



HASTINGS
Technology Metals Limited

Hastings Technology Metals Ltd

ABN 43 122 911 399

Interim Financial Report

31 December 2017

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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 2017. 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
Jean Claude Steinmetz	Non-executive Director
Aristeidis Stamoulis	Executive Director (appointed 4 October 2017)
Guy Robertson	Executive Director (appointed 31 July 2017)
Anthony Ho	Non-executive Director (resigned 29 November 2017)

Company Secretary/Chief Financial Officer

Guy Robertson

Operating Results

The loss of the Group for the half-year after income tax was \$1,243,055 (31 December 2016 loss: \$632,396).

Review of Operations

Yangibana Project

JORC Resources

Following the completion of the 2017 exploration drilling programme at the Yangibana Project, an updated JORC Resource estimate was completed by independent consultants Widenbar and Associates Pty Limited. Total Resources now stand at 21.00mt as shown in Table 1. Note that resource tonnes in the following tables are rounded to the nearest 100,000 tonnes and rounding errors may appear.

These resources include those within tenements held 100% by Hastings (Table 2) and those held in joint venture with Hastings holding a 70% interest (Table 3).

Category	Tonnes	Nd ₂ O ₃ +Pr ₆ O ₁₁	TREO	Nd ₂ O ₃	Pr ₆ O ₁₁	Dy ₂ O ₃	Tb ₄ O ₇
		%	%	ppm	ppm	ppm	ppm
Measured	3,900,000	0.42	1.19	3,372	851	58.7	19.07
Indicated	8,600,000	0.42	1.25	3,368	858	47.7	16.31
Meas + Ind	12,500,000	0.42	1.23	3,369	856	51.1	17.17
Inferred	8,400,000	0.36	1.09	2,829	740	40.5	13.26
TOTAL	21,000,000	0.40	1.17	3,152	809	46.8	15.59

Note: Rounding errors may occur

Table 1 – Yangibana Project, November 2017 JORC Resources

Total Resource in Tenements 100% held by Hastings							
Category	Tonnes	Nd ₂ O ₃ +Pr ₆ O ₁₁	TREO	Nd ₂ O ₃	Pr ₆ O ₁₁	Dy ₂ O ₃	Tb ₄ O ₇
		%	%	ppm	ppm	ppm	ppm
Measured	3,000,000	0.42	1.06	3,404	809	63.3	19.50
Indicated	6,600,000	0.41	1.09	3,324	794	48.5	15.97
Meas + Ind	9,600,000	0.41	1.08	3,349	799	53.1	17.08
Inferred	5,800,000	0.35	0.93	2,840	684	40.9	12.83
TOTAL	15,400,000	0.39	1.03	3,158	756	48.5	15.49

Note: Rounding errors may occur

Table 2 – Yangibana Project, November 2017 JORC Resources in tenements 100% held by Hastings

Total Resource in Tenements 70% held by Hastings							
Category	Tonnes	Nd ₂ O ₃ +Pr ₆ O ₁₁	TREO	Nd ₂ O ₃	Pr ₆ O ₁₁	Dy ₂ O ₃	Tb ₄ O ₇
		%	%	ppm	ppm	ppm	ppm
Measured	900,000	0.43	1.64	3,258	997	42.8	17.55
Indicated	2,100,000	0.46	1.76	3,507	1,061	45.1	17.39
Meas + Ind	2,900,000	0.45	1.72	3,433	1,042	44.4	17.44
Inferred	2,700,000	0.37	1.42	2,806	860	39.6	14.17
TOTAL	5,600,000	0.41	1.58	3,134	955	42.1	15.88
Note: Rounding errors may occur							

Table 3 – Yangibana Project, November 2017 JORC Resources in tenements 70% held by Hastings

Definitive Feasibility Study¹

During the period the Company released the Definitive Feasibility Study (DFS) for the Yangibana Rare Earths Project. The Project will produce a Mixed Rare Earths Carbonate (MREC) rich in Neodymium (Nd) and Praseodymium (Pr), critical materials used in the manufacture of permanent magnets, which are found in electrical components of many new technology products, from electric vehicles, renewable energy wind turbines and electronic consumer products.

