

QUARTERLY ACTIVITIES REPORT 2020/2021

FAST FACTS

ASX Code: HNR

CAPITAL STRUCTURE

Shares on issue: 2.36 billion

Market cap: \$21.24M (at 0.9c)

Cash: \$1.62M (30 Dec 2020)

Debt: Nil

BOARD OF DIRECTORS

Non-Executive Chairman

Jonathan Murray

Executive Director

Damian Hicks

Non-Executive Directors

Markus Bachmann

Clay Gordon

Amanda Scott

KEY PROJECTS

Sole Funded

Fraser Range (Ni-Cu-PGE)

Southern Cross (Ni & Au)

Forrestania (Ni)

Moogie (Au & Ni-Cu-PGE)

Free-Carried to Decision to Mine

Forrestania (Au) 20%

ABOUT HANNANS LTD

(EST. 2002)

Hannans Ltd is an exploration company with a focus on nickel and gold in Western Australia.

During the 2nd Quarter (October – December 2020):

- Fraser Range (Nickel-Copper-PGE) – signed agreement to earn 70% interest in granted exploration license E63/1772 located approx. 45km south-west of the Nova nickel-copper-PGE mine in the Fraser Range, Western Australia. Completed reconnaissance site visit, outcrop sampling and mapping, planned 1st phase of ground electromagnetic (EM) surveying.
- Southern Cross (Nickel & Gold) - signed option to purchase 90% interest in large exploration license application located between Southern Cross and Bullfinch in Western Australia prospective for gold and nickel. ELA 77/2691 located adjacent to several historic gold mines (including Corinthia) and covers approx. 12km in strike length. Tenement covers greenstone belt hosting nickel sulphide mines to the south (Spotted Quoll and Flying Fox) and nickel mineralisation to the north (Trough Well).
- Forrestania (Nickel) – completed RC drilling and down-hole electromagnetic (DHEM) surveys. Assays confirmed prospective ultramafic lithologies. Several EM anomalies (both in-hole and off-hole) resulted from down-hole geophysical surveys. Diamond drilling planned for 1st Quarter 2021.
- Moogie (Gold & Nickel-Copper) – planned airborne magnetic survey over two tenement applications prospective for gold mineralisation.
- Capital – raised \$1.605 Million through a Share Purchase Plan and Placement.

Goals for 3rd Quarter (January – March 2021):

- Fraser Range (Nickel-Copper) – complete 1st phase of EM surveying on E63/1772 and plan drill testing if bedrock targets are identified. Complete thin section analysis and micro XRF mapping of outcrop samples to assist with geological interpretation.
- Southern Cross (Nickel & Gold) – complete historic data review. Subject to grant of the tenement and entering into access agreements with farmers, commence 1st phase of ground EM surveying.
- Forrestania (Nickel) – subject to securing access to a diamond drill rig, complete 5 holes testing nickel targets.
- Moogie (Gold & Nickel-Copper) – fly airborne magnetic survey over two new tenements and commence interpretation.
- Forrestania (Gold) – follow gold exploration drilling results from joint venture partner. Hannans free-carried and not required to fund exploration costs.

NOTE

All material results and commentary included in this Quarterly Report have previously been released to ASX. Please click [here](#) for more information.



www.hannans.com



[@HannansLtd](https://twitter.com/HannansLtd)



[Hannans_Ltd](https://www.linkedin.com/company/hannans_ltd)



