃+Pr₂O in FRRC104.

A high-resolution (30m height and 25m flight line spacing) airborne magnetic and radiometric survey over the Yangibana area was conducted.

Southern Geoscience Consultants Pty Limited (SGC) carried out a litho-structural interpretation of aeromagnetic and radiometric data to identify rare earths targets. The detailed survey data delineated numerous rare earths-bearing vein targets and structural sites that control mineralisation.

The radiometric data (Figure 1) was used to identify thorium anomalies, likely mapping monazite-bearing ferrocarbonatite veins. The magnetic data (Figure 2) was used to map structures such as faults and shear zones that may control the ferrocarbonatite veins, along with the lithological units and contacts.

A total of 108 thorium anomalies were identified, summarised as 22 priority areas of significant exploration interest (Figure 3) of which 11 areas have received only limited testing to date.

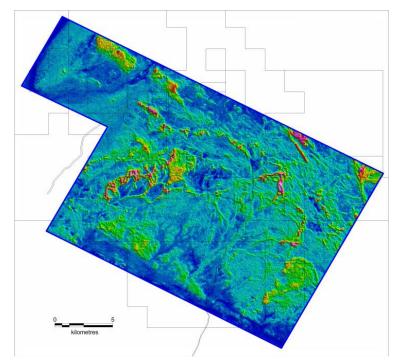


Figure 1 – Yangibana Project – Thorium radiometric image

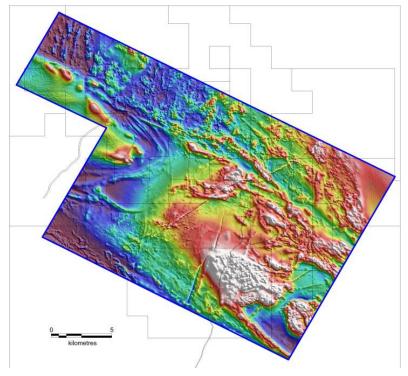


Figure 2 – Yangibana Project – Aeromagnetic image reduced to pole (RTP)

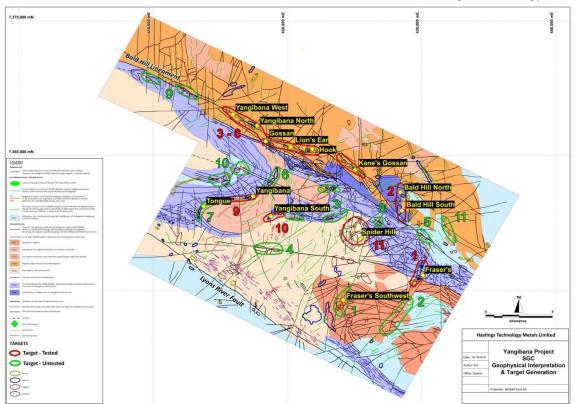


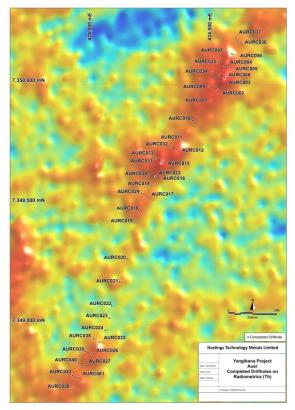
Figure 3 – Yangibana project, interpreted geology and targets identified

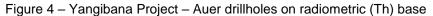
Hastings subsequently drill tested a number of targets in the Fraser's Southwest area. Best results were returned from Auer and Auer North prospects:-

Auer

Hole	From	То	Interval	%Nd2O3+Pr2O3	%TREO
AURC	(m)	(m)	(m)		
1	14	18	4	0.47	1.27
6	29	34	5	0.51	1.54
15	21	26	5	0.78	2.00
17	15	19	4	0.81	2.10
18	8	16	8	0.67	1.68
25	8	14	6	0.52	1.41
26	8	11	3	0.72	1.92
29	72	76	4	0.68	1.82
32	46	51	5	0.41	1.13
33	91	97	6	0.55	1.54
41	12	18	6	0.70	2.08

Figure 4 shows the locations of the holes drilled at Auer against the radiometric (Th) data derived from the aerial survey.