The DFS demonstrates attractive economics using conservative price projections for the key rare earths of Nd-Pr which the company anticipates will have solid demand based on the strong trending growth of electric vehicles and wind turbines in particular, as well as other technological innovations. The DFS furthermore demonstrated the technical viability of the Yangibana flow sheet.

The DFS calculations are based on the Maiden JORC Ore Reserves of 5.15 million tonnes at 1.12% Total Rare Earths Oxide (TREO) for the first six years of operations, along with a Production Target for years 7 and 8 based on additional JORC Measured and Indicated Resources. All the Ore Reserves and Mineral Resources included in the DFS lie within tenements owned 100% by Hastings.

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

The Probable Ore Reserves at Bald Hill and Fraser's deposits are based on the JORC Resources shown in Tables 4 and 5, that form part of the total resources of 21.00 million tonnes. Apparent discrepancies might appear due to rounding.

Tenement	Category	Tonnes	%Nd ₂ O ₃ +Pr ₆ O ₁₁	%TREO
M09/157	Measured	2,700,000	0.40	1.00
	Indicated	1,890,000	0.40	1.01
	Inferred	1,110,000	0.33	0.88
	TOTAL	5,700,000	0.39	0.98
M09/162	Indicated	160,000	0.44	1.04
	Inferred	230,000	0.42	1.06
	TOTAL	400,000	0.43	1.05

Table 4 – JORC Resources at Bald Hill Deposit, November 2017

¹ See ASX announcement dated 28 November 2017

Tenement	Category	Tonnes	%Nd ₂ O ₃ +Pr ₆ O ₁₁	%TREO
M09/158	Measured	220,000	0.68	1.60
	Indicated	650,000	0.65	1.52
	Inferred	660,000	0.31	0.74
	TOTAL	1,530,000	0.51	1.20
E09/2018	Inferred	40,000	0.18	0.39
	TOTAL	40,000	0.18	0.39

Table 5 – JORC Resources at Fraser’s Deposit, November 2017

Mining by open pits will use conventional drill and blasting methods and it is planned to provide 1.0 million tonnes per annum of ore to the processing plant.

The ore dips at between 10 and 45 degrees and varies in thickness between 1m and 20m at Fraser’s and 1m and 30m at Bald Hill, with an average thickness of 4m. The ore zone (ironstone) is visually distinct from the host rock, providing some control for ore identification.

RC grade control drilling will be done on a 10m x 10m grid to control ore delineation.

Selective blasting and mining around the ore zones are designed to remove the hanging-wall as cleanly as possible to expose the ore.

The ore will then be mined to the footwall contact using selective mining. Due to the high value of the ore, a high ore recovery will be the focus of mining. As such, a 50cm skin of dilution will be added to the ore mined to enable a 98% ore recovery assumption.

Pits will be dewatered ahead of mining using bores to provide a dewatered rock mass, with a maximum 8 litres per second pumped from each pit. Stormwater will be managed in pit using sumps and with capacity for pumping up to 10 litres per second in each pit.

Waste from each pit will be stored in adjacent waste dumps. Some of the Bald Hill pit will be backfilled to minimise haulage distances. Mineralised material will be transferred directly to the Run-Of-Mine (ROM) pad or to a low-grade stockpile with the mining trucks (as the distance travelled is reasonably low).

Pit optimisations have been completed to determine the economic mining limits for each deposit. Only Measured and Indicated Resources have been considered for processing. Pits have then been designed in stages to enable higher grades to be targeted and waste extraction to be deferred. Both Bald Hill and Fraser’s pits are approximately 125m deep. The main Bald Hill pit is approximately 1,100m long and 600m wide. The Fraser’s pit is approximately 600m long and 250m wide. The waste dumps have been located to minimise haulage distances and were constrained by lease boundaries (Bald Hill) and water courses. The Bald Hill dump covers an area of 100 hectares (ha), and the Fraser’s dump covers 86ha.

