2023

ANNUAL REPORT

HANNANS LTD

ABOUT HANNANS LTD

Hannans Ltd (ASX:HNR) has the opportunity to recover high purity metals from spent and off specification lithium-ion batteries in United Kingdom, Ireland, Italy, Southern Europe, Sweden, Norway, Denmark and Finland. Hannans' major shareholder is leading Australian specialty minerals company Neometals Ltd. For more information, visit www.hannans.com and search for 'Hannans' on Twitter.

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023

CORPORATE DIRECTORY

BOARD OF DIRECTORS

NON-EXECUTIVE CHAIRMAN

Mr Jonathan Murray

NON-EXECUTIVE DIRECTORS

Mr Andrew Umbers

Mr Mark Sumich

COMPANY SECRETARY

Mrs Mindy Ku

ABN 52 099 862 129

PRINCIPAL OFFICE

Level 12, 197 St Georges Terrace

Perth, Western Australia 6000

REGISTERED OFFICE

Level 12, 197 St Georges Terrace

Perth, Western Australia 6000

POSTAL ADDRESS

PO Box 1227

West Perth, Western Australia 6872

CONTACT DETAILS

Telephone +61 (8) 9324 3388

Email info@hannans.com

Website www.hannans.com

SOCIAL NETWORK SITES

Twitter @Hannans_Ltd

LinkedIn Hannans Ltd

SHARE REGISTRY

Computershare

Level 17, 221 St George's Terrace

Perth, Western Australian 6000

Telephone 1300 787 272

Website www.computershare.com.au

AUDITORS

Ernst & Young

11 Mounts Bay Road

Perth, Western Australia 6000

LAWYERS

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

Perth, Western Australia 6000

REVIEW OF OPERATIONS

EUROPEAN LITHIUM-ION BATTERY (LIB) RECYCLING

Hannans Ltd (**Hannans** or the **Company**) embraces the global challenges and opportunities in the ever-evolving world of renewable energy and critical metals, the Company is pleased to share with shareholders its year of progress, innovation and transformation. Hannans' commitment to shaping a sustainable future, while creating value for its shareholders, is at the core of its transformation into a sustainable battery recycler and high-value critical metals provider for the growing European market.

PIONEERING LIB RECYCLING ACROSS EUROPE

In Quarter 1 of 2022, the Company secured licenses to commercialise advanced LiB recycling technology. These licenses encompass exclusive rights in Italy, Slovakia, Scandinavia, and Southeast Europe, with non-exclusive rights acquired in the UK and Ireland. Hannans' journey is guided by our collaboration with ACN 630 589 507 Pty Ltd (**ACN 630**), a wholly owned Australian subsidiary of ASX-listed Neometals Ltd (ASX: NMT). ACN 630 has harnessed a proprietary, sustainable process to recover valuable components from cell production scrap and end-of-life lithium-ion batteries (**LiBs**). This has given rise to Primobius GmbH, a pioneering recycling commercialisation joint venture between Neometals and SMS Group GmbH, a prominent German engineering firm. The recent Neometals Mercedes-Benz Battery Recycling Plant Purchase Order ASX announcement[1] underpins the technology, the ability to commercialise it and confirms "*the Primobius 10 tonne per day (tpd) Spoke is 'product ready' and can now be supplied to existing licensees*". With Hannans now being one of only two companies globally possessing the rights to commercialise the transformative technology of ACN 630, this strategic partnership propels the Company into an elite group of global leaders in sustainable LiB recycling.

ANSWERING THE CALL OF SUSTAINABILITY

The call for recycled LiB metals has never been stronger. The March 2023 European Union (**EU**) Critical Raw Materials Act[2] (the **Act**) has set minimum thresholds for recycled content in energy storage devices, including cobalt, lithium, manganese and nickel. The EU Battery Directive, underpinned by the Act, directs that 65% of a lithium-ion battery weight is recycled in 2025, increasing to 70% by 2030. For metals, a recovery rate of 90% for cobalt, nickel and copper, and 35% for lithium is targeted. By 2030 these targets rise to 95% and 70%[3], respectively. The recent Neometals' Battery Recycling 'Hub' Engineering Cost Study Results[4] confirmed that Hannans' licensed LiB technology could achieve these levels today. Under these proposed targets, by 2030, 5% of lithium, 17% of cobalt and 4% of nickel required for Electric Vehicle (**EV**) battery production should be obtained from recycled European EV batteries. By 2035, this increases to 22% of lithium and nickel, and 65% of cobalt, as more cars come to their end-of-life. Hannans' shareholders are, therefore, uniquely positioned to benefit from ongoing research and development, enabling battery manufacturers to foster a circular economy that delivers safe, responsible, and cost-effective products and eliminates waste, through the recovery of high-value critical metals.