info@hannans.com

EXPLORATION

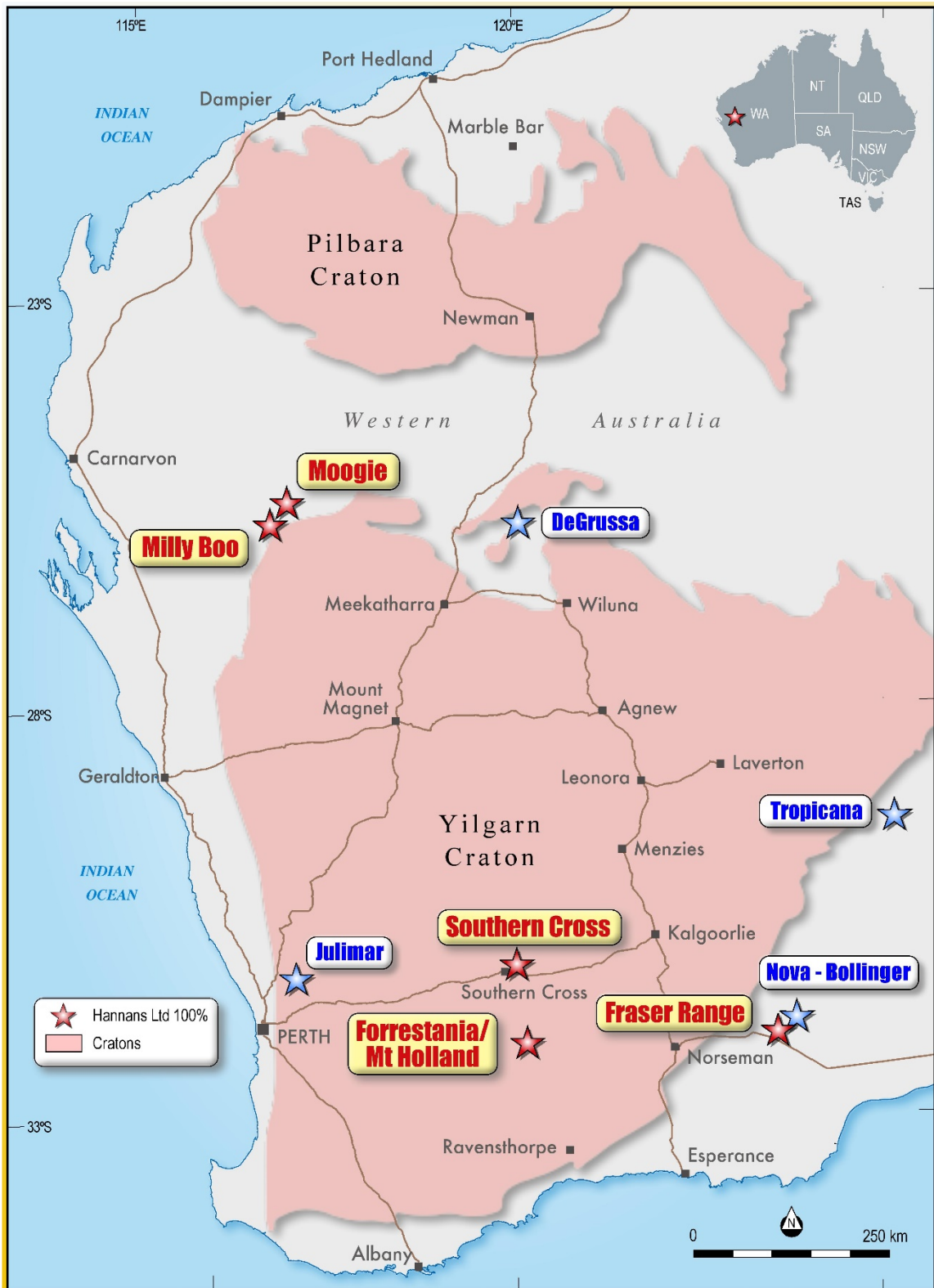


Figure 1: State map showing location of Hannans' Forrestania, Mt Holland, Fraser Range, Southern Cross and Milly Boo Projects (red font with yellow background) relative to the location of major projects not owned by Hannans (in blue font with white background).
Source: Company web sites

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Fraser Range (Nickel-Copper)

Hannans Ltd (Hannans or the Company) signed an agreement to earn a 70% interest in large, granted exploration license E63/1772 located 100km east of Norseman, Western Australia (refer figure 2 on page 3). Access to the Tenement is excellent, with Highway 1 passing through the tenement. It is notable that Hannans also holds a 100% interest in several smaller exploration license applications in the Fraser Range.

In relation to the tenure covered by E63/1772 the area has prospective rocks and is favourably located in the context of the Fraser Range, being located half-way between the Nova-Bollinger mine (owned by IGO Ltd) and the Talbot / Gnama South nickel occurrences (refer figure 4 on page 4). It is on the western 'edge' of the gravity anomaly (area of high gravity gradient) where other nickel sulphide occurrences are noted along strike (refer figure 3 on page 4). There has been a total lack of surface electromagnetic (EM) coverage of the tenement, despite the presence of historic geochemical and magnetic anomalies of interest, and this represents an opportunity to rapidly progress exploration. Hannans also believes the tenure within E63/1772 is prospective for nickel-copper mineralisation due to the fact:

- the western part of the tenement containing magnetic anomalies that cut the regional trend and which are reminiscent in appearance and scale to the magnetic anomalies at and around the Mawson Prospect owned by Legend Mining Ltd (refer figure 5 on page 5);
- apart from airborne magnetic surveying, and partial coverage by airborne EM in 1997, no other geophysical surveys appear to have been conducted on the tenement;
- there is very limited historic drilling (only 3 shallow holes) within the tenement area of circa 50km²; and
- the existence of copper anomalism adjacent to the tenement's western boundary.

A Fraser Range site visit was completed during December 2020 over all the Hannans tenements to gain an appreciation of the ease of access, the topography and to identify outcropping rocks that provide clues as to the bedrock geology (refer figure 6 on page 5). Recommendations for future exploration were made in relation to each of the tenements and they will be implemented when the tenements are granted.

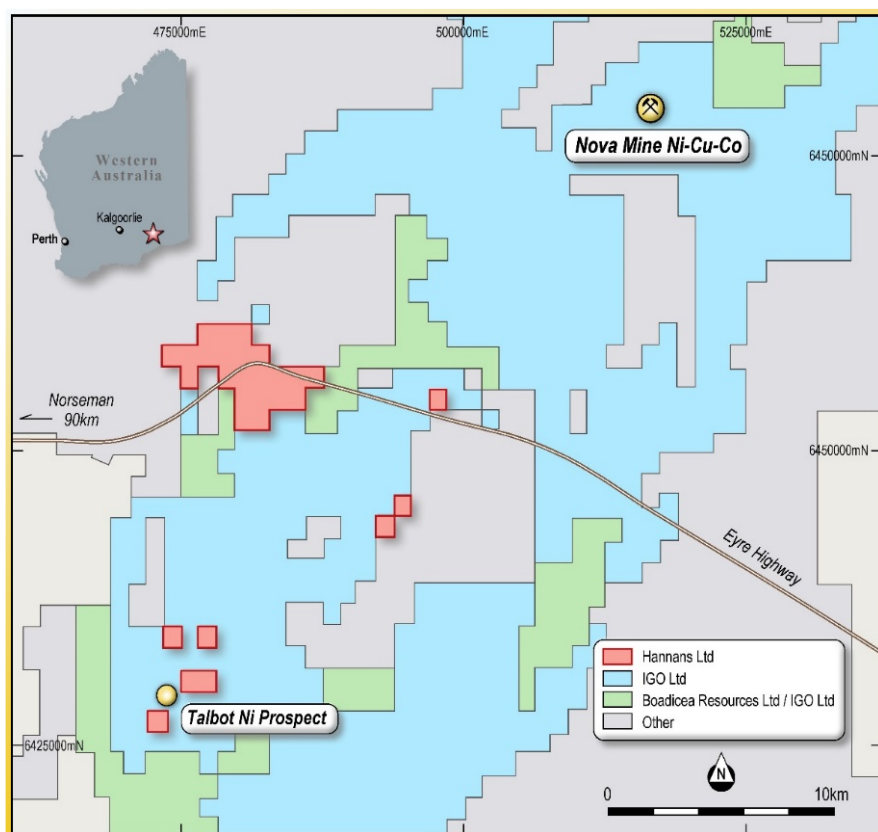


Figure 2: Plan of the Hannans tenure at Fraser Range. The large red tenement is E63/1772.

