

16 February 2024

HASTINGS AND BAOTOU SKY ROCK SIGN BINDING TERM SHEET FOR INTEGRATED TOLLING AND OFFTAKE ARRANGEMENT

HIGHLIGHTS

- Hastings Technology Metals Ltd and Baotou Sky Rock Rare Earth New Material Co., Ltd have signed a binding term sheet ("Term Sheet") providing an integrated tolling and offtake arrangement ("Integrated Arrangement") whereby rare earth concentrate from the Yangibana Project will be toll treated in China to produce separated rare earth oxides
- Under the Integrated Arrangement, Hastings will receive payment for rare earth oxides, less a capped multi-stage toll treatment fee, significantly increasing Hastings' revenue and cash flows compared to rare earth concentrate sales under the previous profit-sharing model
- The pricing structure applies to a minimum of 10,000tpa of concentrate for a term of seven years commencing on the execution of the binding Term Sheet, with the option to extend for another five years at Hastings' election
- The Integrated Arrangement with Baotou Sky Rock supplements the existing offtake contract with thyssenkrupp Materials Trading for two-thirds of annual production from the Yangibana Project
- Negotiations are ongoing with other potential customers to conclude similar offtake arrangements for the remaining Yangibana Project volumes within the offtake contract with thyssenkrupp
- The Integrated Arrangement and resulting improved economics and updated financial model are being used to support the Yangibana Project funding process, which is now in an advanced stage of detailed due diligence.

Hastings Technology Metals Limited (ASX:HAS) ("Hastings" or "the Company") is pleased to announce it has entered into a binding term sheet ("Term Sheet") providing for an integrated tolling and offtake arrangement ("Integrated Arrangement") for rare earth concentrate with Baotou Sky Rock Rare Earth New Material Co., Ltd ("Baotou Sky Rock"), supporting improved economics for Stage 1 of its 100%-owned Yangibana Rare Earths Project ("Yangibana Project" or "the Project").

Binding Term Sheet Details

Since the announcement of the Staged Development Study¹ in May 2023 to focus on the construction of the Yangibana Project's mine and beneficiation plant, Hastings has pursued various avenues to bring forward cash flows and to realise higher prices for its rare earth concentrate. Through this process, Hastings has leveraged its relationship with Baotou Sky Rock and its network in the rare earth industry to negotiate the Term Sheet which provides for a new toll treatment and offtake arrangement for rare earth concentrate from the Yangibana Project. Hastings had previously signed an offtake contract with Baotou Sky Rock in November 2018 for the sale of mixed rare earth carbonate ("MREC") which lapsed in November 2023.

¹ Refer to ASX announcement "Yangibana Project Update" dated 31 May 2023.

Established in 2006, Baotou Sky Rock is a privately-owned Chinese high-tech enterprise specialising in the production of rare earth metals and permanent magnet materials. Its main products are sintered neodymium boron and sintered samarium cobalt magnets.

The Integrated Arrangement provide for a competitive fee structure for the multi-stage processing of the Yangibana Project’s concentrate through to an MREC product, and further to separated rare earth oxides. Toll treatment volumes will be arranged and managed by Baotou Sky Rock with established, privately owned Chinese groups and the final rare earth oxides product will be sold at a price linked to benchmark indices for individual oxides. This arrangement is intended to allow Hastings to realise increased payability for its concentrate product, thereby significantly improving the economics of the Yangibana Project. The Term Sheet is to be augmented with a sales contract after completion of pre-production pilot test work six months prior to first product delivery.

The Integrated Arrangement with Baotou Sky Rock supplements the offtake contract signed with thyssenkrupp Materials Trading (“thyssenkrupp”) in April 2021. The terms of the thyssenkrupp agreement were updated in September 2023 to include up to two-thirds of the Yangibana Project’s annual concentrate production. Hastings is in negotiations with potential customers to pursue a similar tolling and offtake arrangement to this Integrated Arrangement in respect of the remaining Yangibana Project volumes within the offtake contract with thyssenkrupp.

