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**YANGIBANA PROJECT CAPITAL COST ESTIMATE
REDUCED BY ~A\$68m or 13%**

Hastings Technology Metals
Limited

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Board

Charles Lew (Executive Chairman)

Guy Robertson
(Finance Director)

Jean Claude Steinmetz
(Non-Executive Director)

Neil Hackett (Non-Executive
Director and Company Secretary)

Mal Randall (Non-Exec Director)

- **Total CAPEX revised to A\$449m from A\$517m**
- **\$68m or 13% reduction in CAPEX based on Hydrometallurgical Plant relocation;**
 - **\$79m saving by removal gas pipeline and 3rd party power offtake for Yangibana**
 - **\$8m saving in Accommodation facility, Airstrip, Road access and Process building construction**
 - **\$1m saving in Tailings Storage Facility construction**
 - **\$3m saving in mining pre-strip volume reduction**
 - **\$14m addition in Process Plant equipment and additional storage/handling facilities for relocated Hydrometallurgical Plant**
 - **\$8m addition for indirect (EPCM) related costs**
- **New CAPEX leverages heavily to accessible services in the Pilbara with available gas, power, water and telecommunications.**
- **CAPEX reduction is major step towards achieving Hastings objective of becoming a significant new mid-tier Australian NdPr rare earth producer, positioned to take advantage of the strong market outlook.**
- **Capital cost reduction strategies are being advanced with possibilities of additional savings in final costing which will be presented during 4Q 2020.**

Introduction

Hastings Technology Metals Limited (ASX: HAS) (**Hastings** or the **Company**) is pleased to announce that it has updated its Capital expenditure requirements previously estimated at approximately AUD\$517m (ASX Investor Presentation 2 December 2019), which included a 114km gas pipeline and 14Mw gas fired powerstation.

Capital estimates have been revised based on the recently announced decoupling and relocation of the Hydrometallurgical plant to the Pilbara Region.

The revised capital estimate is now approximately \$449m (exclusive of contingencies), being \$68m or 13% lower than that previously announced.

The overall project capital cost estimate was developed by DRA Global and Hastings technical personnel based on an Engineering, Procurement, Construction and Management (EPCM) approach for the process plant and infrastructure. The estimate includes all the necessary costs associated with engineering, drafting, procurement, construction, construction management, commissioning of the processing facility and associated infrastructure, mining infrastructure, first fills of plant reagents, consumables and spare parts.

ESTIMATE STRUCTURE

The estimate is based upon preliminary engineering, material take-offs and budget price quotations for major equipment and bulk commodities. Unit rates for installation were based on market enquiries specific to the material requirements planning (MRP).

The estimate pricing was obtained predominantly during quarter one 2019 (1Q19) and is in Australian dollars (A\$), with new and updated pricing being included from quarter one 2020 (1Q20) and quarter two 2020 (2Q20) for those items which have been altered due to the Hydrometallurgical plant relocation. The overall capital estimate has an estimated accuracy of ± 15 to 20%. This will be refined over the next few months prior to a final cost estimate release during 4Q 2020.

The capital estimate was prepared using a project Work Breakdown Structure (WBS) which delineates the various areas of the project. Individual estimates were prepared for each area covering all engineering disciplines. The capital estimate has been structured into the following major categories:

- Direct costs;
- Indirect costs;
- Owner's Costs; and
- Contingency

PREVIOUS CAPITAL COMPARISON

A comparison of the change in the capital cost estimate announced developed for the Hydrometallurgical plant relocation at A\$449m is presented in Table 1 and Figure 1.

Table 1 Showing CAPEX changes by cost centre

	Capex Budget 2019 (\$m)	Capex Revised 2020 (\$m)	Variance (\$m)
Mining	14	10	-3
Process Plant	167	181	14
Tailings Facility	19	18	-1
Infrastructure	77	69	-8
Services	130	50	-79
Other Items	9	9	0
Indirects	104	112	8
Totals	*517	*449	-68

* Numbers may be subject to rounding errors. All numbers presented are without contingency.