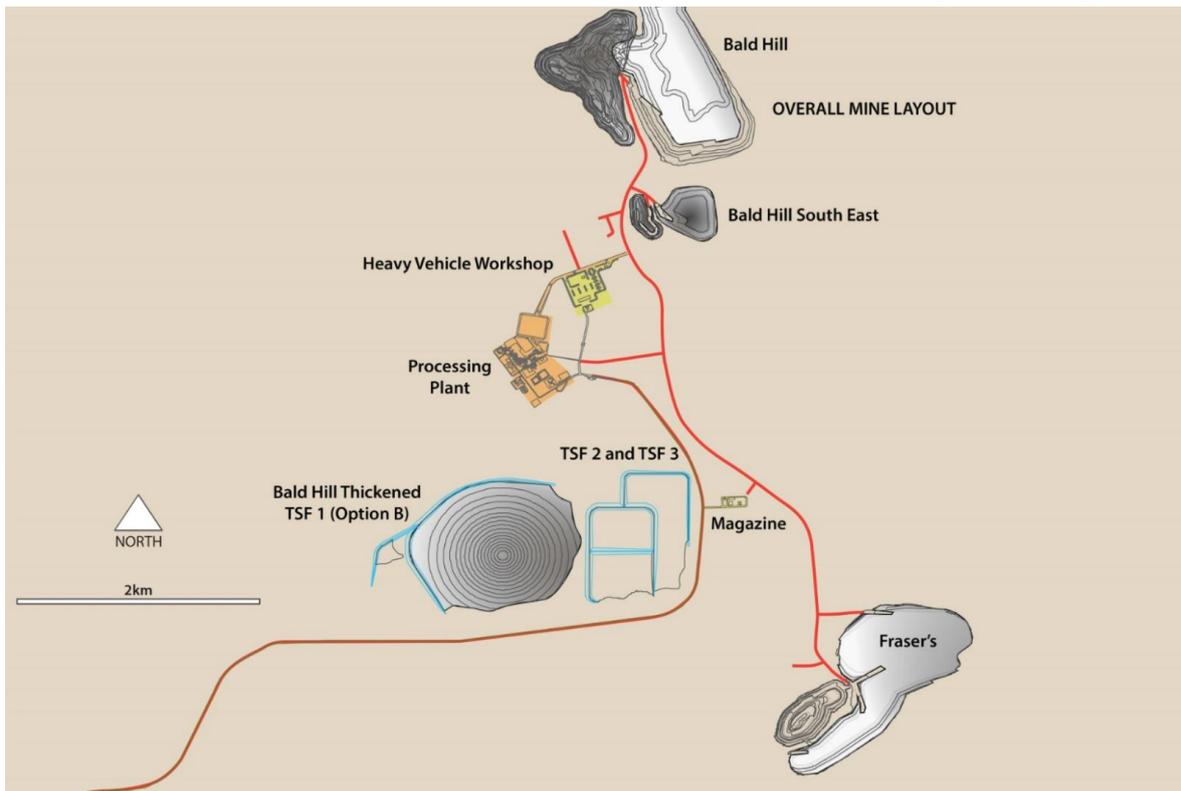


Figure 1 – Pit and Waste Dump Designs for Bald Hill and Fraser’s, and Plant and Tailings Dam Layouts

The Company has completed extensive metallurgical testwork culminating in pilot plant tests on a composite sample of material from Bald Hill and Fraser’s. This testwork has defined a route comprising crush, grind, flotation, acid bake with water leach and precipitation of a Mixed Rare Earths Concentrate. The key parameters are shown in Table 6.

Definitive Feasibility Study Parameters	
Bald Hill and Fraser’s JORC Resources	Measured and Indicated
Mining Method	Open Pits
Mining Dilution – 0.5m skin on HW and FW incorporated in resource estimation	variable
Mining Recovery	98%
Processing Route	Flotation, Acid Bake – Water Leach and MREC Precipitation
Overall Processing Recovery (TREO) – Ore to MREC	74.9%
Target Production Rate (MREC)	15,000 tpa
Target Contained Nd ₂ O ₃ +Pr ₆ O ₁₁	3,400 tpa
Pre-Production Capital Costs	A\$335.3m
Production Capital Costs	A\$13.1m
Operating Costs	A\$17/kg
Basket Value	Bald Hill US\$31.70/kg Fraser’s US\$32.15/kg
Exchange Rate US\$:A\$	0.75
Discount Rate	8%

Table 6 – Summary of Key Parameters Used To Establish Probable Ore Reserves

All environmental studies and approvals processing are progressing as required.