The key aspects of the Integrated Arrangement are outlined in Table 1.

Table 1: Key Terms of the Integrated Arrangement

Summary	Details
Counterparty	Baotou Sky Rock Rare Earth New Material Co. Ltd
Agreement Type	Binding term sheet for rare earth monazite concentrate supply
Products	Minimum of 10,000tpa of rare earth concentrate, commencing upon Hastings’ certification that the mine has been successfully commissioned
Term	Seven years commencing on date of execution of the Term Sheet, with an option to extend for another five years at Hastings’ election
Pricing	Rare earth oxide pricing to be based on 15-day average market pricing for neodymium, praseodymium, dysprosium, and terbium oxides recovered, less a competitive capped hydrometallurgical process and oxide separation fee
Payment Structure	Irrevocable letter of credit

The Integrated Arrangement not only underpins the funding pathway for Stage 1 of the Yangibana Project, but also allows Hastings to continue assessing its strategy for downstream processing. This includes the Company’s long-term vision to pursue a European-centric mine to magnet strategy, leveraging on its existing agreement with tier one European chemical company Solvay as well as the Company’s 21.15% strategic shareholding in Toronto Stock Exchange-listed Neo Performance Materials Inc. (“Neo”).

Neo is a global manufacturer of magnetic powders and rare earth magnets and currently operates a commercial rare earth separation facility in Europe, with additional magnet manufacturing facilities in China. In June 2023, Neo broke ground on construction of a sintered rare earth magnet manufacturing facility in Estonia with production expected from 2025.

Updated Stage 1 Yangibana Project Economics – Integrated Tolling and Offtake Model

The integrated tolling and offtake arrangement with Baotou Sky Rock is expected to support the realisation of significantly improved economics for the Yangibana Project. Compared to the previous domestic profit-sharing model, the updated Stage 1 project economics is based on higher oxide payabilities on a 100% basis and has the potential to result in a:

- 61% increase in post-tax NPV₁₁ to \$865 million
- 14% increase in post-tax IRR to 31.28%
- 82% increase in life of mine free cashflow to \$3,345 million
- reduction in the capital payback period to 3.4 years

In addition, Hastings has been reviewing opportunities to optimise Stage 1 of the Yangibana Project to further de-risk the Project and enhance economic returns. This included a review of the mine plan which has been optimised for the first five years by bringing forward the mining of lower strip ratio zones while maintaining the grade to the beneficiation plant, resulting in higher free cashflow in the early years of operations and a reduction in the capital payback period.

Hastings have reviewed the capital costs and remains confident about the robustness of the estimate completed in the May 2023 Staged Development Study for Stage 1 of the Project. As a result of the need to install a concentrate dryer to meet product moisture content specifications under the Integrated Arrangement, and additional holding costs due to changes in the funding and production schedule, an additional \$33 million has been added to the capital cost estimate now totalling \$503 million. The remaining capital cost is estimated at \$361 million, with \$142 million-already invested in early works as of 31 December 2023.

The impact of the Integrated Arrangement, the optimised mine plan, and the investment in a concentrate dryer on the physical and financial estimates for Stage 1 of the Yangibana Project are summarised in Table 2:

Table 2: Updated Stage 1 Yangibana Project Economics – Integrated Tolling and Offtake Model

Key Financial Metrics (AUD)	Integrated Tolling and Offtake Model (February 2024)	Profit-Sharing Model (May 2023)
Post-tax NPV ₁₁ (ungeared)	\$865m	\$538m
Post-tax IRR (ungeared)	31.28%	27.54%
Payback period	3.4 years	4.4 years
Capital Costs (incl. \$142m spent as of 31-Dec-23)	\$503m	\$470m
Remaining Capital Costs (excl. \$142m spent as of 31-Dec-23)	\$361m	\$383m
Net revenue (LOM)	\$9,639m	\$7,201m
Free cash flow (LOM)	\$3,345m	\$1,835m
Average EBITDA per annum	\$258m	\$174m

Key Material Assumptions / Updates

The Updated Stage 1 Yangibana Project Economics relies on the Base Case Financial Model (“BCFM”) and the assumptions adopted in the Staged Development Study released in connection with the BCFM on 31 May 2023. Those assumptions continue to apply and have not materially changed, other than in respect of the following matters:

- **Offtake and payabilities:** Shift from domestic profit-sharing model to rare earth concentrate sale and third-party processing (hydrometallurgical and oxide separation) to achieve a full rare earth oxide basket price, on terms expected in the Term Sheet for the Integrated Arrangement.