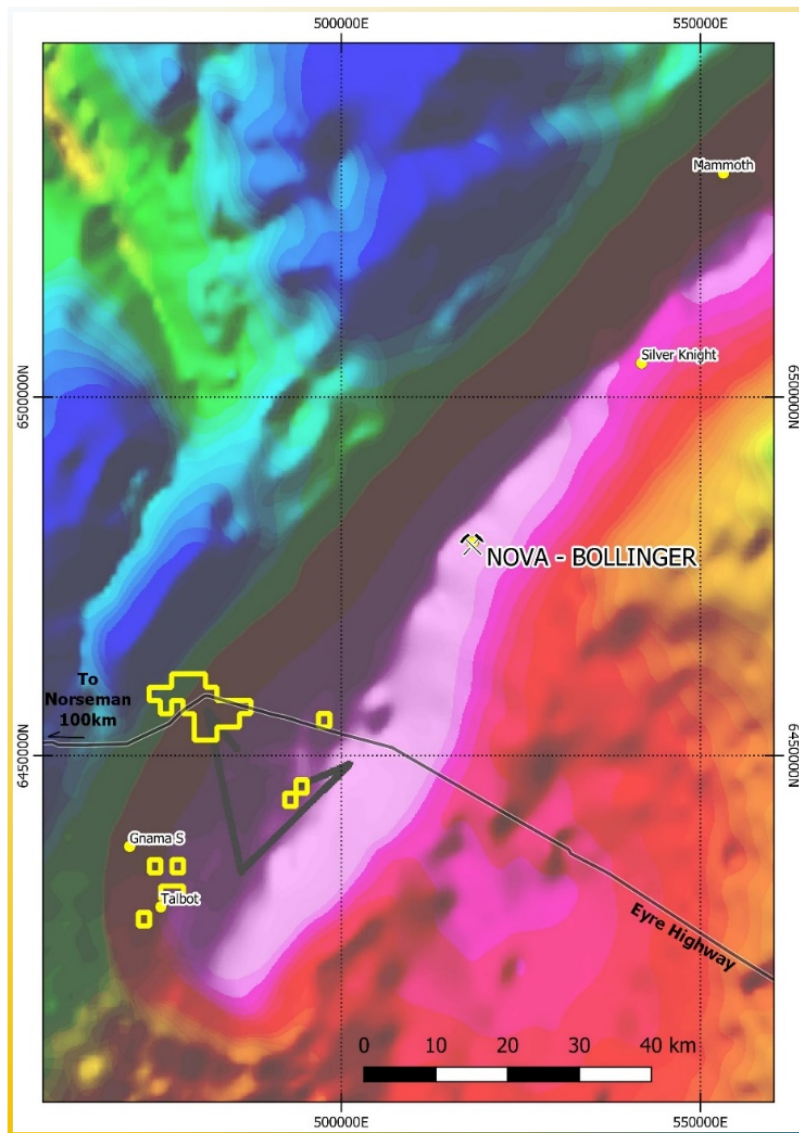


Figure 3: Plan of the southern Fraser Range showing Hannans tenure in yellow. E63/1772 is the large tenement straddling the highway. The background is the regional Bouguer gravity grid. Significant nickel-copper prospects in the area are marked. The Nova-Bollinger nickel-copper-cobalt mine (owned by OGO Ltd) is approximately 45 km north-east of Hannans' tenure.

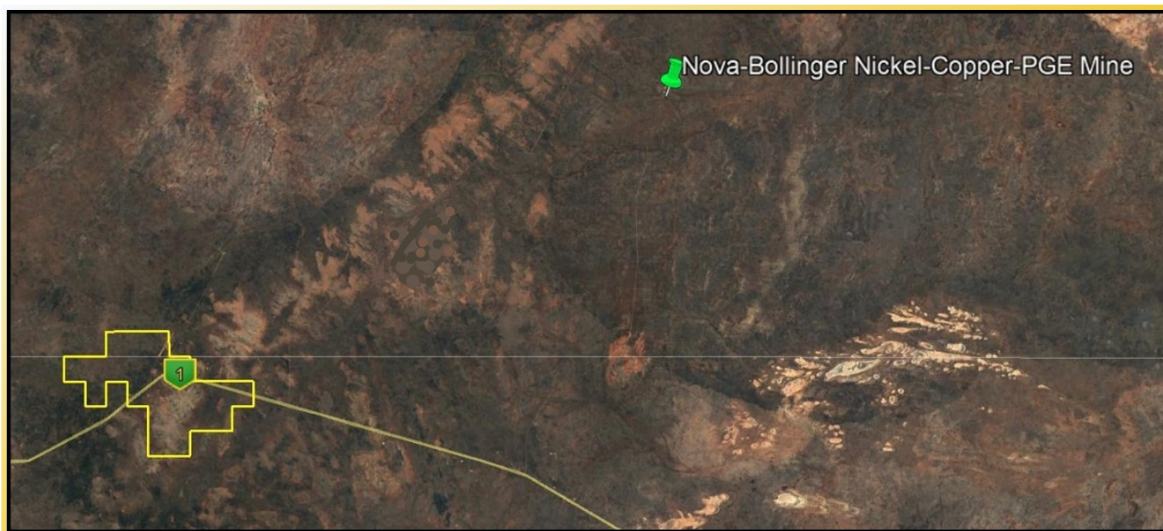


Figure 4: Exploration license E63/1772 is represented by the yellow outline. This is the tenure Hannans has secured via an earn-in agreement. The background is Google Earth imagery.