LEADING THE CHARGE IN A GREEN REVOLUTION

Hannans' licensed regions encompass territories hosting 41% of the European population and 38% of all registered motor vehicles in the European Union. Europe had around 5.5 million plug-in passenger cars at the end of 2021, accounting for over 32% of the global stock. In Hannans' licensed regions, Norway has the highest EV market penetration per capita in the world at 117.3 per 1,000 persons and the world's largest EV share of new car sales at 86.2% in 2021[5]. The UK is projected to have 1.3 million registered EVs in 2025. Norway and Sweden will have 400,000 and 250,000[6], respectively. In terms of the useful life of the battery itself, the minimum lifespan most manufacturers expect from LiBs is around five years or at least 2,000 charging cycles[7]. Groupe Renault estimates that the lifespan of its batteries, for automotive use, is around ten years[8].

The growth of the LiB market is clearly demonstrated through these statistics and projections, which will in turn drive the accumulation of end-of-life batteries. According to research conducted by Circular Energy Storage, by 2030, it is estimated that around 1.2 million tonnes of LiBs will have reached end-of-life. This comprises an estimated potential recovery of 125,000 tonnes of lithium, 35,000 tonnes of cobalt and 86,000 tonnes of nickel, which could be recovered for use in new battery production[9]. This ensures Hannans' shareholders will benefit from a rapidly growing European LiB recycling sector and positions the Company well for its transformation into a high-value critical metals provider for the growing European market.

[1] Refer to Neometals Ltd ASX Announcement "Mercedes – Benz Battery Recycling Plant Purchase Order" dated 23 August 2023.
[2] https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials/critical-raw-materials-act_en
[3] Abdelbaky M, et al. Forecasting the EU recycling potential for batteries from electric vehicles. Procedia CIRP 90:432, 2020 (doi.org/10.1016/j.procir.2020.01.109).
[4] Refer to Neometals Ltd ASX Announcement "Primobius – 50tpd Hub Engineering Cost Study Results" dated 1 August 2023.
[5] Electric car use by country. Wikipedia (https://en.wikipedia.org/wiki/Electric_car_use_by_country, accessed 26 July 2023).
[6] Bruce D. Which Country has the Most Electric Vehicles 2022? EVIUSA, January 15, 2023 (https://evi-usa.com/which-country-has-the-most-electric-vehicles).
[7] Lerma A. Lithium-Ion vs Lead Acid Battery Life. Flux Power, March 14, 2019 (https://www.fluxpower.com/blog/lithium-ion-vs.-lead-acid-battery-life).
[8] What is the lifespan of an electric battery? Renault Group (https://www.renaultgroup.com/en/news-on-air/news/what-is-the-lifespan-of-an-electric-car-battery).
[9] Knight AH. Black mass and the Battery Revolution: An Overview of Experimental Research Conducted by Alfred H Knight. 21 June 2023 (https://www.ahkgroup.com/black-mass-and-batteries-an-overview-of-experimental-research-conducted-by-alfred-h-knigh).

2023: A YEAR OF TRANSFORMATION

Hannans' primary objective in CY 2023 is clear:

Execute binding agreements that deliver sustainable end-of-life LiB feedstock within its licensed regions in Europe.

To achieve this, the Company has appointed a formidable European operations team, led by Michael O'Leary Collins, principal of Greenhouse Investments Ltd, now our second-largest shareholder. Hannans is actively scaling its operations, identifying potential recycling sites, and developing funding options for recycling plants in licensed regions to include project finance and investment incentives offered by the European Union and national European governments. The Company will update the market when these discussions result in binding agreements.

