



**Hastings Technology Metals Ltd**

(formerly Hastings Rare Metals Ltd)

**ABN 43 122 911 399**

**Interim Financial Report**

**31 December 2015**

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# DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2015. 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

## Company Secretary/Chief Financial Officer

Guy Robertson

## Operating Results

The loss of the Group for the half-year after income tax was \$400,476 (31 December 2014 loss: \$388,993).

## Review of Operations

### Yangibana Project (70-100%)

Hastings Technology Metals Ltd continued to explore and evaluate the Yangibana Rare Earths Project in the Gascoyne region of Western Australia. At the end of the period the Company held 100% interest in 3 Mining Leases, 3 Mining Lease Applications, 2 Prospecting Licences, 1 General Purpose Lease Application and 10 Miscellaneous Licence Applications; and 70% interest in 1 Mining Lease, 2 Mining Lease Applications, 6 Exploration Licences and 1 General Purpose Lease Application.

The Yangibana tenements currently cover a total area of approximately 647 square kilometres (Figure 1).

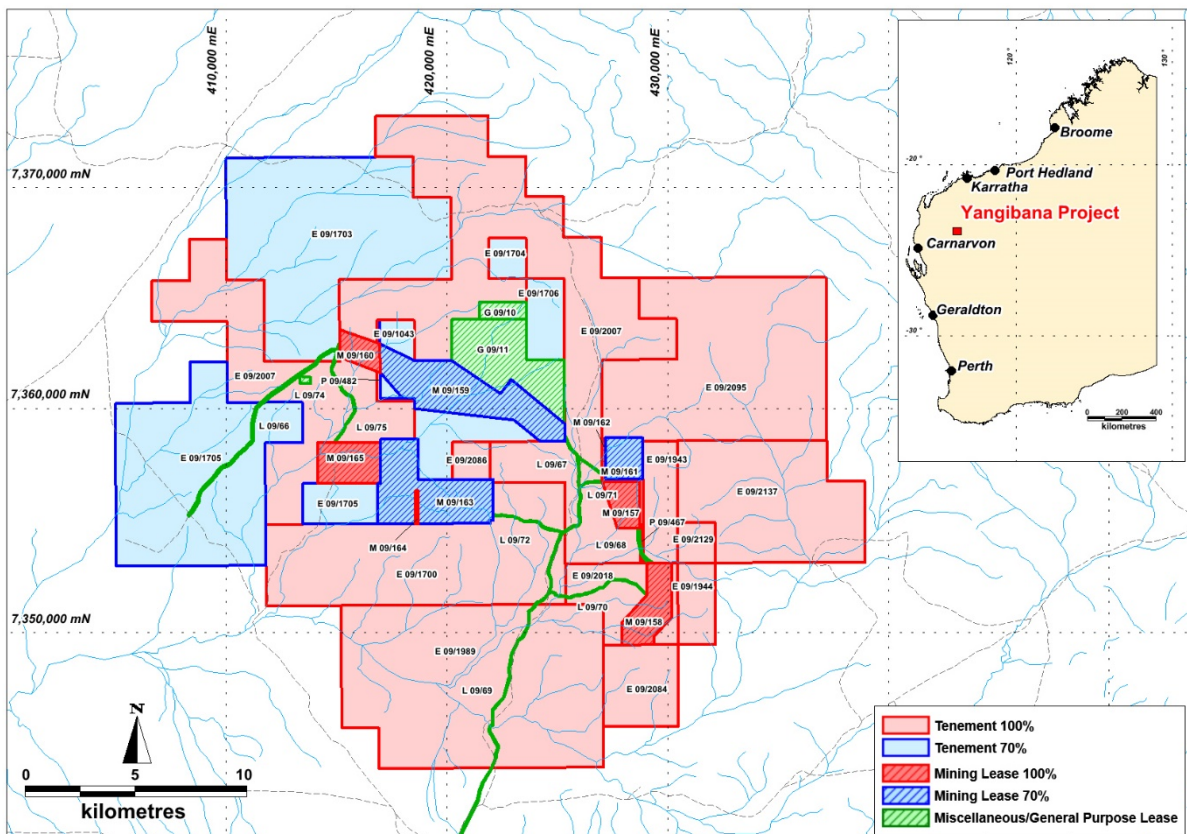


Figure 1 – Yangibana Project Tenements

New JORC resources were estimated based on a third drilling programme carried out by the Company during the period under review. This programme (Figure 2) included both reverse circulation (RC) and diamond drilling (DD) concentrated on 100%-held deposits at Bald Hill South, Fraser's and Yangibana West. Inferred Resources were re-estimated for deposits within the Joint Venture, being Yangibana North, Gossan, Lion's Ear, Hook, Kane's Gossan and Bald Hill North. Preliminary drilling was carried out at Yangibana, Yangibana South and Terry's Find but the number of drill holes were insufficient to establish JORC resources.

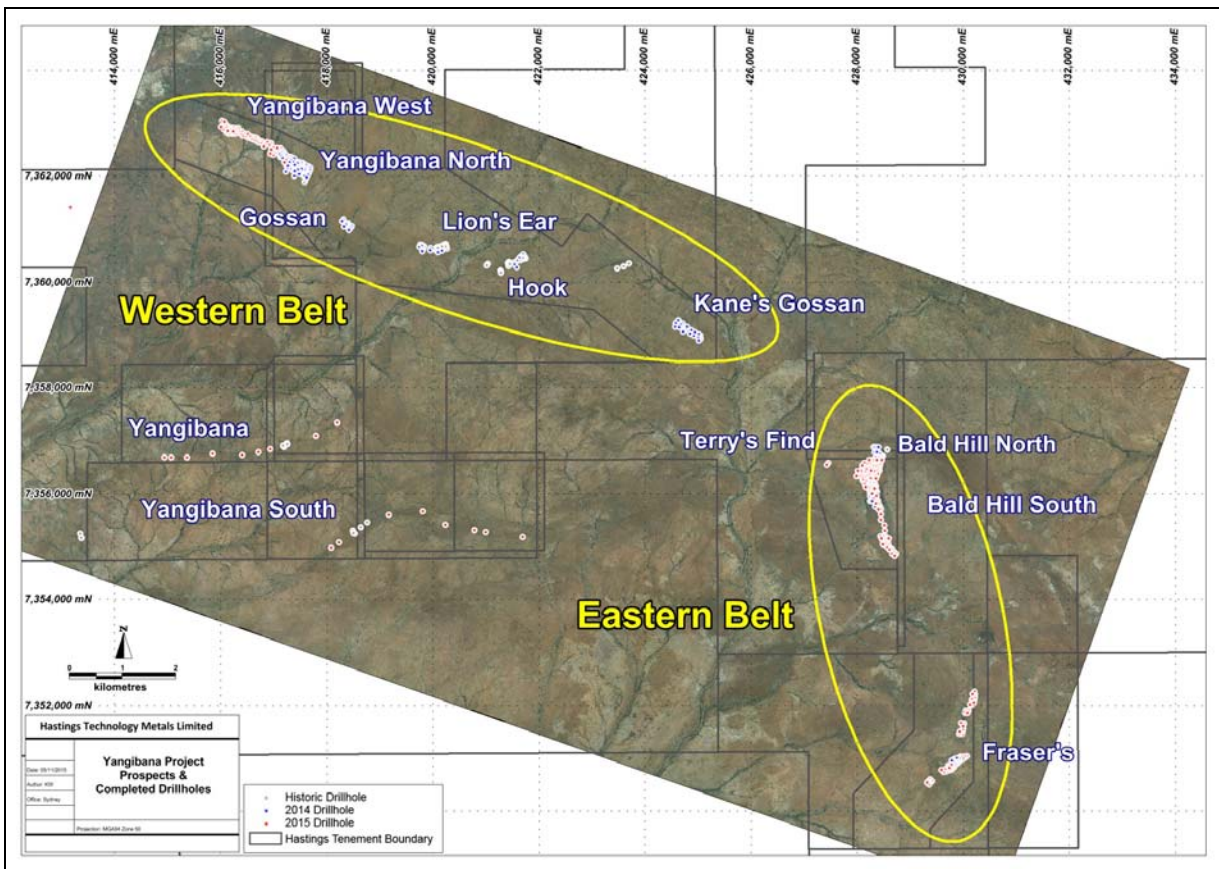


Figure 2 – Yangibana Project – Hastings Drilling Programmes to date

As reported in the ASX release of 6 October 2015, the current resources at the Yangibana Project are as shown in Table 1.