Of the approximately 1.4km of the Auer prospect, continuous mineralisation has been intersected over 800m.

Auer North was drilled over 1.6km with mineralisation of economic interest identified in three 250m long zones.

The table below provides the best intersections from the Auer North prospect. Due to the steep dip of the mineralisation in this area and the declination of the holes (60° - 70°), true widths are estimated to be approximately half of the intersected width.

Hole	From	То	Interval	%Nd2O3+Pr2O3	%TREO
ANRC	(m)	(m)	(m)		
7	19	26	7	0.51	1.42
8	39	48	9	0.46	1.30
9	23	32	9	0.51	1.28
27	95	101	6	0.61	1.94
28	98	108	10	0.69	2.08
32	81	90	9	0.62	1.56
48	75	81	6	0.36	1.01
49	71	78	7	0.33	1.06
50	55	62	7	0.53	1.13

Table 1 - Yangibana Project - Auer North Prospect best drill intersections

Figure 5 shows the locations of the holes drilled at Auer North in relation to the magnetic data derived from the aerial survey.

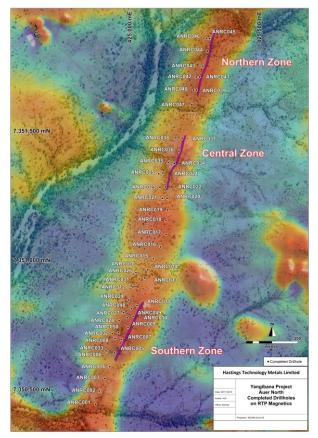


Figure 5 – Yangibana Project – Auer North drillholes on magnetics base

The Auer North mineralisation remains open at depth and to the north. Further drilling is warranted to the north, at depth beneath the three mineralised zones, and in the gaps between the three mineralised zones.

Three holes drilled outside of the western limits of the current resources a	at Bald Hill returned significant results:-
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Hole	From	То	Interval	%(Nd ₂ O ₃ +Pr ₂ O ₃)	%TREO
BHW	(m)	(m)	(m)		
01	59	62	3	0.76	2.09
02	86	89	3	0.57	1.63
04	79	102*	23	0.77	1.87
incl	80	90	10	1.12	2.72

*hole terminated in mineralisation

The intersection in hole BHW04 remains open at depth and provides the highest accumulation^{*}, at 17.7m%(Nd₂O₃+Pr₂O₃) (43m%TREO), returned from all drilling at the Yangibana Project since commencement of exploration. Mineralogy on samples from the mineralised intersection in BHW04 established that the rare earths are associated with monazite, with minor bastnaesite. This mineralisation is expected to have similar processing characteristics to the Eastern Belt-style mineralisation. This intersection lies to the west of the western limit to the Bald Hill South mineralisation in this area as shown in Figure 6. It establishes a new major target with potential to host the higher value Eastern Belt-style mineralisation to depth and along strike to the northwest and southeast.

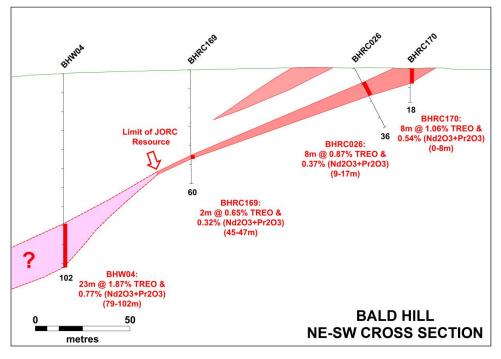


Figure 6 – Yangibana Project – Bald Hill Cross Section showing BHW04 intersection beyond limit of current JORC Resources

Brockman Project (100%)

During the period, Hastings engaged consultants to undertake the work necessary to register a Mining Lease Application over its ten Prospecting Licenses covering the Brockman rare metals and heavy rare earths project.

Events Subsequent to Reporting Date

After the reporting date Hastings announced new JORC Resources as estimated by independent consultant Lynn Widenbar, Principal of Widenbar and Associates.