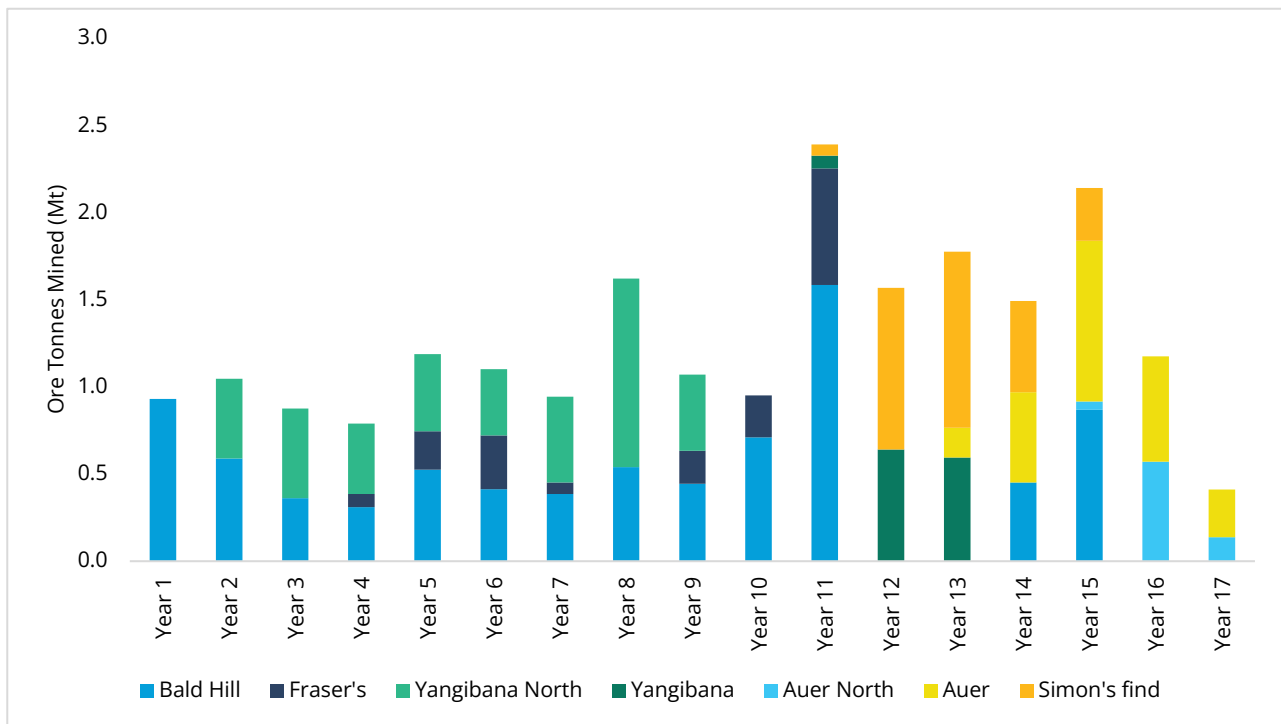
Adjustments to yields and costs may be required following pre-production pilot test work, as contemplated in the Term Sheet.