Based on the resources in Tables 1 and 2 and the Modifying Factors, Snowden has estimated the Probable Ore Reserves as shown in Table 7.

Item	Bald Hill	Fraser's	Total
Tonnes (kt)	4,380	780	5,160
TREO (%)	1.04	1.58	1.12
Nd ₂ O ₃ (ppm)	3,330	5,320	3,630
Pr ₆ O ₁₁ (ppm)	783	1,380	873
Eu ₂ O ₃ (ppm)	79	83	79
Gd ₂ O ₃ (ppm)	189	197	190
Sm ₂ O ₃ (ppm)	376	436	385
CeO ₂ (ppm)	4,150	6,900	4,560
La ₂ O ₃ (ppm)	1,200	1,200	1,200
Dy ₂ O ₃ (ppm)	62	68	63
Tb ₄ O ₇ (ppm)	19	21	19
Ho ₂ O ₃ (ppm)	7	7	7
Er ₂ O ₃ (ppm)	10	11	10
Tm ₂ O ₃ (ppm)	1	1	1
Yb ₂ O ₃ (ppm)	5	5	5
Lu ₂ O ₃ (ppm)	1	1	1
Y ₂ O ₃ (ppm)	158	169	160

Table 7 – Bald Hill and Fraser's Ore Reserves, November 2017

68% of the initial 8-year operating life is underpinned by these Ore Reserves. An Additional Production Target of 2.64 million tonnes of plant feed based on Measured and Indicated Resources from Auer, Auer North, Yangibana West and Yangibana deposits is included for the financial evaluation. These deposits were selected as the Mineral Resources in these deposits have been demonstrated, through variability testwork programmes, to be compatible with the process flowsheet developed in the DFS. Preliminary modifying factors were applied during a pit optimisation of the Mineral Resources to develop the Additional Production Target tonnage and subsequently, a mining schedule was developed from the optimised pits and used in the financial evaluation of the project.

The processing route commences with comminution and beneficiation, resulting in a beneficiated concentrate upgrade by 20 times from the ROM ore, as demonstrated through the DFS, to a 25% TREO concentrate.

This concentrate is further processed downstream through a hydrometallurgical process that involves acid bake, water leaching, impurity removal and precipitation to produce up to 15,000 tpa of MREC. The MREC will contain up to 3,400 tpa of neodymium oxide (Nd₂O₃)+praseodymium oxide (Pr₆O₁₁). Hastings will sell this Nd₂O₃+Pr₆O₁₁ rich MREC to rare earths oxides separators or other customers further along the rare earths supply chain.

The Project is estimated to generate annual sales revenue of A\$379 million, a nominal after tax NPV of A\$466 million (discount rate of 8%), an Internal Rate of Return (IRR) of 78% and a 2.3-year payback (average over the 8 years from first draw down) as shown in Table 8.

Operating Life	8 years
Net Present Value (NPV)	A\$466m
Internal Rate of Return (IRR)	78%
Payback Period	2.3 years

Table 8 – Yangibana Project Definitive Feasibility Study Key Economics

Revenue streams are highly dependent on Nd-Pr prices as these account for 85-90% of projected revenue.

The Company will continue to work on identifying areas where capital expenditure can be further reduced. Significant gains have been achieved on operating expenses, with a reduction of 30% achieved from the PFS. With estimated annual operating expenses at A\$142 million per year, the average operating cost for the project is A\$17.0/kg TREO (US\$12.8/kg), including all fixed and variable costs.

The DFS financial model assumes an average long-term US\$/A\$ exchange rate of US\$0.75 and price forecasts from 2017 to 2027 for rare earths prices from Argus Media, an independent provider of price information, market data and business intelligence for the global resource industry. Hastings anticipates an increase in some of the key rare earths prices, especially Nd-Pr over the next decade due to the strong demand for permanent magnets arising from the growth in electric vehicles. The price rises seen in 2017 demonstrate that the Chinese authorities are having a degree of success in shutting down illegal production in China and Hastings expects the emphasis on sustainable production to continue in China and be supportive of Nd-Pr prices.

