



31 July 2019

## JUNE 2019 QUARTERLY REPORT

Hastings Technology Metals Limited

ABN 43 122 911 399

ASX Code: Shares - HAS

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### Board

Charles Lew (Executive Chairman)

Jean Claude Steinmetz (Non-Exec  
Director)

Neil Hackett (Non-Exec Director and  
Company Secretary)

Mal Randall (Non-Exec Director)

www.hastingstechmetals.com

- **In-principle eligibility received from Euler Hermes for the Project financing of Yangibana rare earth project of up to USD140 million.**
- **Environmental Protection Agency recommends approval of the Yangibana project.**
- **Agreement concluded to purchase 100 extra rooms plus associated infrastructure from Fleetwood Pty Ltd.**
- **Design of critical long lead items, the Rotary Kiln Off Gas Scrubbing Plant and the Acid Baked Kiln substantially progressed.**
- **Successful completion of share placement and rights issue raising \$23.4 million.**

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## Yangibana Project – Development Progress

### Health and Safety

The site continued to remain Lost Time Injury (LTI) free. There were no reported incidents on site during the June quarter and the site is currently 366 days LTI free as of 30 June. The Lost Time Injury Frequency Rate (LTIFR) remains at 0.

Work continued on developing the Safety Management Systems, which are also required by the Northern Australia Infrastructure Facility (NAIF). NAIF as part of its funding conditions, must ensure that Hastings or an authorised representative is accredited by the Office of Federal Safety Commission (OFSC). Accreditation involves auditing and ensuring the company's Work, Health and Safety (WHS) Management System is being implemented.

## **Environment**

On the 26 June the Environmental Protection Authority (EPA) of Western Australia publicly released the Yangibana Rare Earths Project assessment report recommending approval be granted for the project, provided it is implemented in accordance with recommended conditions .

The EPA considered impacts to water and human health were unlikely to be significant and could be managed under Part V of the Environmental Protection Act 1986, the Rights in Water and Irrigation Act 1914, the Radiation Safety Act 1975, the Mines Safety and Inspection Act 1994 and the Mining Act 1978. The EPA recommendation included the development of five open mine pits, groundwater abstraction, on-site processing of ore, tailings storage facilities, access and haul roads and supporting infrastructure such as accommodation facilities, administration buildings and an airstrip.

As of 26 June, the EPA report was released for a 2-week public appeal period, before being considered by the State Minister for Environment for final approval. No appeals were received, and the Minister is currently consulting with the Ministers for Water, Mines and Aboriginal Affairs to gain final agreement on the conditional approval. The delegate of the Federal Minister for Environment is also in the process of finalising their assessment.

Flora and fauna surveys were initiated along a potential gas pipeline corridor. Hastings has been investigating the economic benefits of piping gas to site versus the trucking of LNG.

The site-wide works approval application for construction of prescribed premises was resubmitted to the Department of Water and Environmental Regulation on the 10 June.

Planning in preparation for construction (compliance with licence conditions) included heritage surveys over remaining future disturbance footprints of the Project, approvals requirements for the Auer deposits and the Yangibana deposit, and approvals requirements for the gas pipeline.

## **Project Capital Cost**

In March 2019, Hastings released a revised capital estimate of \$427M including contingencies. Since then, Hastings has further strengthened and confirmed its original capital estimate through a market stress test involving the review of >90% of the cost line items making up the estimate. The outcome of the stress test achieved <1% variance to the \$427M announced.

## **Project Development**

Design and project development continued in several areas, with work focusing on progressing the design for the off-gas scrubber and the acid baked kiln. Substantial progress was made towards awarding packages for the regrind mill, thickeners, flotation cells, mixed rare earths carbonate (MREC) dryer and the concentrate pressure filter with tenders received and all outstanding clarifications completed.

Designs and drawings for earthworks required during construction progressed including scoping out concepts for water diversion drains required for some of the open pits.

In addition, progress on the EPCM contract means that contract award can be finalised during the next quarter.

Hastings also completed the purchase of an additional 100 bedrooms of camp capacity, plus other associated infrastructure from Fleetwood Australia, taking the total amount of rooms to 340. The camp acquisition agreement represents a significant capital saving for the project compared to the cost estimate contained in the DFS (Definitive Feasibility Study) completed in November 2017.

The opportunity to acquire the camp whilst being financially attractive will also help reduce pressure on the project's development timetable.

### **Exploration**

Exploration work included further reconnaissance and geological mapping of mineralised surface outcrops predominately over already known localities. Interpretation of results has led to additional targets being identified which require follow up drilling. Some of these targets are within already existing defined open pits which could lead to further increases in mining reserves.

### **Project Finance**

During the month of June the Company submitted a comprehensive Debt Information Memorandum to Euler Hermes with respect to its application for the German government sponsored united loan guarantee scheme (UFK) for up to USD140m. It has recently been informed by its UFK advisor, KfW-Ipex Bank that the German government's Inter Ministerial Committee (IMC) has confirmed that the Yangibana project can now proceed to the final due diligence phase with the aim of submitting its loan application to the IMC in the 4Q of this year. The company will also be submitting its infrastructure loan application to NAIF during this period. Hastings has appointed KPMG for debt advisory with respect to the NAIF loan. Herbert Smith Freehill has been appointed as legal counsel for project finance.