- **Spent capital cost:** \$142 million of capital cost estimate incurred as of 31 December 2023.
- **Commodity price:** Average 10-year blended neodymium and praseodymium (“NdPr”) oxide price (Wood Mackenzie, CRU, Adamas Intelligence) of US\$121/kg real, 2024\$ (reduction from US\$129/kg adopted in the Staged Development Study).
- **Stage 1 standalone:** The impact of Stage 2 for the Yangibana Project (i.e. the potential hydrometallurgical plant) is excluded from the economic analysis.
- **Mining:** Mine schedule optimisation for the first five years of mining targets lower strip ratio zones of the Yangibana Project’s ore bodies, while maintaining the grade to the beneficiation plant. The mine life remains at 17 years, and annual average production of rare earth concentrate remains at 37,000tpa (“Existing Targets”)².
- **Macroeconomics:** FX Forward (Bloomberg January 2024), 10-year average AUD:USD 0.65.
- **Cost assumptions:** Incorporation of MREC and oxide separation fees based on the fees provided in the Term Sheet, updated power tariffs (40% renewable) from Independent Power Producer, and other revisions for escalation.

The Yangibana Project contains a high percentage of NdPr to Total Rare Earth Oxide in the orebodies averaging 37% over the life of mine and up to 52% in some areas of the ore bodies.

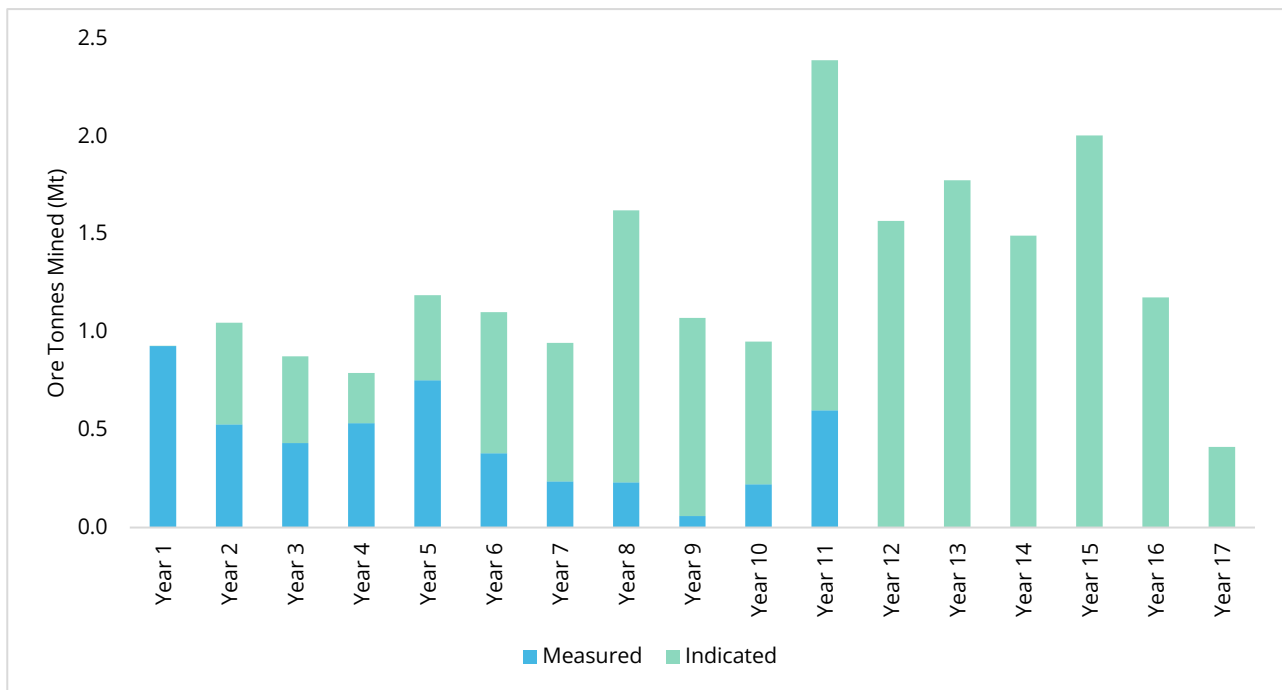
Production targets on an annualised basis are shown in Figures 1 and 2 below – 100% of the Ore Reserves are derived from measured and indicated Mineral Resources only.