Resource Classification	Tonnes	%TREO*	%Nd <sub>2</sub> O <sub>3</sub> -Eq**
Indicated	8,126,000	1.11	0.46
Inferred	4,236,000	1.09	0.41
<b>TOTAL</b>	<b>12,362,000</b>	<b>1.10</b>	<b>0.44</b>

Table 1 – Yangibana Project, October 2015 JORC Resources

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

\*\* Nd<sub>2</sub>O<sub>3</sub>-Eq is the neodymium oxide equivalent of Hastings' four target oxides – neodymium, praseodymium, dysprosium and europium. Since metallurgical recoveries are assumed to be the same for all targets, the calculation of neodymium equivalent (Nd<sub>2</sub>O<sub>3</sub>-Eq) grade is therefore:-

$$\text{Nd}_2\text{O}_3\text{-Eq grade} = ((\text{Nd}_2\text{O}_3 \text{ grade} + ((\text{Pr}_2\text{O}_3 \text{ grade} * (\text{Pr}_2\text{O}_3 \text{ price} / \text{Nd}_2\text{O}_3 \text{ price})) + ((\text{Dy}_2\text{O}_3 \text{ grade} * (\text{Dy}_2\text{O}_3 \text{ price} / \text{Nd}_2\text{O}_3 \text{ price})) + ((\text{Eu}_2\text{O}_3 \text{ grade} * (\text{Eu}_2\text{O}_3 \text{ price} / \text{Nd}_2\text{O}_3 \text{ price}))))))$$

Metallurgical test work continued during the period with beneficiation tests carried out on material from Yangibana North and Bald Hill South deposits, and then on a composite sample from Bald Hill South and Fraser's termed the Eastern Belt Master Composite (see Figure 2). Hydrometallurgical tests commenced on beneficiated samples to establish the optimum route required for the treatment of Yangibana ore.

**DIRECTORS' REPORT (Continued)****Updated Scoping Study**

Following the completion of Stage 3 drilling, the subsequent resource estimation, and the ongoing positive metallurgical test results, the Company commissioned an update of the independent Scoping Study (Study) by Snowden Mining Industry Consultants (Snowden). Details of the assumptions made and methodologies used in this study were provided in the Company's release dated 10 November 2015.

**High Confidence Case**

Based only on part of the current JORC resources the study shows potential for strong economic returns on mining the Bald Hill South, Fraser's, Yangibana West (all 100%) and Yangibana North (70%) resources. Pit optimisation and modelling was completed on these deposits that provide just over 7.0 million tonnes of mining inventory at an average grade of 1.15% TREO to the processing plant. The pits extract a total of 73.3 million tonnes of material at an average stripping ratio of 9.4:1.

Modelling based on the above provides an indicative NPV of \$650 million to \$750 million at a 10% discount rate with a 1.5-year payback period from commencement of production.

**Expanded Case**

Extrapolating the operation out over a total of 15 years, based on the reasonable assumption that resources of the same tenor as the current resources will continue to be defined by exploration, provides a NPV of \$900 million to \$1.1 billion at a 10% discount rate.

Hastings considers that this case is supported by:-

- current Inferred Resources totalling 4.24 million tonnes at 1.07% TREO at Yangibana West, Yangibana North, Gossan, Lion's Ear, Hook, Kane's Gossan, Bald Hill North, Bald Hill South and Fraser's; and
- an Exploration Target as defined by the JORC Code, Clause 17, of between 4 and 7 million tonnes of plant feed at a grade in the order of 1.0 to 1.2% TREO. This target is conceptual but is supported by:-
  - extensions of the Inferred Resources listed above, both at depth where the deepest intersections show no sign of decreasing potential and along strike supported by outcropping ironstone (the host to the bulk of the rare earths mineralisation in the Yangibana Project);
  - mineralisation at Terry's Find, Yangibana and Yangibana South prospects where limited drilling by Hastings has confirmed grades comparable to those of the existing resources but where insufficient drilling has been completed to allow the estimation of JORC resources;
  - mineralisation at Hook South and Tongue prospects where limited drilling in the 1980s has confirmed grades comparable to those of the existing resources but where insufficient drilling has been completed to allow the estimation of JORC resources; and
  - numerous outcropping ironstone units elsewhere within the Yangibana Project that in some cases have returned anomalous rare earths values from rock chip samples and in other cases are yet to be assessed.