Native Title Agreement

In November 2017 the Company signed a Native Title Agreement (NTA) with the Thiin-Mah Warriangka, Tharrkari and Jiwarli People (TMWTJ People) in respect of the Yangibana Project. The Agreement covers the entire 650km² of the Yangibana project area.

Commercial

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 confidence in the successful development of the Yangibana Rare Earths Project.

The three MOUs signed to date represent approximately 40% of the planned MREC (Mixed Rare Earth Carbonate) annual production from Yangibana.

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 electric vehicles. 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.

Corporate

Capital Raising

The Company raised \$21.5 million during the period with the issue of 139,021,512 shares. This included 51,046,512 at 8.6 cents per share on completion of the share purchase plan and 81,125,000 shares at 20 cents per share through a share placement.

Directors and Management

The Company appointed two new directors during the period, Guy Robertson on 31 July 2017 and Aris Stamoulis on 4 October 2017.

Mr Anthony Ho resigned on 29 November 2017. Mr Ho had previously served as the Company's Chairman and Chairman of the audit committee. The Board is appreciative of Mr Ho's contribution to the Company.

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).

Competent Persons Statements

The information in this announcement and DFS 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 and DFS that relates to Exploration Results is based on information compiled through 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 DFS 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 consent to the inclusion in this announcement and DFS of the matters based on his information in the form and context in which it appears.

The information in this announcement and DFS that relates to the Fraser's and Bald Hill Ore Reserve is based on information reviewed or work undertaken by Mr Frank Blanchfield, FAusIMM, and an employee of Snowden Mining Industry Consultants. Mr Blanchfield has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the preparation of mining studies to qualify as a Competent Person as defined by the JORC Code 2012. Mr Blanchfield consents to the inclusion in this announcement and DFS of the matters based on his information in the form and context in which it appears.

The scientific and technical information in this announcement and DFS that relates to process metallurgy is based on information reviewed by Mr Dale Harrison MAusIMM, who is a metallurgical consultant and employee of Wave International. Mr Harrison has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined by the JORC Code 2012. Mr Harrison consents to the inclusion in this announcement and DFS 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

On 2 February 2018 the Company announced a fully underwritten non-renounceable rights issue on a one for seventeen basis to raise approximately \$12.2 million.

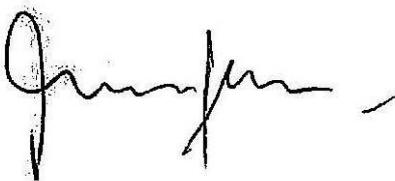
Other than as outlined above there have been no events subsequent to the end of the period which would have a material effect on the Group's financial statements for the half-year ended 31 December 2017.

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 2017 is set out on page 10.

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



Charles Lew

Executive Chairman

13 March 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Hastings Technology Metals Ltd for the half-year ended 31 December 2017, 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.

**Perth, Western Australia
13 March 2018**



**L Di Giallonardo
Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

		Consolidated	
	Notes	31 Dec 2017 \$	31 Dec 2016 \$
Continuing operations			
Revenue – interest income		117,297	121,309
Office facilities		(81,020)	(66,226)
Marketing		(54,778)	(35,874)
Legal fees		(41,409)	-
Employee benefits expense	2	(367,564)	(174,551)
Directors' fees		(81,597)	(182,441)
Consulting and professional fees		(217,541)	(28,983)
Travel expenses		(204,813)	(78,231)
Share based payments	4	(101,816)	(18,000)
Regulatory and administration expenses		(209,814)	(169,399)
Loss before income tax benefit	2	(1,243,055)	(632,396)
Income tax benefit		-	-
Net loss for the period		(1,243,055)	(632,396)
Other comprehensive income, net of income tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(3,734)	-
Other comprehensive loss for the period		(3,734)	-
Total comprehensive loss for the period		(1,246,789)	(632,396)
Basic and undiluted loss per share (cents per share)		(0.19)	(0.13)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