BUILDING A SUSTAINABLE CRITICAL METALS POSITION IN EUROPE

The Company is actively engaged in pioneering initiatives to transform Hannans into a sustainable battery recycler and high-value critical metals provider, including a joint venture Market Development Agreement (the **Agreement**) with G&P Battery Recycling Limited (**GPBR**). This binding Agreement was announced to the ASX on 19 April 2023 and is a significant milestone in that transformation. GPBR's founders bring four decades of industry experience to the partnership, and together with Hannans, are targeting major British EV battery gigafactories, Original Equipment Manufacturers (**OEMS**), and LiB producers.

Under the terms of the Agreement, 16,800 tonnes of qualifying LiB feedstock will be delivered over a four-year period to a proposed 10 tpd battery-recycling operation in the UK (**Hannans Shredding Spoke**). Hannans has granted GPBR the right to earn up to a 20% total participating interest in the proposed UK entity that will operate the Spoke with Hannans providing management and product sales services. Hannans is at an advanced stage in identifying a location in the UK for the Hannans Shredding Spoke. Currently, the joint venture partners are concluding an operational scoping study and business plan to make a final investment decision. This will include a funding plan with the current focus on project finance and UK government grants to provide much of the necessary funding for the 10 tpd plant. The Company will update the market as these discussions result in binding agreements.

Neometals' recent announcement of its Battery Recycling 'Hub' Engineering Cost Study Results[10] provides a useful guide to the expected returns from the Hannans Shredding Spoke, with their 50 tonne per annual (**tpa**) Shredding Spoke expected to cost EUR102.5 million (including 20% contingency). It will produce black mass that when delivered into their Hub Plant will result in lithium at the bottom of the global cost curve.

A PIPELINE OF OPPORTUNITIES

The pivotal UK Agreement with GPBR underpins Hannans' transformation into a sustainable battery recycler and critical metals provider, and serves as a template for the roll-out of recycling operations across the licensed regions. Hannans continues to focus on similar opportunities in Italy, Slovakia, Scandinavia, and Southeast Europe and remains in active discussions with several parties in these regions that can secure access to sustainable volumes of LiB feedstock that will support the capital expenditure for a minimum production volume of 10 tpd shredding circuit facilities. The Company will update the market when these discussions result in binding agreements.

SHAPING THE FUTURE TOGETHER

Hannans' commitment to creating value for our shareholders from the Company's transformation into a sustainable battery recycler and high-value critical metals provider focuses its plans, along with the clear market opportunity this transformation delivers. As the Company navigates uncharted waters, it remains unwavering in its commitment to shareholders, sustainability and innovation. Across the Company's Corporate Activities, Health and Safety, and Environmental, Social and Governance (**ESG**) values, Hannans upholds its responsibility to shareholders and the societies its business operates within, striving to leave a legacy of positive impact. Hannans' path is one of promise. It is dedicated to leading the charge towards a brighter, more sustainable future. The Company values the unwavering support of its shareholders and partners in innovation as it carves a future, where innovation and sustainability converge, while building a valuable asset-based business that delivers high-value critical metals for the growing European market.

[10] Refer to Neometals Ltd ASX Announcement "Primobius – 50tpd Hub Engineering Cost Study Results" dated 1 August 2023.

OUR JOURNEY UNVEILED: A YEAR OF MILESTONES

The pivotal United Kingdom (**UK**) Agreement with G&P Battery Recycling Limited (**GPBR**) underpins Hannans' transformation into a sustainable battery recycler and critical metals provider, and serves as a template for the roll-out of recycling operations across the licensed regions. Hannans continues to focus on similar opportunities in Italy, Slovakia, Scandinavia, and Southeast Europe during the year and remains in active discussions with several parties in these regions that can secure access to sustainable volumes of LiB feedstock that will support the capital expenditure for a minimum production volume of 10 tpd shredding circuit facilities.

Q1 — Jul – Sep 2022 | A Vision Takes Shape

- A revised agreement with Greenhouse Investments Ltd was executed. Hannans acquired Greenhouse technology commercialisation rights and market intelligence believed necessary to underpin a sustainable lithium battery recycling business.
- Hannans' expands its commercialisation rights to cover territories incorporating 41% of the European population and 38% of all motor vehicles registered in the EU.
- Director and management succession process completed. Skills and expertise of proposed new appointments aligned with entry into the European lithium battery recycling industry.