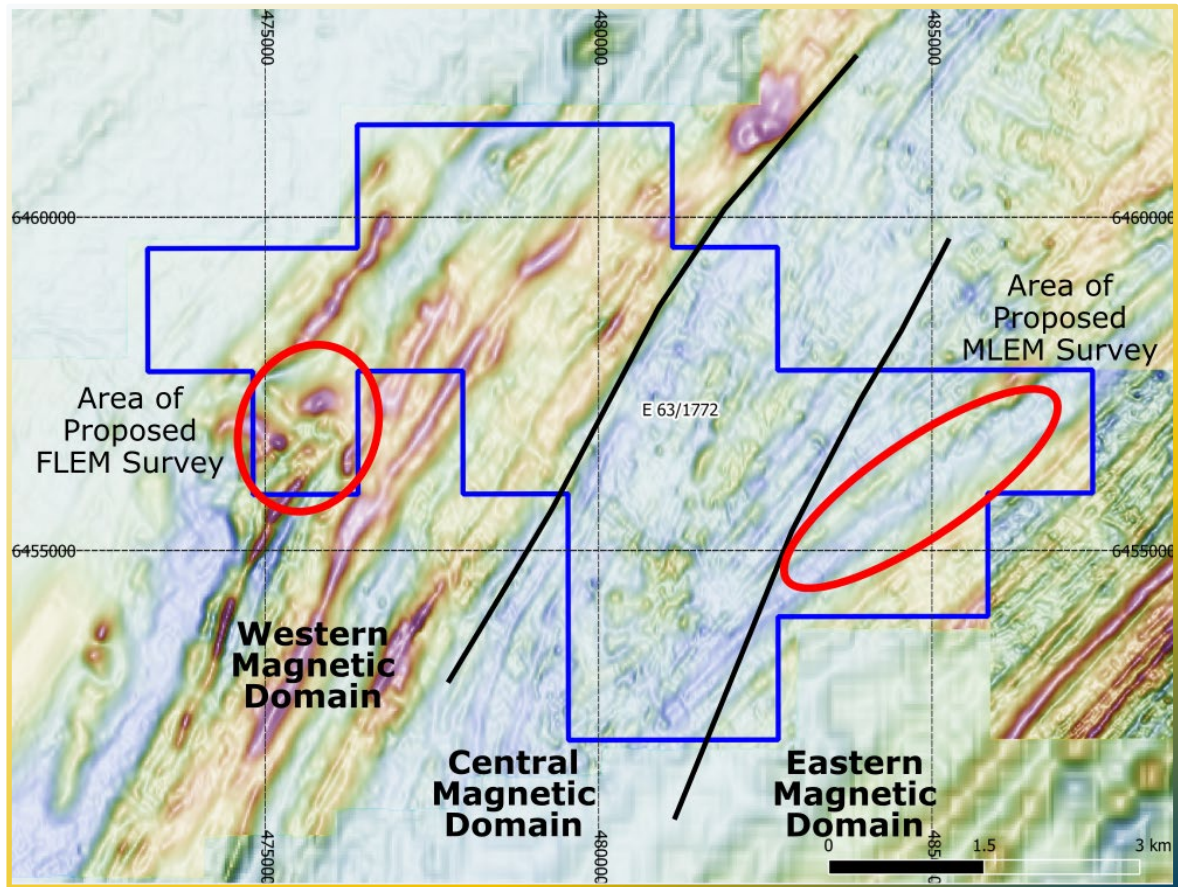


Figure 5: Plan of E63/1772 showing magnetics. Features of interest are annotated on the image. The complex magnetic response in the west of the tenement corresponds well with copper anomalism in surface sampling.



Figure 6: Reconnaissance field work and outcrop sampling within E63/1772 during December 2020.

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Southern Cross (Nickel & Gold)

Hannans signed an option to purchase a 90% interest in exploration license application E77/2691 located between Southern Cross and Bullfinch in Western Australia (refer figure 7 on page 7). Hannans believes the tenement is both strategic and prospective due to:

- its location adjacent to historic gold mines that are undergoing renewed gold exploration activity due to high gold prices (refer Adaman Resources and Altan Rio);
- the minimal amount of sustained exploration for nickel sulphides that has been undertaken in the Southern Cross area;
- its location between known nickel sulphide locations (Forrestania nickel deposits to the south, Trough Well to the north); and
- the presence of what appear to be fertile host rocks for nickel sulphides within the tenement (both komatiite-hosted and layered mafic intrusion related).

ELA77/2691 is expected to be granted in the 1st Quarter of 2021 following which approvals for access and exploration will be sought to commence:

- ground geophysical surveys targeting ultramafic rocks that have the potential to host nickel sulphide mineralisation; and
- aircore / RC drilling targeting high grade gold mineralisation.