		Consolidated	
		31 Dec 2017	30 Jun 2017
		\$	\$
	Note		
Assets			
Current Assets			
Cash and cash equivalents		228,760	4,295,506
Trade and other receivables		496,623	433,179
Investments – term deposits	3	14,000,000	-
Total Current Assets		14,725,383	4,728,685
Non-Current Assets			
Plant and equipment		123,445	25,380
Deferred exploration and evaluation expenditure	4	48,740,662	40,595,235
Total Non-Current Assets		48,864,107	40,620,615
Total Assets		63,589,490	45,349,300
Liabilities			
Current Liabilities			
Trade and other payables		2,015,382	3,333,506
Total Current Liabilities		2,015,382	3,333,506
Non-Current Liabilities			
Provisions		20,000	-
Total Non-Current Liabilities		20,000	-
Total Liabilities		2,035,382	3,333,506
Net Assets		61,554,108	42,015,794
Equity			
Issued capital	5	69,494,428	48,811,141
Reserves	6	288,531	190,449
Accumulated losses		(8,228,851)	(6,985,796)
Total Equity		61,554,108	42,015,794

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

Consolidated	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2017	48,811,141	(6,985,796)	190,449	-	42,015,794
Loss for the period	-	(1,243,055)	-	-	(1,243,055)
Foreign currency translation loss	-	-	-	(3,734)	(3,734)
Total comprehensive loss for the period	-	(1,243,055)	-	(3,734)	(1,246,789)
Shares issued during the half year	21,535,000	-	-	-	21,535,000
Share based payments	-	-	101,816	-	101,816
Transaction costs on share issue	(851,713)	-	-	-	(851,713)
Balance at 31 December 2017	69,494,428	(8,228,851)	292,265	(3,734)	61,554,108

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
Transfer on exercise of options	-	470,517	(470,517)	-
Transfer on 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

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(960,792)	(986,223)
Research and development tax rebate received	-	798,224
Interest received	38,186	137,778
Net cash used in operating activities	(922,606)	(50,221)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(8,968,428)	(4,643,093)
Purchase of plant and equipment	(108,999)	(6,752)
Payments for investments in term deposits	(14,000,000)	(7,000,000)
Receipts from redemption of term deposits	-	8,500,000
Net cash used in investing activities	(23,077,427)	(3,149,845)
Cash flows from financing activities		
Proceeds from issue of shares	20,205,000	3,645,000
Payments for share issue costs	(271,713)	(145,750)
Share application received	-	550,000
Net cash provided by financing activities	19,933,287	4,049,250
Net increase/(decrease) in cash held	(4,066,746)	849,184
Cash and cash equivalents at the beginning of the period	4,295,506	2,036,540
Cash and cash equivalents at the end of the period	228,760	2,885,724

The accompanying notes form part of these financial statements

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017****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 2017 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. 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 2017, 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 2017.

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 2017. 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 2017.

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 2017 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 CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2: LOSS BEFORE INCOME TAX BENEFIT

	Consolidated	
	Half Year Ended 31 December 2017 \$	Half Year Ended 31 December 2016 \$
(a) The following expenses are included in regulatory costs and are relevant in explaining the financial performance for the half-year:		
Accounting and audit fees	15,000	17,400
(b) A reconciliation of employee benefits expense is as follows:		
Wages and salaries	966,814	503,853
Superannuation	87,279	45,966
Other employee related	74,885	8,201
Capitalisation of project related costs	(761,415)	(383,469)
	<u>367,564</u>	<u>174,551</u>

NOTE 3: INVESTMENTS

Term deposits with banks with maturity greater than 3 months and less than 6 months at date of deposit	14,000,000	-
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Term deposits are held with Westpac Banking Corporation and Hongkong and Shanghai Banking Corporation bearing interest rates of between 1.54% and 2.52% per annum.

