



2nd February 2018

Dear Shareholder,

- **FULLY UNDERWRITTEN NON-RENOUNCEABLE \$12.2M RIGHTS ISSUE**
- **FUNDS RAISED WILL PROGRESS DEVELOPMENT OF HASTING'S WORLD CLASS RARE EARTHS MINE**

On 2nd February 2018 Hastings Technology Metals Limited (**Company**) announced a fully underwritten non-renounceable pro rata offer to shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**) of 1 fully paid ordinary share for every 17 existing shares held as at 7:00pm (AEST) on 7th February 2018 (**Record Date**), at an issue price of \$0.31 per new share (**Rights Issue**) to raise approximately \$12.2 million (before costs).

The Rights Issue will be at a price of A\$0.31 cents per new Hastings ordinary share, an 8.3% discount to the 30 days volume weighted average price of Hastings shares traded on the ASX prior to announcing the Rights Issue.

Charles Lew, Executive Chairman, commented "*In 2017 Hastings achieved many milestones on the road to establishing a world-class rare earth production plant, culminating in the publication of the Definitive Feasibility Study in November last year that confirmed compelling economics for the Yangibana project. We anticipate that 2018 will be a pivotal year for the Company as we work towards raising the necessary funding to build the processing plant commencing with early construction work to prepare the Yangibana site and continue negotiations with European and Asian customers for additional off-take agreements. In addition, Hastings is exploring specific and innovative approaches to securing funding for the capex.*

Numerous market trends continue to provide confirmation of a significant shift in the way we travel, generate energy, monitor and control our environment. The focus to reduce fossil-fuel usage is now well established. Many targets have been set globally to electrify transportation and advance renewable energy technology and new materials will be required to meet them. The Nd-Pr to be mined and processed from Yangibana will provide critical components to these electric vehicle and clean energy applications.

Through this Rights Issue, shareholders will have the opportunity to add to their investment in Hastings as we journey together to build a world class Nd-Pr mine in Australia to produce the critical minerals needed for the manufacture of permanent magnets and used primarily in clean renewable energy and e-mobility. This Rights Issue is underwritten by four major shareholders, directors and senior management."

Milestones highlights in the Definitive Feasibility Study (DFS) are:

- Initial operating life of 8 years provides NPV of \$466m, IRR of 78% and a payback period of 2.3 years
- First Probable Reserves estimated at 5.16mt at 1.12% TREO including 0.45% Nd₂O₃+Pr₆O₁₁
- Latest JORC Resources total 21.00mt at 1.17% TREO including 0.41% Nd₂O₃+Pr₆O₁₁
- Plan to produce up to 15,000 tons per annum of Mixed Rare Earths Carbonate on site at Yangibana
- Pre-production capital expenditure of A\$335 million and operating costs of A\$17.06/kg TREO (US\$12.8/kg)
- Native Title Agreement signed for the entire tenement area of 650sqkm covering all rare earths minerals mined and sold

The production targets and underlying assumptions have not changed from the date of release of the DFS on 28th November 2017.

The strengthening in Neodymium (Nd) and Praseodymium (Pr) prices (+42% and +39% respectively year-on-year) and the signing of three offtake Memorandum of Understanding (MOU) agreements with three Chinese rare earth producers provide further confidence in the successful development of the Yangibana Rare Earths Project.

China further continued to fuel excitement around the announcement of electric vehicle (EV) developments. Chinese authorities hinted of policy changes in early September 2017, with the intention of banning fossil-fuel vehicles. This follows similar policy announcements made by India, Norway, France and the United Kingdom.

Vehicle manufacturers also made encouraging announcements regarding EV targets. Volkswagen will spend EUR 20 billion in R & D to develop eEVs. VW aims to roll out 80 EVs models across all its brands by 2025.

Given both policy and manufacturer announcements, the International Energy Agency predicts that by 2030 the stock of EVs on the road globally will total between 160 to 200 million, an almost 100 times increase of the EV stock today. These developments will drive the robust support in demand for Nd and Pr well beyond 2030.

Funds raised under the Rights Issue will be used to progress development of the Company's Yangibana Rare Earths Project, including:

- Capital costs associated with the development of an access road and the procurement of an accommodation village; and
- Engineering design and specification work with respect to the mine infrastructure and construction of the processing plant.



The Rights Issue is severally underwritten by Equator Capital Management Limited (a company in which Charles Lew, Executive Chairman is a director and shareholder), Fong Kah Kuen, Astaman Aziz and Simon Yim (all being long term shareholders of the Company) for \$12 million. The Company's directors who have confirmed their intention to participate in the rights issue and agreed to underwrite the balance of the Rights Issue. The underwriters other than related parties will be paid a 5% underwriting fee.

The Company expects the Rights Issue to be conducted in accordance with the following timetable:

Event	Date
Announcement of Offer, appendix 3B and section 708AA notice	2 February 2018
Ex rights date	6 February 2018
Record date to determine entitlement to new shares	7 February 2018
Dispatch of Offer document and Entitlement and Acceptance Form	12 February 2018
Opening date for subscription	
Closing date for subscription	5.00pm AEST on 26 February 2018
Securities quoted on deferred settlement basis	27 February 2018
Notify ASX of total subscriptions	28 February 2018
Allotment Date	2 March 2018
Dispatch of holding statements	5 March 2018

These dates are indicative, and the Company, in conjunction with the underwriters and subject to the Corporations Act and the ASX Listing Rules, may vary the above dates.

The new shares issued pursuant to the Rights Issue will rank equally with existing fully paid ordinary shares in the Company. Application has been made for the quotation of the new shares. The Rights Issue will be made without disclosure and in reliance of section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). Eligible Shareholders may also apply for additional new shares in excess of their entitlement. Foreign ineligible shareholders may, where it is lawful to do so, also apply for shares equal to their entitlement.

The capital structure of the Company before and after completion of the Rights Issue is set out below:

	Shares
Securities on issue at the date of the announcement of the Rights Issue	671,181,415
Securities offered under this Rights Issue	39,481,260
Total securities on issue following Rights Issue	710,662,675

Should you have any questions regarding the Rights Issue you may contact the Company on +61 9078 7674 or guy.robertson@hastingstechmetals.com, or consult your stockbroker or professional adviser.



A copy of the Company's announcements may be viewed on the ASX Limited website at www.asx.com.au, or alternatively at the Company's website at www.hastingstechmetals.com.

We look forward to your participation in the Rights Issue.

Yours faithfully

Charles Lew
Chairman