Figure 1: Yangibana Optimised Mining Sequence by Orebody



² Refer to per ASX announcements ‘Yangibana Ore Reserves Increase by 25%’ dated 6 February 2023 and ‘Corporate Presentation – Staged Development Strategy’ dated 31 May 2023 (“Previous Yangibana Announcements”). Hastings confirms that it is not aware of any new information or data that materially affects the Existing Targets as set out in the Previous Yangibana Announcements, and all material assumptions and technical parameters underpinning the Existing Targets in the Previous Yangibana Announcements continue to apply and have not materially changed.

Figure 2: Yangibana Project Mining of Resource Categories



The updated economics is based on the material assumptions as outlined above. While Hastings considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the economic update will be achieved. These include assumptions about the availability of funding, as per the ASX announcement ‘Quarterly Activities Report December 2023’ dated 30 January 2024 and ‘Yangibana Project Funding Update’ dated 22 November 2023.

Sensitivity analysis

The two macroeconomic assumptions that the Yangibana Project is most sensitive to are the NdPr price and AUD:USD exchange rate. A sensitivity analysis from the base case is provided in Table 3:

Table 3: Sensitivity Analysis

AUD	Post-tax NPV	Post-tax IRR	Payback Period	LOM FCFs
Base Case	\$865m	31.28%	3.4 Years	\$3,345m
NdPr price forecast -10%	\$600m	25.62%	4.4 Years	\$2,571m
NdPr price forecast -5%	\$732m	28.49%	3.8 Years	\$2,958m
AUD:USD Forward +10%	\$664m	27.11%	4.0 Years	\$2,748m
AUD:USD Forward +5%	\$760m	29.12%	3.7 Years	\$3,033m

³ Refer to ASX release ‘Yangibana Project Funding Update’, dated 22 November 2023

Hastings Chief Executive Officer, Mr Paul Brown, said:

“In line with our strategy to maximise value from the Yangibana Project, we have continued to evaluate ways to both de-risk and optimise Stage 1 of the Yangibana Project. We have identified the opportunity to utilise excess downstream rare earth processing capacity available in China by partnering with privately-owned rare earth processing and magnet manufacturers which are seeking to secure a long-term and steady supply of concentrate feedstock.

“The integrated arrangement under the binding Term Sheet with Baotou Sky Rock will facilitate Hastings extracting greater value from our concentrate under a multi-stage toll treatment arrangement and combined with our optimised mine plan delivers a more attractive project. The ability to secure this innovative tolling and offtake arrangement demonstrates the strong demand for the Yangibana Project’s NdPr-rich concentrates and gives us confidence in the outlook.”

Authorised by the Board for release to the ASX.

FOR FURTHER INFORMATION CONTACT:

Charles Lew
Executive Chairman
+65 62209220

Paul Brown
Chief Executive Officer
+61 8 6117 8605

Teck Lim
Chief Financial Officer
+61 8 6117 6118

MEDIA ENQUIRIES:

Stephanie Vanicek
Communications Manager
+61 405 183 237

ABOUT HASTINGS TECHNOLOGY METALS LIMITED

Hastings Technology Metals Limited is a Perth-based rare earths company focused on the development of its 100% owned Yangibana Rare Earths Project. Located in the Gascoyne region of Western Australia, the Yangibana Project contains one of the most highly valued deposits of NdPr in the world with an NdPr to Total Rare Earth Oxide ratio of up to 52% in some areas of the orebody.

With an initial mine life of 17 years, the Yangibana Project will become a globally significant source of NdPr, a critical component in the manufacture of permanent magnets used in advanced technology products including electric vehicles, renewable energy, humanoid robotics, and digital devices.

The Yangibana Project is fully permitted for immediate development and is well-timed to meet the forecast supply gap for rare earth elements accelerated by the growth in electric vehicles and wind turbines, both vital for the global energy transition. It will be developed in two stages with an initial focus on the construction of the mine and beneficiation plant to produce 37,000 tonnes per annum of mixed rare earth concentrate.