Q2 — October-December 2022 - The Momentum Builds

- The Company engaged with several Europe-based partners, with the aim being to secure access to sustainable supplies of LiB feedstock, which resulted in negotiations that are ongoing, with several at an advanced stage now.
- A Europe-based operations team was formed to oversee the implementation of the Company's lithium battery recycling strategy.
- Preliminary planning and assessment, pending binding feedstock supply agreements, to identify potential site locations, obtain construction options, and identify integrated circuit opportunities, project finance models and funding scenarios.

Q3 — January-March 2023 - A Partnership Takes Root

- Hannans negotiated a binding Market Development Agreement with GPBR for the supply of LiB feedstock to a proposed Hannans' battery recycling operation to be formed in the UK.
- Engineering and design studies in relation to the GBPR UK recycling facility commenced.
- Planned engagement of a construction firm by year-end 2023 (subject to a final investment decision).

Q4 — April-June 2023 - Forging Ahead

- Hannans announced the signing of the binding Market Development Agreement with GPBR.
- Engineering and design studies in relation to the GBPR UK recycling facility in the UK continued.
- Engagement of a construction firm, project management/engineering team and environmental permit applications will continue in the upcoming quarter (subject to a final investment decision).
- Appointment of Brett Salt as CEO

WESTERN AUSTRALIA MINERALS EXPLORATION

Prior to the Company's change of business during the Year, from mineral exploration to battery recycling, some low-impact exploration took place at the Moogie (Copper-Gold, Nickel-Copper & Gold) and Forretsania (Nickel & Lithium) Projects. This work involved heritage assessments of potential drill- sites and desk-top studies to assess the potential for rare earth element (**REE**) mineralisation at Moogie and fertile lithium-cesium-tantalum (**LCT**) pegmatites and elevated gold & pathfinder responses at Forrestania.

Since the change of business, the Company has received third-party interest in relation to its mineral exploration assets. The Company's approach is to assess all proposals from the perspective of creating long-term value for its shareholders. The Company is currently in discussion with several parties regarding formal terms. Tenure covers (approximately) 1,179sqkm within the world-class and emerging jurisdictions of Forrestania, Fraser Range and the Gascoyne.

CORPORATE

A summary of the Company's corporate activities throughout the year are as follows:

Q1 (Jul – Sep 2022)	Q2 (Oct – Dec 2022)	Q3 (Jan – Mar 2023)	Q4 (Apr – Jun 2023)

- Lodged Annual Report 2022 and Corporate Governance Statement.

Q1 (Jul – Sep 2022)	**Q2** (Oct – Dec 2022)	Q3 (Jan – Mar 2023)	Q4 (Apr – Jun 2023)

- Raised $2 million by way of a rights issue at an issue price of $0.02 per share.
- Held its Annual General Meeting (**AGM**) and a General Meeting with all resolutions carried by poll.
- Completed a Board and Executive Management succession process.
- Completed its ASX re-compliance transaction and was re-admitted to trading.

Q1 (Jul – Sep 2022)	Q2 (Oct – Dec 2022)	**Q3** (Apr – Jun 2023)	Q4 (Apr – Jun 2023)

- Lodged the financial report for the half-year ended 31 December 2022.

Q1 (Jul – Sep 2022)	Q2 (Oct – Dec 2022)p	Q3 (Jan – Mar 2023)	**Q4** (Apr – Jun 2023)

- Announced the signing of a binding market development agreement with G&P Battery Recycling Limited.
- Appointment of Brett Salt as Chief Executive Officer (**CEO**). Formal engagement anticipated to commence in early October 2023.

DIRECTORS

The names and particulars of the Directors of the Company during the financial year and until the date of the report are:

Mr Jonathan Murray, Non-Executive Chairman
(Appointed 29 November 2016, previously appointed Non-Executive Director on 22 January 2010)

Mr Murray is a partner at law firm Steinepreis Paganin, based in Perth, Western Australia. He has over 25 years experience advising on numerous initial public offers and secondary market capital raisings, public and private M&A transactions, corporate governance and strategy. Mr Murray graduated from Murdoch University in 1996 with a Bachelor of Laws and Commerce (majoring in Accounting). He is also a member of FINSIA (formerly the Securities Institute of Australia).

