



ASX Announcement

4th July, 2022

Hastings Strategic Direction and Financing Update

Highlights

- Multiple parties have expressed interest in advancing discussions in relation to debt and equity finance.
- Hastings is looking to leverage its high grade NdPr project for exposure into downstream rare earths processing activities in Europe.
- Commenced early-stage discussions on partnerships with companies establishing facilities in Europe around rare earth oxides separation and feeding into magnet manufacturing operations emerging in Europe.
- Hastings' European centric strategy and existing agreements with Schaeffler and thyssenkrupp and other commercial prospects have positioned the company to be a reliable long-term source of supply of rare earth feedstock to the European permanent magnets industry.

Funding Discussions

Australia's next rare earths producer Hastings Technology Metals Ltd (**ASX: HAS**) (**Hastings** or the **Company**) is pleased to announce that it has received significant interest from a number of different parties both in terms of debt and strategic equity (**Strategic Financing**).

A process for non-recourse project finance funding for the Yangibana project was initiated in early 2021 with NAIF (North Australia Infrastructure Facility), KFW IPEX-Bank (German State bank) and Finnvera Oyj (Finland government owned Export Credit Agency) being the three government agencies approached by Hastings with a view to providing a senior debt facility totalling A\$400m. In February 2022, NAIF provided a board approved loan support for A\$140m subject to pre-completion conditions (refer ASX announcement "NAIF Approves \$140m Loan for Yangibana Rare Earths Project" dated 2 February 2022). KFW IPEX-Bank has provided a conditional credit approval for up to US\$130 million in ECA-covered and uncovered/commercial project finance debt. In addition, the company explored a fixed interest debt option and undertook a US\$350m Nordic Bond market sounding exercise which exceeded expectations.

However, in recent weeks, Hastings received alternative funding proposals from strategic parties that are currently being evaluated and which may substantially alter the proposed final funding and debt-equity structure for the Yangibana Rare Earths Project. With the strong projected demand growth for permanent magnets and therefore NdPr over the next decade, some of the funding discussions revolve around the opportunities emerging for Hastings to participate in downstream processing facilities in Europe.

Accordingly, the Board is in the process of evaluating the proposals arising out of its Strategic Financing discussions, which remain preliminary in nature and subject to due diligence and final documentation. There are inherent complexities in these discussions and proposals, hence there is no guarantee that any Strategic Financing proposal will result in a transaction acceptable to the Board or which the Board would be prepared to recommend to Hastings shareholders. The Board will continue to keep the market informed in accordance with its continuous disclosure obligations.

Hastings has appointed Barrenjoey as financial advisers and King & Wood Mallesons as its corporate legal advisers. KPMG Corporate Finance is acting as project finance debt adviser and Herbert Smith Freehills as legal adviser to Hastings in relation to the project finance debt package.

Project status update

The Board and management team of Hastings are working towards bringing Yangibana into production as quickly as possible. Early infrastructure work is well advanced having commenced in September 2021 with several significant earthwork's milestones having already been met.

Orders for long-lead equipment items such as the acid bake kiln (Refer ASX announcement "Yangibana Rare Earths Project \$17.4m Acid-Bake Kiln Contract Advancing" dated 1 March 2022), off-gas scrubber and the SAG mill have already been placed.

Hastings anticipates, on the closing of financing, to commence construction of the beneficiation plant in 4Q 2022 and the hydrometallurgy plant at Onslow in 1Q 2023, which will allow for commissioning to start in late 2024.

The recently announced proposed acquisition of the 30% interest in the Yangibana joint venture tenements from Cadence Minerals Plc will add approximately 0.73Mt of Ore Reserves or one (1) year of production to the Yangibana Rare Earths Project. More significantly, it provides significant opportunity to increase the Mineral Resources within the joint venture tenements that are only lightly explored (Refer ASX announcement "Hastings to Acquire 30% Yangibana Joint Venture Interest from Cadence Minerals Plc" dated 23 June 2022).

Recently, Hastings also announced that drilling results from the 170-hole Resource Definition RC drilling program had successfully in-filled inferred mineralisation zones as well as defining extensions down-dip of the current Mineral Resource envelope. An updated Yangibana Rare Earths Project Mineral Resource Estimate is set for completion in 2H 2022 (refer ASX announcement "Drilling Results with 2% TREO and NdPr Content up to 57% from Yangibana Drilling Program" dated 9 June 2022).

Hastings Future Direction

In the last 6 years, Hastings has continued to build on its long-term relationships with European Tier 1 automotive components manufacturer and raw materials traders.

Bernd Schäfer, CEO of EIT RawMaterials – the Innovation Community which manages the European Raw Materials Alliance, commented

“The EU has committed to the goal of becoming climate neutral by 2050. The raw materials needed to facilitate this energy transition are massive, and Europe urgently needs to secure their supply. This Action Plan outlines the steps we must take to ensure that the rare earth elements upon which the EU Green Deal relies remain available for European industry and society.”

Globally, the challenge of supply chain resilience in the face of mounting geo-political pressures and supply chain disruptions caused by the Covid 19 pandemic has brought critical mineral policies to the forefront of governments around the world. Hastings’ pro-Europe strategy has positioned the Company to be a reliable long-term source of supply for critical minerals including NdPr for manufacturing neodymium boron sintered/bonded magnets, known in the industry as NdFeB magnets.

At the European Raw Materials Alliance conference in Berlin in May this year, the Europeans identified an aspirational target of 30% of NdFeB magnets to be manufactured in Europe by 2030. Hastings’ European centric strategy and existing agreements with Schaeffler and thyssenkrupp and other commercial prospects currently in discussions have positioned the company to be a reliable long-term source of supply of rare earth feedstock to the European permanent magnets industry.

Hastings has recently commenced early-stage discussions with a number of companies around opportunities in Europe to partner on downstream processing of rare earths oxides feeding into NdFeB magnet production. A partnership of this nature would enable Hastings to participate in the end-to-end mine to magnet value chain with feedstock from the Yangibana Rare Earths Project being converted into permanent magnets in Europe. This further enables the company to play its part in the global decarbonisation and electrification thematic.

This announcement has been approved by the Board for release to the ASX.

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About Hastings Technology Metals Limited

Hastings Technology Metals Limited (ASX: HAS) its global head office in Perth, Western Australia is a rare earths company primed to become Australia's next producer of neodymium and praseodymium concentrate (NdPr). NdPr are vital components used to manufacture permanent magnets used every day in advanced technology products ranging from electric vehicles to wind turbines, robotics, medical applications, digital devices, etc.

Hastings' flagship Yangibana Rare Earths project, in the Gascoyne region of Western Australia, contains one of the most highly valued NdPr deposits in the world with NdPr:TREO ratio of up to 52%. The site is permitted for long-life production and with offtake contracts signed and debt finance in advanced stage. Construction is scheduled to take 27 months from Q3 2022.

Hastings also owns and operates the Brockman project, Australia's largest heavy rare earths deposit, near Halls Creek in the Kimberley.

For further information on the Company and its projects visit www.hastingstechmetals.com