The Exploration Target will be explored in the future to establish resources as required.

The Exploration Target discussed here is based only on rare earths mineralisation associated with the outcropping ironstone units and their depth and strike extensions.

**The potential quantity and grade of the Exploration Target is conceptual in nature. Confirmation of the Exploration Target will depend on the success of future exploration programmes to determine a mineral resource. There is no certainty that further exploration work will result in the determination of mineral resources or that the production target itself will be realised.**

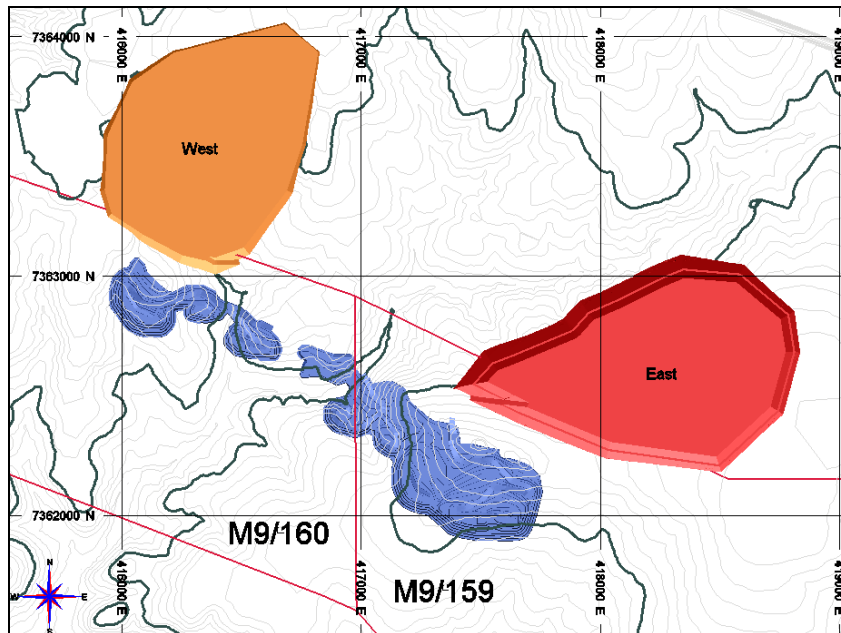
**Cautionary Statement**

The Scoping Study referred to is an indicative analysis subject to follow up Feasibility Studies. It is based on a low level technical and economic assessment, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusion of the Study will be realised.

