

Hastings Technology Metals Limited: and Baotou Sky Rock Sign Binding Term Sheet for Integrated Tolling and Offtake Arrangement

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[Hastings Technology Metals Ltd.](#) (ASX:HAS) (FRA:5AM) 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 Study 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.

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 preproduction 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*.

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 NPV 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*.

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").
- 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.

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 longterm 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."

*To view tables and figures, please visit:
<https://abnnewswire.net/lnk/PH2VN25A>

About Hastings Technology Metals Ltd:

[Hastings Technology Metals Ltd.](#) (ASX:HAS) 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.

Source:
[Hastings Technology Metals Ltd.](#)

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