The new total diluted resources are: -

Category	Tonnes	Nd ₂ O ₃ +Pr ₂ O ₃	TREO	Nd ₂ O ₃	Pr ₂ O ₃
		%	%	ppm	ppm
Measured	2,155,000	0.42	1.01	3,410	770
Indicated	5,446,000	0.41	1.30	3,260	870
Inferred	5,807,000	0.36	1.12	2,820	770
TOTAL	13,408,000	0.39	1.18	3,100	810

Note - Rounding discrepancies will appear in all tables

These resources occur in a number of deposits as shown in Figure 7. The resources incorporate dilution based on 0.5m beyond both the footwall and the hangingwall to the mineralisation. Average dilution over the total resources is 30%.

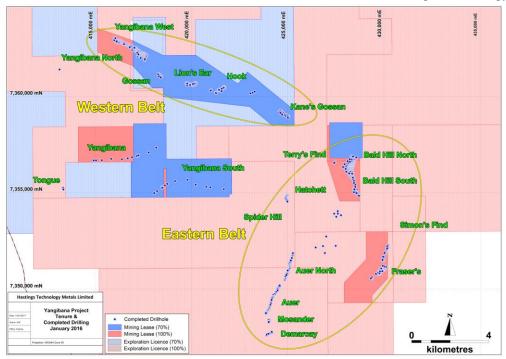


Figure 7 – Yangibana Project. Location of Rare Earths Deposits

Of the total resources Hastings holds a 100% interest in the following resources:-

Category	Tonnes	Nd ₂ O ₃ +Pr ₂ O ₃	TREO	Nd ₂ O ₃	Pr ₂ O ₃
		%	%	ppm	ppm
Measured	2,155,000	0.42	1.01	3,410	770
Indicated	3,221,000	0.41	1.13	3,300	820
Inferred	3,416,000	0.36	0.98	2,890	740
TOTAL	8,792,000	0.39	1.04	3,200	780

and a 70% interest in the following resources:-

Category	Tonnes	$Nd_2O_3+Pr_2O_3$	TREO	Nd_2O_3	Pr ₂ O ₃
		%	%	ppm	ppm
Indicated	2,225,000	0.42	1.55	3,200	940
Inferred	2,391,000	0.35	1.32	2,730	810
TOTAL	4,616,000	0.38	1.43	2,960	870

The $(Nd_2O_3+Pr_2O_3)$ to TREO ratio varies from an average of 42% within tenements in which Hastings holds a 100% interest to an average of 27% within tenements in which it holds a 70% interest.

The total resources comprise the following deposits that will be assessed as future mining areas during the Definitive Feasibility Study process.

Eastern Belt - 100% Hastings

The following deposits are within the Eastern Belt and are held 100% by Hastings.

Bald Hill and Bald Hill Southeast

Category	Tonnes	$Nd_2O_3+Pr_2O_3$	TREO	Nd_2O_3	Pr ₂ O ₃
		%	%	ppm	ppm
Measured	1,899,000	0.38	0.93	3,130	690
Indicated	1,337,000	0.37	0.90	3,040	680
Inferred	825,000	0.32	0.80	2,600	600
TOTAL	4,061,000	0.37	0.89	2990	670

Fraser's

Category	Tonnes	Nd ₂ O ₃ +Pr ₂ O ₃	TREO	Nd ₂ O ₃	Pr ₂ O ₃
		%	%	ppm	ppm
Measured	255,000	0.69	1.55	5,490	1,370
Indicated	510,000	0.74	1.72	5,900	1,490
Inferred	464,000	0.57	1.35	4,550	1,150
TOTAL	1,229,000	0.66	1.55	5,310	1,340

Fraser's North and Southwest

Category	Tonnes	$Nd_2O_3+Pr_2O_3$	TREO	Nd_2O_3	Pr ₂ O ₃
		%	%	ppm	ppm
Inferred	406,000	0.24	0.58	1,960	480
TOTAL	406,000	0.24	0.58	1,960	480