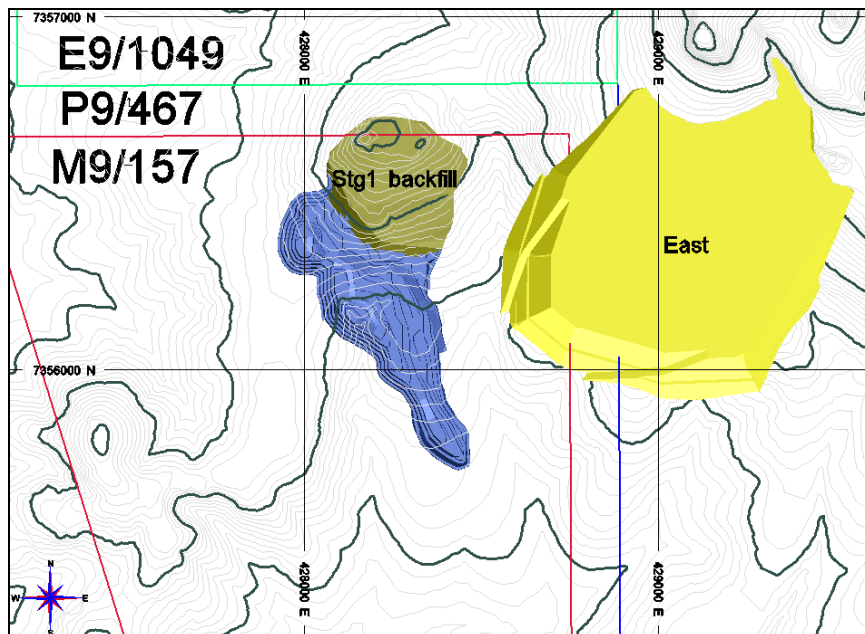
**DIRECTORS' REPORT (Continued)**

**Pre-Feasibility Study**

The Pre-Feasibility Study that commenced in early 2015 is nearing completion. Mine designs based on optimised open pits and waste dumps have been designed at Yangibana West-Yangibana North (Figure 3), Bald Hill South (Figure 4) and Fraser's deposits (Figure 5). Processing test work is advanced and the planned route from mine to product has been established.



**Figure 3 – Yangibana Project – Yangibana West and Yangibana North open pit and waste dump designs**



**Figure 4 – Yangibana Project – Bald Hill South open pit and waste dump designs**



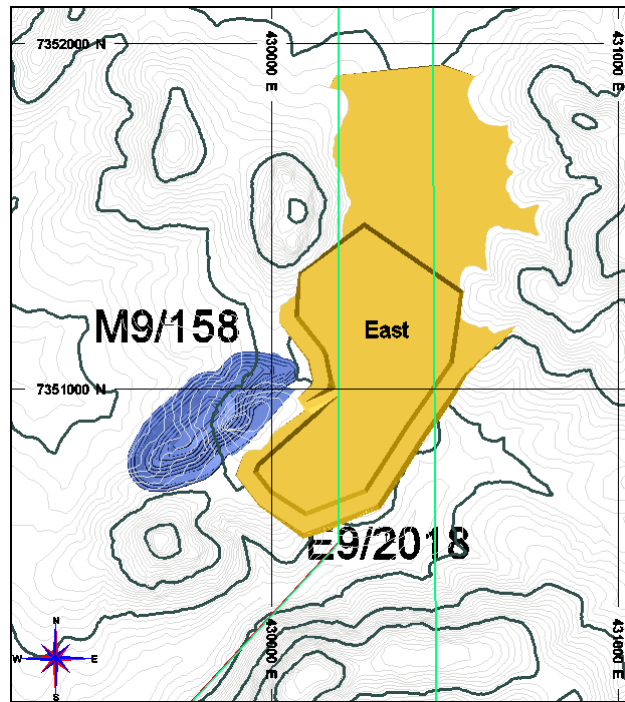


Figure 5 – Yangibana Project – Fraser’s open pit and waste dump designs

Infrastructure sites have been selected for all major components and applications have been made for additional Mining Leases, General Purpose Leases and Miscellaneous Licences to cover areas with potential resources and/or infrastructure requirements.

Environmental studies have been completed with no issues indicated. Potential sources for all water requirements of the proposed operation have been identified.

**Brockman Project (100%)**

During the period under review Hastings commissioned a JORC resource estimate for the Southern Extension, immediately south of the main Brockman deposit near Halls Creek in the East Kimberley region.

The resource assessment, completed by CoxsRocks Pty Limited, was based on the six reverse circulation (RC) holes drilled by Hastings in 2014 and estimated an Indicated Resource of 5.2 million tonnes at 0.22%TREO including 0.18%HREO, plus 0.39%Nb<sub>2</sub>O<sub>5</sub> and 0.95%ZrO<sub>2</sub> (Figure 3)