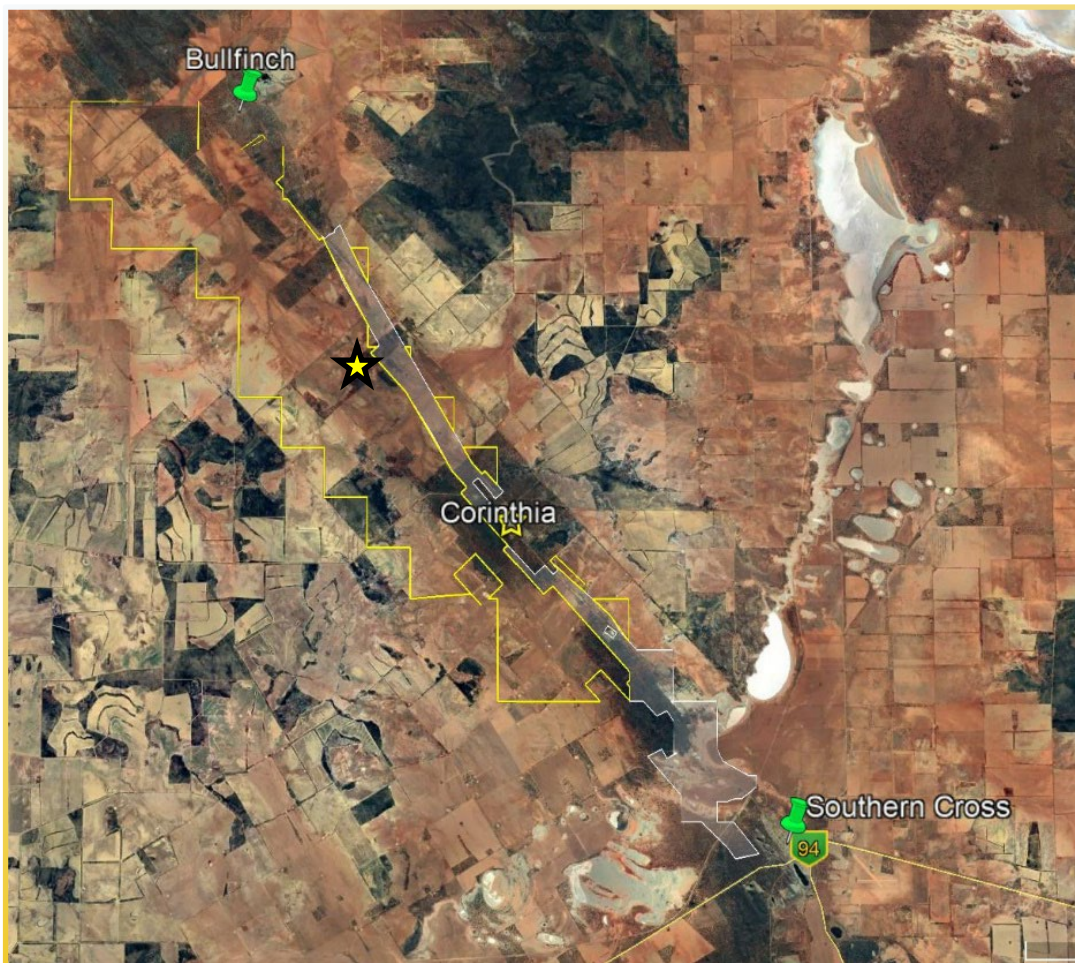


Figure 7: ELA77/2691 is represented by the yellow outline. The yellow star represents the approximate location of the Robertson's and Gibney's intrusive nickel-copper-PGE prospect. The Corinthia gold mine is excised from the ELA and is owned by Adaman Resources Ltd. The area represented by the thin white outline has been secured by Altan Rio Ltd, a TSX:V listed company via an option to purchase / farm-in agreement. The Flying Fox mine is approx. 150kms due south of ELA 77/2691 and Trough Well is approx. 40kms due north. Southern Cross is 335kms due east of Perth and is accessible by travelling on the National Highway 94 (Great Eastern Highway).

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Forrestania Nickel

The Forrestania Nickel Project ("FNP") is located approximately 120km south of Southern Cross and 80km east of Hyden, in the Goldfields region of Western Australia (refer figure 8 on page 8).

Forrestania is an attractive region to be targeting nickel sulphide mineralisation. The ultramafic belts at Forrestania host some of the most attractive nickel sulphide deposits in Australia and possibly the world. Its nickel sulphide endowment is remarkable having four mines with two open pits and nickel sulphides persisting beyond 1 km depth¹. All the mineralised belts that host the mines, resources, and prospects at Forrestania are represented within the Hannans ground package, particularly the Western Ultramafic belt that contains the highest-grade nickel deposits. It is principally for these reasons that Hannans persists with its methodical exploration process targeting a new nickel sulphide discovery.

Hannans completed its 2nd phase of nickel sulphide focussed reverse circulation (RC) drilling at Forrestania during September and October 2020. Eight RC holes were drilled for 1,672 metres targeting several Moving Loop Electromagnetic (MLEM) anomalies², geological and geochemical targets³. Downhole Electromagnetic surveys (DHEM) were completed in the RC holes in October 2020 and several DHEM anomalies (both in-hole and off-hole) resulted from this work. A review of the geophysical modelling (DHEM & MLEM) and geological interpretation has now been completed. Assays from the RC drilling confirmed the Forrestania Nickel Project contains prospective ultramafic lithologies. Disseminated sulphide intersections with anomalous nickel and copper were also intersected. This information will form the basis for further exploration in the Western Ultramafic sequence at Forrestania in 2021.

The 3rd phase of nickel sulphide exploration will comprise diamond drill testing five nickel targets as soon as possible as well as an evaluation, review, and re-evaluation process.

Table 1: Planned 3rd Phase of Exploration

Target ID	Task	Next Step
A1	Drill Test	High conductance off-hole anomaly to be tested at depth of approximately 250m.
C4	Drill Test	Deepen hole with diamond drilling to hit geophysical conductor at 200-250m depth.
B3	Drill Test	Hole ended in ultramafics, deepen hole to test basal ultramafic contact, carry out DHEM to refine off-hole conductor below and north of FSRC068.
D4	Drill Test	Deepen hole with diamond drilling, do DHEM to test deeper geophysical conductors.
B5	Drill Test	Drill new hole to test DHEM off-hole conductor south of existing hole FSRC070.
	Evaluate	Evaluate historic results in conjunction with recent geophysical and drilling results.
	Review	Review and refine geophysical models and anomalies.
	Re-Evaluate	Check and re-evaluate anomalies that nestle within or alongside stratigraphic conductors (mainly sulphidic) as many of the Forrestania deposits are closely allied or in direct contact with sulphidic horizons. Examples are (in diminishing order of importance/association): Flying Fhox, Spotted Quoll, Cosmic Boy, Beautiful Sunday, Digger Rocks, Seagull, Purple Haze and Liquid Acrobat.

¹ Refer Appendix 1 for a list of producing mines, past producers, significant resources, and significant prospects.

² Surveys completed in November-December 2019, refer ASX releases dated 5 December 2019, 18 March 2020, 20 May 2020, 9 June 2020, 2 July 2020, 29 July 2020, 15 September 2020 and 11 December 2020.

³ Eight holes were drilled, seven testing nickel sulphide targets and one hole targeting lithium.