During the past 3 years Mr Murray has also served as a director of the following other listed companies:

- Errawarra Resources Ltd – listed on 11 December 2020 (appointed 2 February 2012, resigned 2 November 2020, re-appointed 22 June 2021, resigned 8 December 2022)
- Peak Resources Limited (appointed 22 February 2011, resigned 8 March 2021)

Mr Andrew Umbers, Non-Executive Director
(Appointed on 7 December 2022)

Mr Umbers has over 35 years of experience in Investment Banking. He was a Director at Barclays De Zoete Wedd, Managing Director at Credit Suisse, CEO at Evolution plc and a Director of European Equities of Credit Suisse. Mr Umbers has been responsible for advising on the listing and financing of approximately 100 companies on European stock markets. He was formerly Chairman of Leeds United Football Club and is Founder and Managing Partner of Oakwell Sports, the leading sports and sports technology commercial, strategic and financial adviser in Europe.

Mr Umbers holds a Bachelor of Arts (Business Studies) from Sheffield Hallam University.

Mr Mark Sumich, Non-Executive Director
(Appointed 7 December 2022)

Mr Sumich has 30 years of corporate and commercial experience encompasing entrepreneurship, consulting, finance and law. He has held Chairman and MD roles in a number of ASX-listed companies. He is currently the Chairman of Aria Dental and a director of Global Iodine Solutions.

Mr Sumich holds a Bachelor of Laws from the University of Western Australia in 1991, a Master of Business Administration from the University of London in 1996 and a Graduate Diploma in Applied Finance and Investment from the Securities Institute Education in 1997.

Mr Damian Hicks, Executive Director
(Appointed on 29 November 2016, previously appointed Managing Director on 11 March 2002, resigned on 7 December 2022)

Mr Hicks was a founding Director of Hannans Ltd in 2002 and was appointed to the position of Managing Director on 5 April 2007 and appointed as Executive Director on 29 November 2016. Mr Hicks is also Executive Director of the Group's subsidiary companies.

Mr Hicks graduated from the University of Western Australia with a Bachelor of Commerce (Accounting and Finance) in 1992 and was admitted as a Barrister and Solicitor of the Supreme Court of Western Australia in 1999. He holds a Graduate Diploma in Applied Finance & Investment from FINSIA, a Graduate Diploma in Company Secretarial Practice from Chartered Secretaries Australia and is a Graduate of the Australian Institute of Company Directors course.

During the past 3 years Mr Hicks has also served as a director of Errawarra Resources Ltd – listed on 11 December 2020 (appointed 2 February 2012, resigned 1 April 2021).

Mr Markus Bachmann, Non-Executive Director
(Appointed 2 August 2012, resigned on 7 December 2022)

Mr Markus Bachmann holds a Master (MA) in Business and Economics (cum laude) from the University of Berne, Switzerland. Markus started his career in the corporate finance department of the Credit Suisse Group, before joining the SBC Brinson Asset Management Emerging Markets team in 1997. Moving to South Africa in 2000 he joined Coronation Fund Managers in Cape Town, South Africa, as a senior manager for various retail products and institutional mandates.

Markus co-funded Craton Capital in 2003 whereas he is the manager of the Craton Capital Precious Metals Fund and the Global Resources Fund since their inception. Over the past 20 years and under his management, his funds received a number of prestigious industry awards. Markus accumulated over 25 years of experience in global equity markets, precious metals and raw materials.

During the past 3 years Mr Bachmann has also served as a director of Errawarra Resources Ltd – listed on 11 December 2020 (appointed 2 February 2012, resigned 30 June 2021).