### **Share Placement and Rights Issue**

On 3 April 2019 Hastings advised that it had successfully completed a placement of ~A\$12 million, before costs, to shareholders and investors both in Australia and overseas. 71,386,636 Placement Shares were issued at a price of A\$0.17 cents per share together with 35,693,326 Options on the basis of 1 free Option for every 2 Placement Shares at a price of A\$0.25 per share with expiry date 12 April 2022. Existing shareholders have strongly supported the placement in view of the ongoing progress made by the Company in developing its Yangibana project.

Subsequent to the Share Placement the Company raised a further ~\$11.4 million through the issue of 67,301,357 shares at A\$0.17 per share and 33,650,708 Options on the basis of 1 free Option for every 2 Placement Shares at a price of A\$0.25 per share with expiry date 12 April 2022, through a Rights Issue on the basis of one New Share for every eight shares held.

## **MOU Signed for Major Offtake Agreement**

In June, the company announced that it has signed an offtake Memorandum of Understanding (MOU) with Schaeffler AG. Under the MOU both parties have undertaken to negotiate and enter into a 10-year commercial offtake contract within the next 6 months for the supply of MREC from Yangibana which contains the critical raw materials of neodymium (Nd) and praseodymium (Pr). Schaeffler's intention in entering into an off-take agreement is to ensure reliable long term supplies of Nd and Pr for the manufacture of permanent magnets for the electrical motor in its e-mobility business. In addition, Schaeffler is supporting Hastings in its application for the UFK loan.

Schaeffler is a global automotive and industrial supplier of high-precision components and systems in engine, transmission, and chassis applications, as well as rolling and plain bearing solutions for a large number of industrial applications, primarily focussed on the automotive industry. In 2018 it generated sales of approximately Euro 14.2 billion with around 92,500 employees. Schaeffler is one of the world's largest family companies and, with approximately 170 locations in over 50 countries, has a worldwide network of manufacturing locations, research and development facilities, and sales offices.

## **Brockman Project**

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

## **About Hastings Technology Metals Limited**

### *Yangibana Project*

Hastings Technology Metals Limited (ASX:HAS, Hastings or the Company) is advancing its Yangibana Rare Earths Project in the Upper Gascoyne Region of Western Australia towards production. The proposed beneficiation and hydro metallurgy processing plant will treat rare earths deposits, predominantly monazite, hosting high neodymium and praseodymium contents to produce a mixed rare earths carbonate that will be further refined into individual rare earth oxides at processing plants overseas.

Neodymium and praseodymium are vital components in the manufacture of permanent magnets which is used in a wide and expanding range of advanced and high-tech products including electric vehicles, wind turbines, robotics, medical applications and others. Hastings aims to become the next significant producer of neodymium and praseodymium outside of China.

Hastings holds 100% interest in the most significant deposits within the overall project, and 70% interest in additional deposits that will be developed at a later date, all held under Mining Leases. Numerous prospects have been identified warranting detailed exploration to further extend the life of the project.

### *Brockman Project*

The Brockman deposit, near Halls Creek in Western Australia, contains JORC Indicated and Inferred Mineral Resources, estimated using the guidelines of JORC Code (2012 Edition).



The Company is also progressing a Mining Lease application over the Brockman Rare Earths and Rare Metals Project.

Hastings aims to capitalise on the strong demand for critical rare earths created by the expanding demand for new technology products.

For further information on the Company and its projects visit [www.hastingstechmetals.com](http://www.hastingstechmetals.com)

**For further information please contact:**

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Andrew Reid, Chief Operations Officer, +61 487 888 787

**TENEMENT SCHEDULE**

**as at 30 June 2019 (All tenements are in Western Australia)**

***YANGIBANA PROJECT***

**Gascoyne Metals Pty Limited (100% subsidiary)**

Es09/1989, 2007, 2084, 2086, 2095, 2129, 2137, - 100%

Es09/1043, 1703, 1704, 1705, 1706, 2296, 2298, 2333 (application) - 70%

Es09/2334 – 100%

Ms09/157, 160, 164, 165 - 100%

Ms09/159, 161, 163 - 70%

Ps09/482, 489 - 100%

G09/10, 14 - 100%

G09/11, 13 - 70%

L09/66-72, 74, 75, 80-83, 85, 86-87 (applications) - 100%

L09/88 (application) – 70%

**Yangibana Pty Limited (100% subsidiary)**

Es09/1700, 1943, 1944, 2018, 2334 (application) - 100%

Ms09/158, 162 -100%

Gs09/16-18 – 100%

***BROCKMAN PROJECT***

**Brockman Project Holdings Pty Limited (100% subsidiary)**

M80/636 (application)

E80/5248 (application)

P80/1626 to 1635 - 100%