Hastings continues to assess downstream processing opportunities including the development of a hydrometallurgical plant to capture more of the rare earth value chain. The Company holds a strategic 21.15% shareholding in TSX-listed Neo Performance Materials, a leading global rare earth processing and advanced permanent magnets producer, providing future optionality to explore the creation of a mine to magnet supply chain.

For more information, please visit www.hastingstechmetals.com

FORWARD LOOKING STATEMENTS

This release contains reference to certain intentions, expectations, future plans, strategies and prospects of the Company. Those intentions, expectations, future plans, strategies and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of the Company may be influenced by a number of factors, many of which are outside the control of the Company. No representation or warranty, express or implied, is made by the Company, or any of its directors, officers, employees, advisers, or agents that any intentions, expectations, or plans will be achieved either totally or partially or that any particular rate of return will be achieved.

Given the risks and uncertainties that may cause the Company's actual future results, performance, or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategies and prospects. The Company does not warrant or represent that the actual results, performance, or achievements will be as expected, planned or intended.

The Company is under no obligation to, nor makes any undertaking to, update or revise such forward looking statements, but believes they are fair and reasonable at the date of this release.

MINERAL RESOURCES AND ORE RESERVES STATEMENT – YANGIBANA PROJECT

Table 4: Total JORC Mineral Resources (30 Oct 22)¹

Category	mt	%TREO	%NdPr	TREO tonnes
Measured	4.97	0.96	0.37	47,721
Indicated	19.51	0.88	0.32	171,936
Sub-total	24.49	0.90	0.33	219,657
Inferred	5.45	1.05	0.31	57,298
TOTAL	29.93	0.93	0.32	276,955

Table 5: Total JORC Ore Reserves (6 Feb 23)¹

Deposit	mt	%TREO	%NdPr	NdPr:TREO
Bald Hill	8.12	0.79	0.32	41
Fraser's	1.77	1.01	0.43	43
Simon's Find	2.69	0.53	0.28	53
Auer	2.83	0.96	0.34	35
Yangibana	1.31	0.79	0.37	47
Yangibana North	4.21	1.29	0.34	26
TOTAL	20.93	0.90	0.33	37

¹ Refer ASX announcement "Yangibana Ore Reserves Increase by 25%", dated 6 February 2023; numbers may not add due to rounding; for reference that the Ore Reserves stated is included as part of the Mineral Resources

Disclaimer: There is no certainty that further exploration work will result in the determination of Mineral Resources (or Ore Reserves)

COMPETENT PERSONS' STATEMENT

The information in this release relating to Mineral Resources and Ore Reserves have been prepared by a Competent Person in accordance with the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") and have been extracted from the release title 'Annual Report to shareholders' dated 28 September 2023 which is available to view at www.asx.com.au under the code "HAS" (the original release). The Company confirms that it is not aware of any other new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Hastings confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information that relates to Mineral Resources is based on information compiled by David Princep and Lyn Widenbar. Both Mr. Princep and Mr Widenbar are independent consultants to the Company and members of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Princep and Mr Widenbar have sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are undertaking to qualify as a Competent Person as defined in the JORC Code.

The information that relates to the Ore Reserves at Bald Hill, Simon's Find, Fraser's, Auer, Auer North, Yangibana and Yangibana North is based on information reviewed or work undertaken by Mr. Stephen O'Grady. Mr O'Grady is an independent consultant to the Company and a member of the AusIMM, and a Director of Intermine Engineering Consultants. Mr O'Grady 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. Mr O'Grady consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The scientific and technical information that relates to process metallurgy is based on information reviewed by Ms. Narelle Marriott (General Manager Process Development) of Hastings Technology Metals Limited. Ms. Marriott is a member of the AusIMM and has sufficient experience 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. Ms. Marriott owns shares in the company and participates in the company employee share plan. Ms. Marriott consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

The information that relates to Exploration Results in relation to the Yangibana Project is based on information compiled by Dr. Louis Schürmann (PhD) (Chief Geologist) of Hastings Technology Metals Limited. Dr. Schürmann is a Fellow of the AusIMM and has sufficient experience that is relevant to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Dr. Schürmann consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.