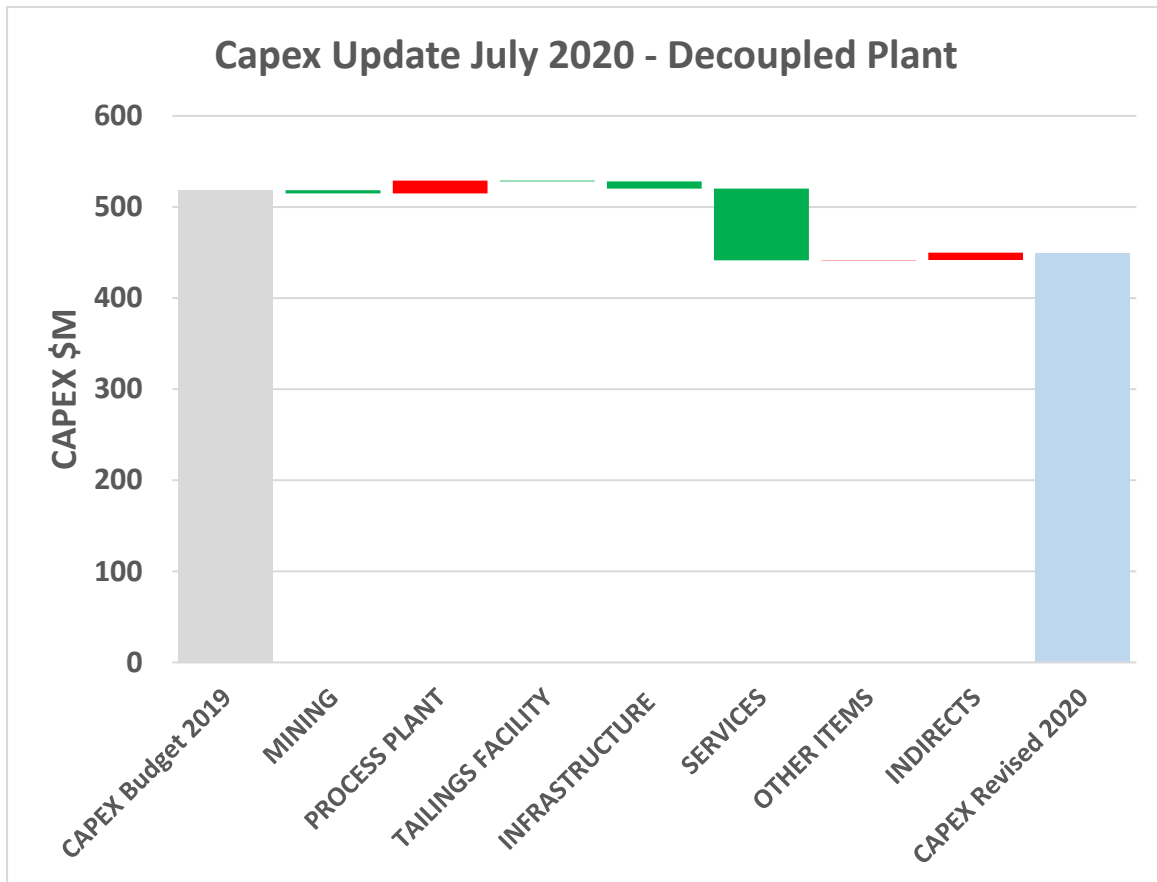


Figure 2 Waterfall chart showing CAPEX changes by cost centre

The Yangibana capital cost reduction of \$68m is as follows:

- \$3.4m reduction in pre-strip mining costs due to volume reductions associated with optimisation of the mining schedule;
- \$50m reduction associated with elimination of the 114km gas pipeline;
- \$30m reduction associated with elimination of 14Mw on-site powerstation and replacement with smaller modular 3rd party power offtake agreement;
- \$8m reduction in site Infrastructure:
 - Accommodation facility +\$1.3m
 - Airstrip +\$1m
 - Road access realignment -\$12.4m
 - Non-Process Buildings +\$2m
- Additional \$14m has been allocated as a result of duplication required in services dealing with storage, and loading and unloading of concentrate and tailings material, reagent storage and distribution services at the new Hydrometallurgical plant location. The addition of an ore sorter and mandated regulatory changes associated with the acid baked kiln and gas scrubber have also been included;
- The cost of Non-Process related infrastructure (buildings) has risen by \$2m through necessary duplication at both sites;

- \$1m increase for the relocation of the accommodation village. New location is only 3kms from processing plant, compared to 12kms previously.
- \$2.3m capex saving due to the reduction in water abstraction infrastructure requirements; and
- \$8m increase in indirect costs anticipated with EPCM labour (accommodating a second workforce at the Hydrometallurgical location during the construction phase) and the required duplication of site services to support the construction phase.

Charles Lew, Hastings Executive Chairman, said *“This new CAPEX clearly demonstrates the robust nature of the Yangibana Project and the options that it presents. Significant optimisations in project construction capital, mining and processing are starting to show the true value of the Yangibana Project to Hastings and its shareholders. We will now push ahead with re-defining operational costs to reflect the capital changes taking place and to delivering the final results to the market shortly and getting on with the job of building the project as quickly as we can. Lenders are encouraged by the Capex reduction during this challenging period for debt and equity capital market currently affecting small companies and greenfield projects.”*

This announcement has been approved by the Board.

ENDS



About Hastings Technology Metals Limited

Yangibana Project

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

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

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

Brockman Project

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

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

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

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

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