Auer and Auer North

Category	Tonnes	$Nd_2O_3 + Pr_2O_3$	TREO	Nd ₂ O ₃	Pr ₂ O ₃
		%	%	ppm	ppm
Indicated	99,000	0.42	1.10	3,280	890
Inferred	1,295,000	0.37	1.03	2,910	780
TOTAL	1,394,000	0.37	1.03	2,930	790

Eastern Belt – 70% Hastings

Bald Hill North

Category	Tonnes	$Nd_2O_3 + Pr_2O_3$	TREO	Nd ₂ O ₃	Pr ₂ O ₃
		%	%	ppm	ppm
Indicated	123,000	0.43	1.00	3,540	750
Inferred	194,000	0.39	0.96	3,150	720
TOTAL	316,000	0.40	0.97	3,300	730

Western Belt – 100% Hastings

The Yangibana West deposit lies at the western end of the Western Belt and is held 100% by Hastings. *Yangibana West*

Category	Tonnes	$Nd_2O_3 + Pr_2O_3$	TREO	Nd ₂ O ₃	Pr ₂ O ₃
		%	%	ppm	ppm
Indicated	1,275,000	0.32	1.15	2,530	690
Inferred	427,000	0.32	1.17	2,490	700
TOTAL	1,702,000	0.32	1.15	2,520	700

Western Belt – 70% Hastings

The Yangibana North deposit occurs within the Western Belt, being contiguous with Yangibana West, and Hastings holds a 70% interest in this deposit.

Yangibana North

Category	Tonnes	Nd ₂ O ₃ +Pr ₂ O ₃	TREO	Nd ₂ O ₃	Pr ₂ O ₃
		%	%	ppm	ppm
Indicated	2,102,000	0.42	1.58	3,200	960
Inferred	377,000	0.40	1.48	3,090	910
TOTAL	2,480,000	0.41	1.57	3,180	950

In addition, the following inferred resources have been estimated from the limited drilling between Gossan and Kane's Gossan, also in the Western Belt.

Gossan, Lion's Ear, Hook and Kane's Gossan

Category	Tonnes	Nd ₂ O ₃ +Pr ₂ O ₃	TREO	Nd ₂ O ₃	Pr ₂ O ₃
		%	%	ppm	ppm
Inferred	1,820,000	0.34	1.33	2,610	800
TOTAL	1,820,000	0.34	1.33	2,610	800

Comparison with October 2015 estimate

The updated resources represent a significant increase and upgrade compared to the October 2015 resource estimate.

Significantly, the contained TREO has increased to 157,950 tonnes, a 19% increase on the October 2015 estimate, and contained $Nd_2O_3+Pr_2O_3$ has increased to 52,400 tonnes, a 22% increase on the October 2015 estimate. This indicates a significant increase in the value of each tonne of resource in the ground.

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).

***Accumulation** is the product of intersected length by grade, such that the intersection in BHW04 of 23m at 1.87%TREO provides an accumulation of 23 times 1.87 equals 43m%TREO. An intersection of 2m at 1.5%TREO, which would still have potential economic significance, would have an accumulation of 3m%TREO.

Competent Persons' Statement

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

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, other than the matters covered above in this report and the accounts and notes attached thereto, there were no significant changes in the state of affairs of the Group that occurred during the financial period under review.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year to the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

Shareholders at the 2016 Annual General Meeting approved the grant of 17,500,000 performance rights to the Directors. Of these performance rights 15,000,000 have been issued subsequent to period end.

Vesting occurs at the end of the performance period 28 November 2019, if the following performance conditions are met: Non-market based performance conditions:

- Regulatory approval of Mining Proposal Plan with Mine Closure;
- Achieving additional financing of debt and equity totalling \$100 million; and
- Award of the construction contract for the beneficiation plant.

Market-based performance conditions:

- 25% of the performance rights will vest on market capitalisation of the Company reaching \$75 million; and
- 50% of the performance rights will vest on market capitalisation of the Company reaching \$125 million; and
- 100% of the performance rights will vest on market capitalisation of the Company reaching \$175 million

Other than as outline above there have been no events subsequent to the end of the period which would have a material effect on the Group's financial statements at 31 December 2016.