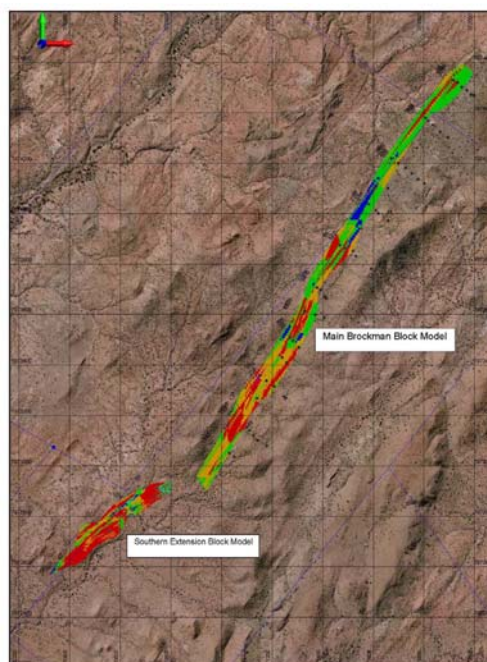


Figure 3 – Brockman Project – Southern Extension Block Model

The total JORC resources at the Brockman Project now stand at 41.4 million tonnes at 0.21%TREO including 0.18%HREO, plus 0.36%Nb<sub>2</sub>O<sub>5</sub> and 0.90%ZrO<sub>2</sub>.

#### **Events Subsequent to Reporting Date**

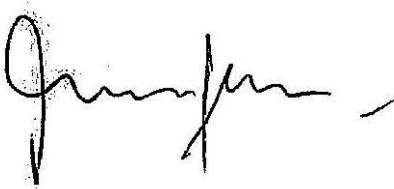
Subsequent to the reporting date the Company purchased the deferred consideration of \$2 million to be settled to the vendor of the Yangibana joint venture project, upon the project achieving bankable feasibility, decision to mine and first draw down of project finance, for \$150,000.

There are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2015.

#### **Auditor's Independence Declaration**

As per section 307C of the Corporations Act 2001 the auditors, HLB Mann Judd, provide on page 9, the Independence Declaration in relation to the review of the interim financial report. The Independence Declaration forms part of this directors' report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.



**Charles Lew**

**Executive Chairman**

**9 March 2016**

#### **Competent Person's Statement**

*The information in this report that relates to Resources is based on information compiled by Simon Coxhell. Simon Coxhell is a consultant to the Company and a member of the Australasian Institute of Mining and Metallurgy. The information in this report 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 report 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 report of the matters based on his information in the form and context in which it appears.*





Accountants | Business and Financial Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Hastings Technology Metals Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

Perth, Western Australia  
9 March 2016

M R W Ohm  
Partner

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	Consolidated	
		31 Dec 2015 \$	30 Dec 2014 \$
<b>Continuing operations</b>			
Other income		78,013	50,814
Office facilities		(33,505)	(5,677)
Marketing		(19,125)	(5,692)
Legal fees		(250)	(13,105)
Employee benefits expense		(63,638)	(5,519)
Directors' fees		(108,998)	(96,053)
Consulting and professional fees		(22,560)	(90,000)
Travel expenses		(133,439)	(33,933)
Share based payments	5	(105,977)	-
Other expenses		(127,475)	(189,828)
<b>Loss before income tax benefit</b>	2	<b>(536,954)</b>	<b>(388,993)</b>
Income tax benefit		136,478	-
<b>Net loss for the period</b>		<b>(400,476)</b>	<b>(388,993)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(400,476)</b>	<b>(388,993)</b>
Basic and undiluted earnings/(loss) per share (cents per share)		(0.10)	(0.11)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	Consolidated	
		31 Dec 2015	30 Jun 2015
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		4,374,053	7,639,653
Trade and other receivables		149,643	207,346
<b>Total Current Assets</b>		<b>4,523,696</b>	<b>7,846,999</b>
<b>Non-Current Assets</b>			
Plant and equipment		17,144	11,450
Deferred exploration and evaluation expenditure	3	24,472,460	21,765,046
<b>Total Non-Current Assets</b>		<b>24,489,604</b>	<b>21,776,496</b>
<b>Total Assets</b>		<b>29,013,300</b>	<b>29,623,495</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		542,154	885,350
<b>Total Liabilities</b>		<b>542,154</b>	<b>885,350</b>
<b>Net Assets</b>		<b>28,471,146</b>	<b>28,738,145</b>
<b>Equity</b>			
Issued capital	4	35,459,222	35,417,397
Share option reserve	5	786,913	695,261
Accumulated losses		(7,774,989)	(7,374,513)
<b>Total Equity</b>		<b>28,471,146</b>	<b>28,738,145</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**Consolidated**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Share Option Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2015</b>	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)	-
<b>Balance at 31 December 2015</b>	<b>35,459,222</b>	<b>(7,774,989)</b>	<b>786,913</b>	<b>28,471,146</b>