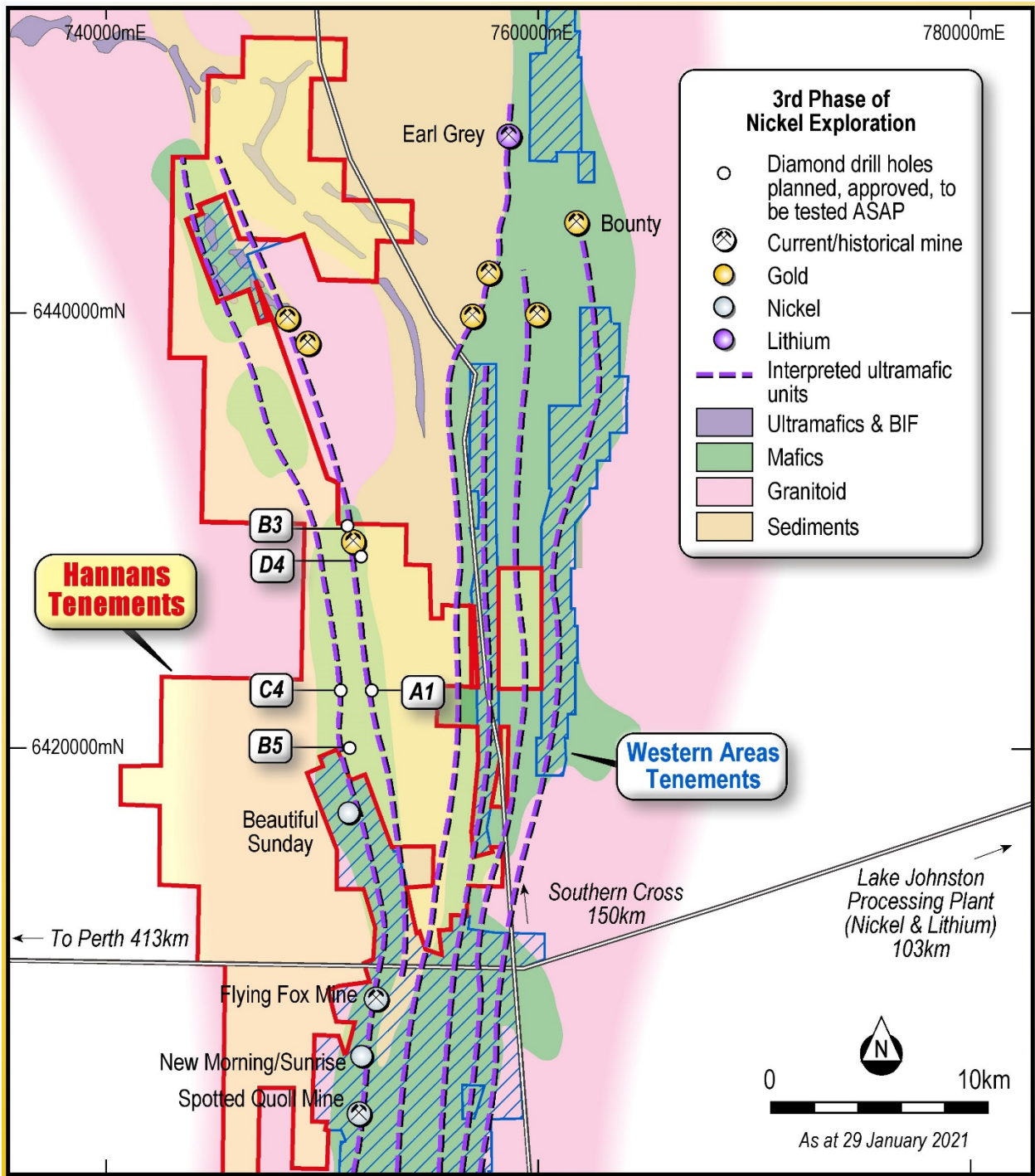


Figure 8: Tenement map showing the Forrestania nickel project. Refer to Table 1 on page 7 for a summary of each of the Target IDs. From west to east the broken lines represent the Western, Mid-Western, Takashi, Central, Mid-Eastern and Eastern Ultramafic Belts. The world class Flying Fox nickel sulphide mine owned by Western Areas Ltd is in the foreground. Distance from Flying Fox to Earl Grey is ~38km

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Moogie Gold & Nickel-Copper-PGE

The Moogie gold and nickel-copper-PGE project is located approximately 260km north-west of Meekatharra in the East Gascoyne region of Western Australia (refer figure 9 on page 9).

Moogie represents a conceptual greenfield exploration opportunity based on large-scale tectonic controls on mineralisation. The concept is that deep, long-lived crustal scale structures like major shear zones represent excellent tectonic settings for large scale mineralising events. Government seismic lines indicate the surface expression of a major structure occurs at the Moogie Project.

Over the course of the last twelve months Hannans has completed a detailed airborne magnetic (gradiometer) and radiometric survey, multiple rounds of soil sampling and mapping as well as a detailed structural interpretation of the project combining historic and new data. These multidisciplinary campaigns have been focused on tenements E09/2374, ELA09/2373 and ELA09/2417. A thorough review of all data is being undertaken prior to making a final assessment of the likelihood that these tenements cover tenure with potential to host a large mineralised system.

Early in the Quarter Hannans applied for two new tenements, being ELA09/2460 and ELA09/2461 (refer figure 10 on page 10). An airborne magnetic survey will be flown over these tenements in March 2021 and interpretation of the data should be completed early next Quarter. The purpose the survey is to obtain greater detailed magnetic resolution over structures considered to have potential to host a major mineralised gold system. The first field visit to the new tenements will occur after interpretation of the magnetic data.