AUDITOR'S INDEPENDENCE DECLARATION

Auditors' Independence Declaration under Section 307C of the Corporations Act 2001.

The lead auditor's independence declaration for the half year ended 31 December 2016 is set out on page 14.

This report is signed in accordance with a resolution of the Board of Directors.

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Charles Lew Executive Chairman 15 March 2017



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Hastings Technology Metals Ltd for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia 15 March 2017

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HLB Mann Judd (WA Partnership) ABN 22 193 232 714 Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533. Email: hlb@hlbwa.com.au. Website: <u>http://www.hlb.com.au</u> Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		Consolidated		
	Notes	31 Dec 2016 \$	31 Dec 2015 \$	
Continuing operations		Ψ	Ψ	
Revenue – interest income		121,309	78,013	
Revenue – interest income	-	121,309	70,013	
Office facilities		(66,226)	(33,505)	
Marketing		(35,874)	(19,125)	
Legal fees		-	(250)	
Employee benefits expense		(174,551)	(63,638)	
Directors' fees		(182,441)	(108,998)	
Consulting and professional fees		(28,983)	(22,560)	
Travel expenses		(78,231)	(133,439)	
Share based payments	5	(18,000)	(105,977)	
Other expenses	-	(169,399)	(127,475)	
Loss before income tax benefit	2	(632,396)	(536,954)	
Income tax benefit	3	-	136,478	
Net loss for the period	-	(632,396)	(400,476)	
Other comprehensive income, net of income tax	-	-	<u> </u>	
Total comprehensive loss for the period	-	(632,396)	(400,476)	
Basic and undiluted loss per share (cents per share)		(0.13)	(0.10)	

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

		Consoli	dated
		31 Dec 2016	30 Jun 2016
	Note	\$	\$
Assets			
Current Assets			
Cash and cash equivalents		2,885,724	2,036,540
Trade and other receivables		325,524	1,022,927
Investments – term deposits		7,000,000	8,500,000
Total Current Assets		10,211,248	11,559,467
Non-Current Assets			
Plant and equipment		19,700	16,707
Deferred exploration and evaluation expenditure	4	32,482,383	27,202,412
Total Non-Current Assets		32,502,083	27,219,119
Total Assets		42,713,331	38,778,586
Liabilities			
Current Liabilities			
Trade and other payables		2,084,868	1,534,977
Total Current Liabilities		2,084,868	1,534,977
Total Liabilities		2,084,868	1,534,977
Net Assets		40,628,463	37,243,609
Equity			
Issued capital	5	48,201,141	43,997,047
Share based payment reserve	6	36,000	898,205
Accumulated losses		(7,608,678)	(7,651,643)
Total Equity		40,628,463	37,243,609

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Consolidated	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2016	43,997,047	(7,651,643)	898,205	37,243,609
Loss for the period		(632,396)	-	(632,396)
Total comprehensive loss for the period	-	(632,396)	-	(632,396)
Shares issued during the half year	4,145,000	-	-	4,145,000
Exercise of options	-	470,517	(470,517)	-
Lapse of performance rights	-	204,844	(204,844)	-
Vesting of performance rights	204,844	-	(204,844)	-
Share based payments	-	-	18,000	18,000
Transaction costs on share issue	(145,750)	-	-	(145,750)
Balance at 31 December 2016	48,201,141	(7,608,678)	36,000	40,628,463

Consolidated	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2015	35,417,397	(7,374,513)	695,261	28,738,145
Loss for the period		(400,476)	-	(400,476)
Total comprehensive loss for the period	-	(400,476)	-	(400,476)
Shares issued during the half year	27,500	-	-	27,500
Share based payments	-	-	105,977	105,977
Performance shares issued	14,325	-	(14,325)	-
Balance at 31 December 2015	35,459,222	(7,774,989)	786,913	28,471,146

CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
	Inflows/(C	Dutflows)
Cash flows from operating activities		
Payments to suppliers and employees	(986,223)	(545,656)
Research and development tax rebate received	798,224	136,478
Interest received	137,778	116,245
Net cash used in operating activities	(50,221)	(292,933)
Cash flows from investing activities		
Payments for acquisition of tenements/prospects	-	(50,000)
Payments for exploration and evaluation expenditure	(4,643,093)	(2,914,741)
Purchase of plant and equipment	(6,752)	(7,926)
Payments for investments in term deposits	(7,000,000)	-
Receipts from redemption of term deposits	8,500,000	-
Net cash (used in) investing activities	(3,149,845)	(2,972,667)
Cash flows from financing activities		
Proceeds from issue of shares	3,645,000	-
Payments for share issue costs	(145,750)	-
Share application received	550,000	-
Net cash provided by financing activities	4,049,250	-
Net increase/(decrease) in cash held	849,184	(3,265,600)
Cash and cash equivalents at the beginning of the period	2,036,540	7,639,653
Cash and cash equivalents at the end of the period	2,885,724	4,374,053

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Hastings Technology Metals Ltd and its subsidiaries during the halfyear in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

Adoption of new and revised accounting standards

In the half year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2016.

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Company's accounting policies and the key estimates of uncertainty were consistent with those applied for the year ended 30 June 2016.

Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Directors have considered capitalised exploration expenditure as at 31 December 2016 and are satisfied that no impairment indicators exist. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 2: LOSS BEFORE INCOME TAX BENEFIT		Consolidated	
	Half Year Ended 31 December 2016 \$	Half Year Ended 31 December 2015 \$	
The following expenses are included in other expenses and are relevant in explaining the financial performance for the half-year:			
Insurance	8,989	12,864	
Accounting and audit fees	17,400	22,560	

NOTE 3: INCOME TAX BENEFIT

The Company's external consultants have determined a research and development tax offset claim for the year ended 30 June 2016 at \$1,513,914. The Company has submitted the application to AusIndustry but has not yet received registration confirmation. It is expected that this will be forthcoming and the amount will be recorded in the period to 30 June 2017.

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE	Consolidated	
	Half Year Ended 31 December 2016 \$	Year Ended 30 June 2016 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	27,202,412	21,765,046
Exploration expenditure	5,279,971	5,237,366
Purchase of prospects – Yangibana	-	200,000
Total deferred exploration and evaluation expenditure	32,482,383	27,202,412

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

NOTE 5: ISSUED CAPITAL

	Consolidated		
	Half Year Ended	Year ended	
	31 December	30 June	
	2016	2016	
	\$	\$	
Ordinary shares - Issued and fully paid			
Opening balance	43,997,047	35,417,397	
Shares issued	4,145,000	8,900,000	
Shares issued to directors in lieu of fees	-	27,500	
Shares issued on vesting of performance rights	204,844	28,650	
Less share issue costs	(145,750)	(376,500)	
Closing balance	48,201,141	43,997,047	
Movements in ordinary shares on issue	Number	Number	
Opening balance	473,816,913	383,959,771	
Shares issued on exercise of options	18,000,000	-	
Shares issued to directors in lieu of fees	-	357,142	
Shares issued on vesting of performance rights	4,750,000	500,000	
Shares issued	28,500,000	89,000,000	
Closing balance	525,066,913	473,816,913	

NOTE 6: OPTIONS AND PERFORMANCE RIGHTS

	Consolidated	
	Half Year Ended	Year ended
	31 December	30 June
	2016	2016
	\$	\$
Movements in share based payment reserve were as follows:		
Opening balance	898,205	695,261
Performance shares issued	(204,844)	-
Lapse of performance rights	(204,844)	-
Options exercised	(470,517)	(28,650)
Value of performance rights issued during the year	18,000	231,594
Closing balance	36,000	898,205
	Number	Number
Movements in share options		
Opening balance	18,000,000	18,000,000
Options exercised	(18,000,000)	-
Closing balance		18,000,000

Options carry no voting rights and carry no rights to dividends.

Movements in performance rights	Number	Number
Opening balance	10,250,000	10,000,000
Performance rights issued during the period	-	750,000
Performance rights vested during the period	(4,750,000)	(500,000)
Performance rights lapsed during the period	(4,750,000)	-
Closing balance	750,000	10,250,000

Performance Rights

Details of the remaining 750,000 performance rights at balance date are set out in the 30 June 2016 Annual report.