**Consolidated**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Share Option Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2014</b>	27,197,608	(6,779,551)	691,516	21,109,573
Loss for the period	-	(388,993)	-	(388,993)
Total comprehensive loss for the period	-	(388,993)	-	(388,993)
Shares issued during the half year	6,309,499	-	-	6,309,499
Transaction costs on share issue	(299,362)	-	-	(299,362)
Options expired	-	52,280	(52,280)	-
<b>Balance at 31 December 2014</b>	<b>33,207,745</b>	<b>(7,116,264)</b>	<b>639,236</b>	<b>26,730,717</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$	\$
	Inflows/(Outflows)	
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(545,656)	(492,389)
Research and development tax rebate received	136,478	-
Interest received	116,245	24,661
<b>Net cash (used in) operating activities</b>	<b>(292,933)</b>	<b>(467,728)</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of tenements/prospects	(50,000)	(17,500)
Payments for exploration and evaluation expenditure	(2,914,741)	(1,795,686)
Purchase of plant and equipment	(7,926)	(2,697)
<b>Net cash (used in) investing activities</b>	<b>(2,972,667)</b>	<b>(1,815,883)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	6,269,929
Payments for share issue costs	-	(56,887)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>6,213,042</b>
Net increase/(decrease) in cash held	(3,265,600)	3,929,431
Cash and cash equivalents at the beginning of the period	7,639,653	3,616,118
Cash and cash equivalents at the end of the period	<b>4,374,053</b>	<b>7,545,549</b>

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015****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 2015 and any public announcements made by Hastings Technology Metals Ltd and its subsidiaries during the half-year 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.

**Adoption of new and revised accounting standards**

In the half year ended 31 December 2015, 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 2015.

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 2015. 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 2015.

**Impairment**

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity 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 2015 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 2: LOSS BEFORE INCOME TAX BENEFIT**

Consolidated

Half Year Ended 31 December 2015 \$	Half Year Ended 31 December 2014 \$
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The following expenses are included in other expenses and are relevant in explaining the financial performance for the half-year:

Insurance	12,864	17,290
Accounting and audit fees	22,560	17,565

**NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

Consolidated

Half Year Ended 31 December 2015 \$	Year Ended 30 June 2015 \$
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Costs carried forward in respect of areas of interest in the following phases:

**Exploration and evaluation phase – at cost**

Balance at beginning of period	21,765,046	17,841,676
Exploration expenditure	2,657,414	3,721,745
Purchase of prospects - Yangibana <sup>1</sup>	50,000	202,500
Write off of exploration expenditure	-	(875)
<b>Total deferred exploration and evaluation expenditure</b>	<b>24,472,460</b>	<b>21,765,046</b>

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.

<sup>1</sup>During the half year to 31 December 2015 the Company settled a contingent liability of \$500,000 payable to GTI Resources Ltd upon Completion of a Bankable Feasibility Study and on first draw down of funds to finance the development of a mine, for \$50,000.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 4: ISSUED CAPITAL**

	Consolidated	
	Half Year Ended 31 December 2015 \$	Year ended 30 June 2015 \$
<i>Ordinary shares - Issued and fully paid</i>		
Opening balance	35,417,397	27,197,608
Shares issued	-	8,544,997
Shares issued on exercise of performance rights/options	14,325	120,000
Shares issued to directors in lieu of fees	27,500	39,570
Less share issue costs	-	(484,778)
Closing balance	<u>35,459,222</u>	<u>35,417,397</u>
<i>Movements in ordinary shares on issue</i>		
	Number	Number
Opening balance	383,959,771	259,279,572
Shares issued on exercise of performance rights/options	250,000	2,000,000
Shares issued to directors in lieu of fees	357,142	608,772
Shares issued	-	122,071,427
Closing balance	<u>384,566,913</u>	<u>383,959,771</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 5: OPTIONS AND PERFORMANCE RIGHTS