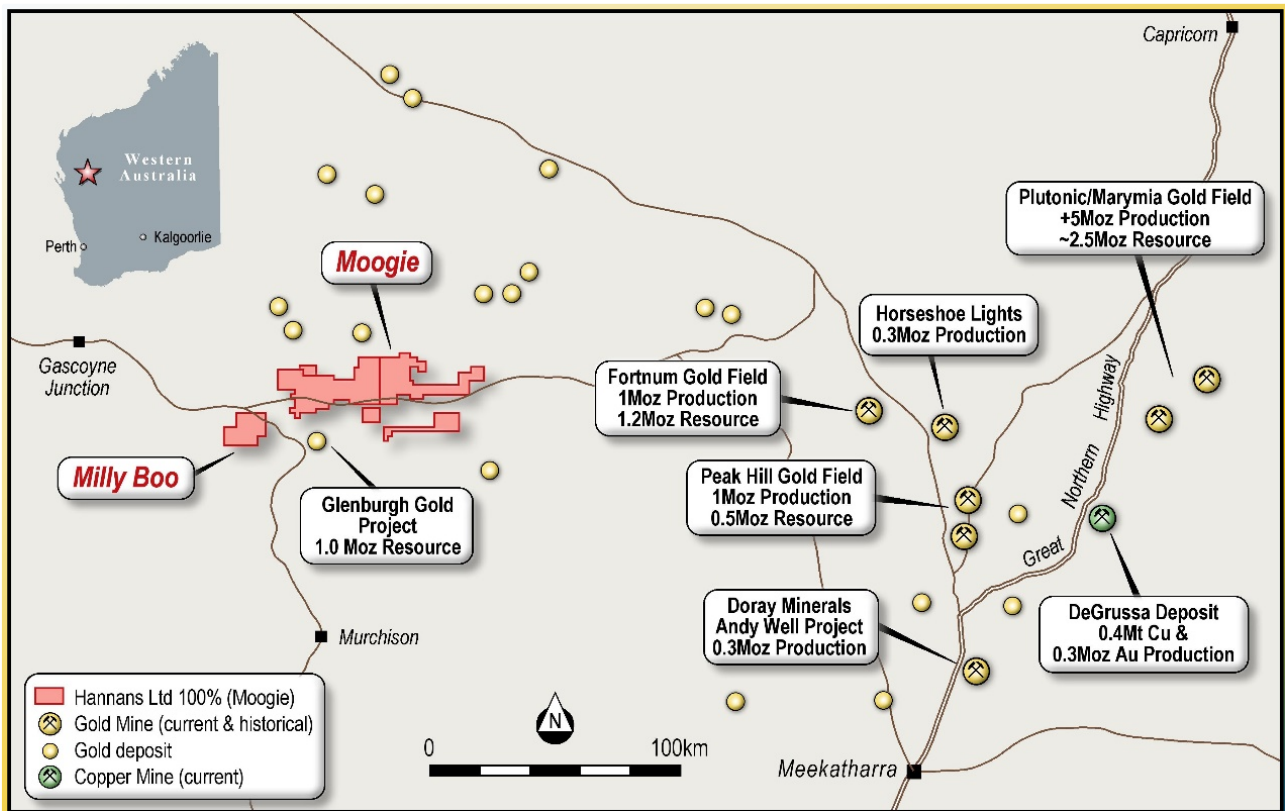


Figure 9: Regional location map showing Moogie and its proximity to several current and historic mines.

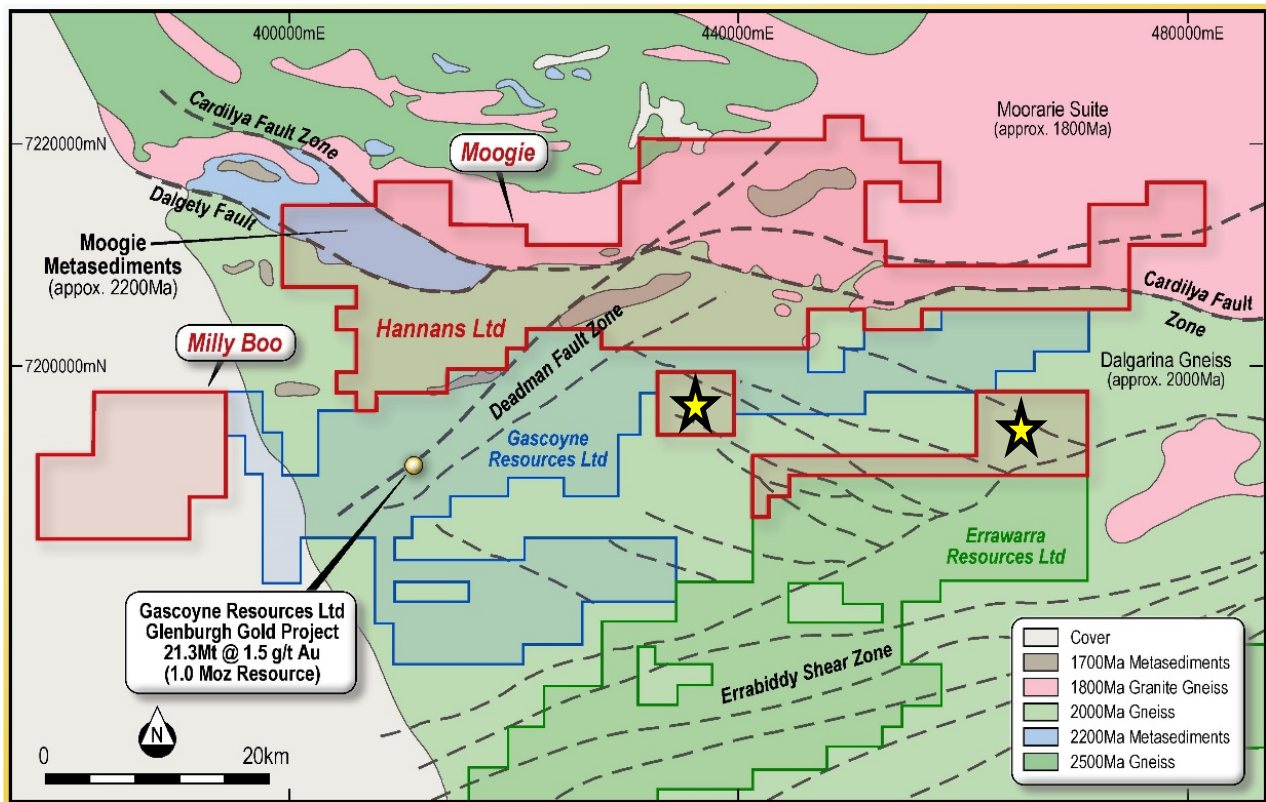


Figure 10: Project location map showing Hannans tenement applications E09/2373 and E09/2374 highlighted by the yellow stars. An airborne magnetic (gradiometer) and radiometric survey will be flown over these tenements in March 2021.

Forrestania Gold

Joint venture partner, Classic Minerals Ltd (ASX:CLZ), is funding exploration on the Forrestania Gold Project located approximately 120km south of Southern Cross in the Goldfields region of Western Australia.

Hannans owns a 20% free-carried interest in the FGP⁴ meaning Hannans is not required to fund the costs of exploration until a decision to mine gold has been made by the joint venture. For the avoidance of doubt Hannans owns a 100% interest in all non-gold rights on the tenements including but not limited to nickel, lithium, and other metals.

Hannans continues to monitor the joint venture partners exploration activities for gold.

Mt Holland Lithium Project

The Mt Holland Lithium Project is located adjacent to Earl Grey, one of the most significant hard rock lithium deposits in the world owned by New York Stock Exchange listed SQM and ASX listed Wesfarmers Ltd in a joint venture called Covalent Lithium. Earl Grey will underpin a world-class, long-life integrated lithium project.⁵ Hannans' exploration goal at Mt Holland is to discover a lithium deposit comparable to Earl Grey.