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	Half Year Ended 31 December 2017 \$	Year Ended 30 June 2017 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	40,595,235	27,202,412
Exploration expenditure incurred during the period	8,145,427	13,392,823
Total deferred exploration and evaluation expenditure	<u>48,740,662</u>	<u>40,595,235</u>
Exploration and evaluation phase – by project		
Yangibana	33,597,751	25,476,541
Brockman	15,142,911	15,118,694
Total deferred exploration and evaluation expenditure	<u>48,740,662</u>	<u>40,595,235</u>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

NOTE 5: ISSUED CAPITAL

	Consolidated	
	Half Year Ended 31 December 2017	Year ended 30 June 2017
	\$	\$
<i>Ordinary shares - Issued and fully paid</i>		
Opening balance	48,811,141	43,997,047
Shares issued	21,535,000	3,675,000
Options exercised	-	1,080,000
Shares issued on vesting of performance rights	-	204,844
Less share issue costs	(851,713)	(145,750)
Closing balance	69,494,428	48,811,141
 <i>Movements in ordinary shares on issue</i>		
	Number	Number
Opening balance	532,159,904	473,816,913
Shares issued on exercise of options	-	18,000,000
Shares issued on vesting of performance rights	-	4,750,000
Shares issued	139,021,512	35,592,991
Closing balance	671,181,416	532,159,904

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 6: OPTIONS AND PERFORMANCE RIGHTS

	Consolidated	
	Half Year Ended	Year ended
	31 December	30 June
	2017	2017
	\$	\$
<i>Movements in share based payment reserve were as follows:</i>		
Opening balance	190,449	898,205
Performance rights vested – transferred to issued capital	-	(204,844)
Performance rights lapsed – transferred to accumulated losses	-	(204,844)
Options exercised – transferred to issued capital	-	(470,518)
Value of performance rights expensed during the year	101,816	172,450
Closing balance	292,265	190,449
	Number	Number
<i>Movements in share options</i>		
Opening balance	-	18,000,000
Options exercised	-	(18,000,000)
Closing balance	-	-

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

	Number	Number
<i>Movements in performance rights</i>		
Opening balance	17,600,000	10,250,000
Performance rights issued during the period	-	16,850,000
Performance rights vested during the period	-	(4,750,000)
Performance rights lapsed during the period	(2,366,667)	(4,750,000)
Closing balance	15,233,333	17,600,000

Performance Rights

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 were issued to Directors with 1,666,667 lapsing on the resignation of a director during the period.

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.

An expense of \$81,466 was recognised in relation to these performance rights during the period ended 31 December 2017.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

The remaining performance rights of 1,900,000 are attributable to employees with non market performance conditions comprising key objectives specific to each employee with vesting occurring in the period to 30 June 2018. An expense of \$20,350 was recognised in relation to these performance rights during the period ended 31 December 2017.

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 70% interest in 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 2017 and 31 December 2016.

Project Segments

	Brockman Project	Yangibana Project	Unallocated	Total
31 December 2017	\$	\$	\$	\$
Segment revenue	-	-	117,297	117,297
Segment expenses	-	-	(1,360,352)	(1,360,352)
Segment result	-	-	(1,243,055)	(1,243,055)
Segment assets	15,142,911	33,597,751	14,848,828	63,589,490
Segment liabilities	-	-	2,035,382	2,035,382

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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

On 2 February 2018 the Company announced a fully underwritten pro rata non-renounceable rights issue on the basis of one share for every seventeen shares held to raise approximately \$12.2 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 methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

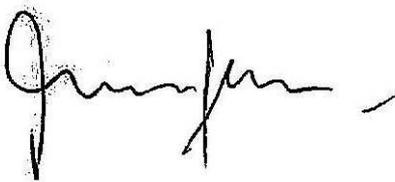
The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the condensed statement of financial position approximate their fair values.

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 2017 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.

A handwritten signature in black ink, appearing to read 'Charles Lew', with a horizontal line extending to the right.

Charles Lew
Executive Chairman
13 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hastings Technology Metals Ltd

Report on the Condensed Interim financial report*Conclusion*

We have reviewed the accompanying interim financial report of Hastings Technology Metals Ltd ("the company") which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other 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.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Hastings Technology Metals Ltd 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 2017 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*.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim 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 interim 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 interim 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 2017 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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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A review of an interim 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*.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Perth, Western Australia
13 March 2018**



**L Di Giallonardo
Partner**