#### Options

	Consolidated	
	Half Year Ended	Year ended
	31 December	30 June
	2015	2015
	\$	\$
<i>Movements in share option reserve were as follows:</i>		
Opening balance	695,261	691,516
Performance shares issued	(14,325)	-
Options expired	-	(168,720)
Exercise of options	-	(52,279)
Value of performance rights issued during the year	105,977	224,744
Closing balance	786,913	695,261

#### *Movements in options over ordinary shares on issue*

Opening balance	18,000,000	24,500,000
Expiry of options	-	(4,500,000)
Options exercised	-	(2,000,000)
Closing balance	18,000,000	18,000,000

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

#### **Performance Rights**

On 18 November 2014 the Company issued 10,000,000 performance rights to directors and employees.

##### *Directors' performance rights*

Shareholders at the 2014 Annual General Meeting approved the grant of 9,500,000 performance rights to Directors and the Company Secretary. The performance rights were valued at 7.5 cents being the share price on grant date. Vesting occurs at the end of the performance period 30 June 2016, if the following performance conditions are met:

Non-market based performance conditions:

- completion of a pre-feasibility study for one or more of the company's projects; and
- completion of capital raisings during the term of the performance rights of at least \$7 million.

Market-based performance conditions:

- 50% of the performance rights will vest under the share price reaching 9.75 cents; and
- 75% of the performance rights will vest under the share price reaching 11.375 cents; and
- 100% of the performance rights will vest under the share price reaching 13 cents.

The Company has recorded an expense relative to the shares it expects to issue of \$204,744 in the year ended 30 June 2015 and \$102,421 in the six months ended 31 December 2015.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### *Employee performance rights*

During the year ended 30 June 2015 a further 500,000 performance rights were issued to an employee.

The Company recorded an expense of \$3,556 (31 December 2014-\$13,106) relating to the performance rights it expects to issue. During the half year ended 31 December 2015 the Company issued 250,000 ordinary shares on vested performance rights.

### **NOTE 6: 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 10 granted exploration licences, 2 prospecting licences, 3 mining licences and 3 mining licence applications and a further 70% interest in six granted exploration licenses, one mining licence and 1 mining licence application.

The following table presents information regarding the Group's segments provided to the Board for the half-year periods ended 31 December 2015 and 31 December 2014.

##### **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 two exploration licences in the East Kimberley region of Western Australia. The project hosts significant JORC compliant resources of the heavy rare earths zircon, niobium, tantalum, yttrium and dysprosium.

#### **Project Segments**

	Brockman Project	Yangibana Project	Unallocated	Total
<b>31 December 2015</b>	\$	\$	\$	\$
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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**Project Segments**

	Brockman Project	Yangibana Project	Unallocated	Total
<b>31 December 2014</b>	\$	\$	\$	\$
Segment revenue	-	-	50,814	50,814
Segment expenses	-	-	(439,807)	(439,807)
Segment result	-	-	(388,993)	(388,993)
Segment assets	14,825,411	4,754,189	7,660,872	27,240,472
Segment liabilities	-	-	509,755	509,755

**NOTE 7: DIVIDENDS**

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

**NOTE 8: CONTINGENT LIABILITIES**

During the half year to 31 December 2015 the Company settled a contingent liability of \$500,000 payable to GTI Resources Ltd upon Completion of a Bankable Feasibility Study and on first draw down of funds to finance the development of a mine, for \$50,000.

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

**NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to the reporting date the Company purchased the deferred consideration of \$2 million to be settled to the vendor of the Yangibana joint venture project, upon the project achieving bankable feasibility, decision to mine and first draw down of project finance, for \$150,000.

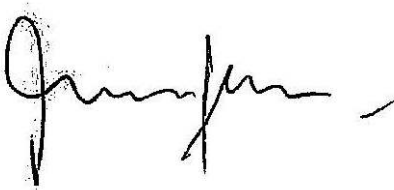
There are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2015.

**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 2015 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.



**Charles Lew**  
**Executive Chairman**  
**9 March 2016**





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## 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 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and 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 of the consolidated entity 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 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 consolidated entity's financial position as at 31 December 2015 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 consolidated entity's financial position as at 31 December 2015 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**

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

**M R W Ohm**  
**Partner**

**Perth, Western Australia**  
**9 March 2016**