Hannans notes that the potential of the greater Mt Holland area to host globally significant hard rock lithium deposits is confirmed simply by the presence of the Earl Grey and Bounty lithium deposits⁶ and there are large areas of prospective tenure within the Hannans' project that remain unexplored. Despite intersecting pegmatites in aircore and reverse circulation drilling at Mt Holland West, to date there has been no indication in the analyses of fertile pegmatites.⁷

4 Please refer to the ASX releases made by Classic Minerals Ltd dated 2 May 2017, 18 December 2019 and 21 January 2020 for full details of the mineral resource estimates reported in compliance with the JORC Code, 2012 Edition. Hannans has no interest in either the Lady Lila or Kat Gap prospects owned by Classic Minerals Ltd.

5 Refer <https://www.covalentlithium.com/>

6 Owned by Covalent Lithium, not Hannans.

7 The host to the lithium mineralisation.

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CORPORATE GOVERNANCE

Annual General Meeting

The Company held its AGM on 30 November 2020 and all resolutions were carried on a poll. No votes were cast against any of the resolutions put to shareholders.

Table 2: ASX announcements lodged during the Quarter.

Date	Announcement
22/12/2020	Change of Director's Interest Notice * 4
22/12/2020	Change of Interest of Substantial Holder
21/12/2020	SPP and Placement Raises \$1.6M
16/12/2020	New Constitution
11/12/2020	Forrestania Nickel Update
04/12/2020	Cleaning Notice
04/12/2020	Amended Appendix 2A
04/12/2020	Issue of Shares
01/12/2020	Update - Proposed issue of Securities
01/12/2020	Proposed issue of Securities - Fraser Range
01/12/2020	AGM Results
30/11/2020	AGM Presentation
30/11/2020	New Share Purchase Plan (SPP) Closing Date
30/11/2020	Secures Nickel Project at Fraser Range
30/11/2020	Secures Gold & Nickel Project near Southern Cross
16/11/2020	Placement & SPP
02/11/2020	Placement & SPP
02/11/2020	Proposed issue of Securities
02/11/2020	1st Quarter Activities Report
02/11/2020	1st Quarter Cashflow Report
30/10/2020	Presentation
30/10/2020	Letter to Shareholders
29/10/2020	Notice of Annual General Meeting
29/10/2020	Issue of Options
29/10/2020	Proposed issue of Securities
28/10/2020	Expiry of Options
12/10/2020	Director Nominations and Change of Address

CORPORATE FINANCE

Issued Capital

During the Quarter Hannans issued:

- 70,000,000 unlisted options to an independent specialist consulting and contracting group in recognition of the contributions they have made advancing Hannans' nickel exploration portfolio since 2003, and as an added incentive to achieve a nickel discovery;
- 7,250,000 shares to an unrelated third party as consideration for introducing the Fraser Range Project; and
- 363,772,653 shares pursuant to the Share Purchase Plan (SPP) and Placement.

As at 31 December 2020 the total number of shares on issue was 2,359,977,192.

Investments

The approximate value of the Company's investments as of 31 December 2020 was \$295,020.

Investee Name	Number of Securities	Value (\$)
Errawarra Resources Ltd	687,594	151,270
Critical Metals Ltd	575,000	143,750

Finance

The Company held cash and term deposits on hand as of 31 December 2020 of \$1.62 million.

Related Party payments for the quarter outlined in the Appendix 5B at section 6.1 total \$102,925 include amounts paid to directors including salary, directors' fees, and statutory superannuation.

This ASX announcement has been authorised for release by Mr Damian Hicks, Executive Director.

– END –

COMPLIANCE STATEMENT

The information in this document that relates to exploration results at the Fraser Range, Forrestania and Southern Cross is based on information compiled by Adrian Black, a Competent Person who is a Member of the AIG (1364). Adrian Black is a consultant to Hannans Ltd and its subsidiary companies. Adrian Black has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken 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).

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CURRENT TENEMENTS

Tenement number	Interest 2 nd Quarter 2019/2020		Note	Tenement number	Interest 2 nd Quarter 2019/2020		Note
	Start	End			Start	End	
HR FORRESTANIA PTY LTD ¹							
Location: Forrestania, Australia							
E77/2460	100%	100%					
REED EXPLORATION PTY LTD ²							
Location: Queen Victoria Rocks, Western Australia							
E15/1416	100%	100%					
Location: Moogie, Western Australia							
E09/2374							
Location: Forrestania, Western Australia							
E77/2207-I	100%	100%	2	P77/4291	100%	100%	2
E77/2219-I	100%	100%	2	E77/2489	100%	100%	3
E77/2220-I	100%	100%	2	E77/2546	100%	100%	
E77/2239-I	100%	100%	2	E77/2610	100%	100%	
E77/2303	100%	100%	2	P77/4534	100%	100%	
P77/4290	100%	100%	2				

Note:

- 1 HR Forrestania Pty Ltd (**HRF**) is a wholly owned subsidiary of Hannans Ltd. HRF is the registered holder of the tenements.
- 2 Reed Exploration Pty Ltd (**REX**) is a wholly owned subsidiary of Hannans Ltd. REX is the registered holder of the tenements. REX holds a 100% interest in all minerals excluding gold. REX holds a 20% free-carried interest in the gold rights.
- 3 REX voluntary partial surrender 14 sub-blocks during the period.

TENEMENTS UNDER APPLICATION

Tenement number	Tenement number
REED EXPLORATION PTY LTD	
Location: Forrestania, Western Australia	Location: Fraser Range, Western Australia
E77/2711	E63/2020
Location: Moogie, Western Australia	E63/2021
E09/2373	E63/2022
E09/2417	E63/2023
E09/2460 (applied for 15 October 2020)	E63/2024
E09/2461 (applied for 15 October 2020)	E63/2025
	E63/2026
Location: Milly Boo, Western Australia	Location: Maggie Hayes, Western Australia
E09/2418	E63/2016

RELINQUISHED OR LAPSED TENEMENTS

Nil