Shareholders at the 2016 Annual General Meeting approved the grant of 17,500,000 performance rights to the Directors. Of these performance rights 15,000,000 have been issued subsequent to period end.

Vesting occurs at the end of the performance period 28 November 2019, if the following performance conditions are met: Non-market based performance conditions:

- Regulatory approval of Mining Proposal Plan with Mine Closure;
- Achieving additional financing of debt and equity totalling \$100 million; and
- Award of the construction contract for the beneficiation plant.

Market-based performance conditions:

- 25% of the performance rights will vest on market capitalisation of the Company reaching \$75 million; and
- 50% of the performance rights will vest on market capitalisation of the Company reaching \$125 million; and
- 100% of the performance rights will vest on market capitalisation of the Company reaching \$175 million.

NOTE 7: 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

The Group owns an interest in the Yangibana Rare Earths Project in the Gascoyne region of Western Australia, comprising a 100% interest in 13 tenements, 6 mining leases and through a joint venture comprising 6 granted Exploration Licences and 3 mining leases, in all covering an area of approximately 320 square kilometres.

Brockman Rare Metals and Heavy Rare Earths Project

The Brockman Rare Metals and Heavy Rare Earths Project comprises of ten wholly owned prospecting licenses and one wholly owned exploration licences in the East Kimberley region of Western Australia. The project hosts significant JORC compliant resources of the rare metals zircon, niobium, tantalum, and the heavy rare earths dysprosium and yttrium.

The following table presents information regarding the Group's segments provided to the Board for the half-year periods ended 31 December 2016 and 31 December 2015.

Project Segments				
	Brockman Project	Yangibana Project	Unallocated	Total
31 December 2016	\$	\$	\$	\$
Segment revenue	-	-	121,309	121,309
Segment expenses			(753,705)	(753,705)
Segment result			(632,396)	(632,396)
Segment assets	15,017,550	17,464,833	10,230,948	42,713,331
Segment liabilities	-	-	2,084,868	2,084,868

Project Segments

	Brockman Project	Yangibana Project	Unallocated	Total
31 December 2015	\$	\$	\$	\$
Segment revenue	-	-	78,013	78,013
Segment expenses	-	-	(614,967)	(614,967)
Segment result	-	-	(536,954)	(536,954)
Segment assets	14,893,899	9,578,561	4,540,840	29,013,300
Segment liabilities	-	-	542,154	542,154

NOTE 8: DIVIDENDS

The Directors of the Company have not declared an interim dividend.

NOTE 9: CONTINGENT LIABILITIES

Other than as outlined above, there has been no change in contingent liabilities since the last annual reporting date.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

Shareholders at the 2016 Annual General Meeting approved the grant of 17,500,000 performance rights to the Directors. Of these performance rights 15,000,000 have been issued subsequent to period end.

Vesting occurs at the end of the performance period 28 November 2019, if the following performance conditions are met: Non-market based performance conditions:

- Regulatory approval of Mining Proposal Plan with Mine Closure;
- Achieving additional financing of debt and equity totalling \$100 million; and
- Award of the construction contract for the beneficiation plant.

Market-based performance conditions:

- 25% of the performance rights will vest on market capitalisation of the Company reaching \$75 million; and
- 50% of the performance rights will vest on market capitalisation of the Company reaching \$125 million; and
- 100% of the performance rights will vest on market capitalisation of the Company reaching \$175 million

Other than as outlined above there are no other events subsequent to the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial periods.

NOTE 11: FINANCIAL INSTRUMENTS

The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the condensed statement of financial position approximate their fair values.

DIRECTORS' DECLARATION

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

- 1. The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year then ended; and
- 2. 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.

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Charles Lew Executive Chairman 15 March 2017



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hastings Technology Metals Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hastings Technology Metals Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

HLB Mann Judd

HLB Mann Judd Chartered Accountants

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Perth, Western Australia 15 March 2017