Mr Clay Gordon, Non-Executive Director p
(Appointed on 5 October 2016, resigned on 7 December 2022)

Mr Clay Gordon was appointed a director of Hannans in 2016. Mr Gordon obtained a Bachelor of Applied Science (Geology) and a Master of Science (Mineral Economics) and has more than 25 years' experience in senior roles (operational, management and corporate) within large and small resource companies active in a range of commodities within Australia, Africa and South East Asia. He was founding Non-Executive Director of ASX listed Phoenix Gold Limited, founding Managing Director of ASX listed Primary Gold Limited and is currently the Group Geologist of a private mining investment company, Adaman Resources Pty Ltd. Mr Gordon was also founder and CEO of Mining Assets Pty Ltd, a private company involved in the assessment and marketing of mineral projects. He is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

Ms Amanda Scott, Non-Executive Director
(Appointed on 29 November 2016, resigned on 7 December 2022)

Ms Scott was appointed a director of Hannans in 2016 and was previously Exploration Manager of Hannans Ltd. Ms Scott played an integral role in the development of the Company's nickel, gold, iron and manganese portfolio and is credited with the discovery of high grade iron mineralisation at the Jigalong Project in the East Pilbara region on Western Australia.

Ms Scott holds a Bachelor of Science (Geology) from Victoria University of Wellington, and is a Member of the Australian Institute of Mining & Metallurgy.

In 2016, Ms Scott created Scandinavian-based consultancy Scott Geological AB providing geological and exploration services to a number of clients from around the world.

COMPANY SECRETARY

Mrs Mindy Ku
(Appointed 7 December 2022)

Mrs Ku has over 15 years' international experience in financial analysis, financial reporting, management accounting, compliance reporting, board reporting, company secretarial services and office management across multiple jurisdictions (Australia, Malaysia, UK, Sweden and Norway) including ASX listed public and private companies.

She holds a Bachelor of Science in Computing from the University of Greenwich, United Kingdom, is a Member of Certified Practising Accountant Australia and a Fellow Member of the Governance Institute of Australia.

Mrs Ku currently consults on company secretarial, financial, and governance matters to a number of listed and unlisted public companies.

Mr Ian Gregory
(Appointed 5 April 2007, resigned 7 December 2022)

Mr Gregory is a professional well-connected Director and Company Secretary with over 30 years' experience in the provision of company secretarial and business administration services in a variety of industries, including exploration, mining, mineral processing, oil and gas, banking and insurance.

Mr Gregory holds a Bachelor of Business degree from Curtin University and is a Fellow of the Governance Institute of Australia, the Financial Services Institute of Australia and a Member of the Australian Institute of Company Directors.

Mr Gregory currently consults on company secretarial and governance matters to a number of listed and unlisted companies and is a past Chairman of the Western Australian Branch Council of Governance Institute of Australia. He has also served on the National Council of GIA.

DIRECTORS' RELEVANT INTEREST IN SHARES AND OPTIONS

At the date of this report the following table sets out the current Directors' relevant interests in shares and options of Hannans Ltd.

	Current holding	
Director	Ordinary Shares	Options over Ordinary Shares
Jonathan Murray	27,839,436	15,000,000
Andrew Umbers	2,425,000	–
Mark Sumich	–	–

DIRECTORS MEETINGS

The following tables set information in relation to Board meetings held during the financial year.

Board Member	Board Meetings: Held while Director	Board Meetings: Attended	Circular Resolutions Passed	Total
Damian Hicks(i)	1	1	12	13
Jonathan Murray	6	6	15	21
Markus Bachmann(i)	1	1	12	13
Clay Gordon(i)	1	1	12	13
Amanda Scott(i)	1	1	12	13
Andrew Umbers(ii)	5	5	3	8
Mark Sumich(ii)	5	5	3	8

(i) Mr Hicks, Mr Bachmann, Mr Gordon, and Ms Scott resigned as directors of the Company on 7 December 2022.

(ii) Mr Umbers, and Mr Sumich were appointed directors of the Company on 7 December 2022.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share–based compensation
E. Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

A. Principles used to determine the nature and amount of remuneration

The whole Board forms the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific long term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.
- The Executive Director and executives receive a superannuation guarantee contribution required by the government where applicable, which is currently 11% of base salary and do not receive any other retirement benefits.
- All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black–Scholes methodology where relevant.
- The Board policy is to remunerate non–executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non–executive directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No independent external advise was sought during the year. The maximum aggregate amount of fees that can be paid to Non–Executive Directors is subject to approval by shareholders at the Annual General Meeting. The approved maximum aggregate amount that may be paid to Non-Executive Directors as remuneration for each financial year is set at $250,000 which may be divided among the Non-Executive Directors in the manner determined by the Board and Company from time to time. Fees for Non–Executive Directors are not linked to the performance of the Company. The 2023 remuneration report was approved at the last Annual General Meeting held on 29 November 2022.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and directors and executive performance. The Company facilitates this through the issue of options from time to time to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Company currently has no performance-based remuneration component built into director and executive remuneration packages.

The Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of directors' remuneration. Refer below for a summary of the Group's earnings and the Company's market performance for the past 5 years.

Summary of 5 Years earnings and market performance as at 30 June

	2023	2022	2021	2020	2019
Profit/(Loss) ($)	(4,988,457)	(3,695,128)	(1,550,464)	(1,900,520)	(2,085,563)
Share price (c)	1.1	2.1	0.5	0.5	1.0
Market capitalisation (Undiluted) ($)	37,093,160	54,731,701	11,799,886	9,939,773	19,879,545

REMUNERATION REPORT (AUDITED) (cont'd)

B. Details of remuneration

Details of remuneration of the Directors and key management personnel (as defined in *AASB 124 Related Party Disclosures)* of Hannans are set out in the table below.

The key management personnel of Hannans and the Group are listed on pages 6 and 7.

Given the size and nature of operations of Hannans, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

	Short Term			Post-employment		Equity				
	Salary & fees	Other benefits (i)	D&O(ii) insurance	Superan-nuation	Other benefits	Options (v)	Long term benefits	Other benefits	Total	Value options as proportion of remuneration
	$	$	$	$	$	$	$	$	$	%
2023										
Directors										
D Hicks (iii),(vi)	270,990	4,132	3,030	33,144	–	(162,425)	–	–	148,871	(109.1%)
J Murray	44,000	–	6,911	–	–	75,802	–	–	126,713	59.8%
M Bachmann (iii)	13,065	–	3,030	–	–	(40,502)	–	–	(24,407)	165.9%
C Gordon (iii)	11,823	–	3,030	1,242	–	(40,502)	–	–	(24,407)	165.9%
A Scott (iii)	13,065	–	3,030	–	–	(40,502)	–	–	(24,407)	165.9%
A Umbers (iv)	31,500	–	3,900	–	–	–	–	–	35,400	0.0%
M Sumich (iv)	31,500	–	3,900	–	–	–	–	–	35,400	0.0%
Total	**415,943**	**4,132**	**26,831**	**34,386**	–	**(208,129)**	–	–	**273,163**	**(76.2%)**
2022										
Directors										
D Hicks (vi)	276,600	33,151	3,502	27,660	–	742,978	–	–	1,083,891	68.5%
J Murray	24,000	–	3,502	–	–	106,140	–	–	133,642	79.4%
M Bachmann	24,000	–	3,502	–	–	106,140	–	–	133,642	79.4%
C Gordon	21,818	–	3,502	2,182	–	106,140	–	–	133,642	79.4%
A Scott	24,000	–	3,502	–	–	106,140	–	–	133,642	79.4%
Total	**370,418**	**33,151**	**17,510**	**29,842**	**–**	**1,167,538**	**–**	**–**	**1,618,459**	**72.1%**

(i) Short Term Other benefits include annual leave and long service leave payout of $44,668 net of accrued amount of $40,536 (2022: $33,151) for Mr Damian Hicks. Mr Hicks resigned as a director of the Company on 7 December 2022. All of Mr Hicks' unpaid annual and long service leaves were paid in the current financial year.

(ii) For accounting purposes Directors & Officers Indemnity Insurance is required to be recorded as remuneration. No director receives any cash benefits, simply the benefit of the insurance coverage for the financial year.

(iii) Mr Hicks, Mr Bachmann, Mr Gordon, and Ms Scott resigned as directors of the Company on 7 December 2022.

(iv) Mr Umbers, and Mr Sumich were appointed directors of the Company on 7 December 2022.

(v) The amounts included were issued under Hannans' Director Equity Option Plan approved by shareholders in October 2019. The amounts are non-cash items that are subject to vesting conditions. Refer to Section D for more information. The options value in FY 2023 includes reversal of lapsed and exercised options during the year.

(vi) In accordance with Mr Hicks' agreement, his annual salary increased to $264,600 starting 1 July 2021 and the unpaid 2021 and 2022 annual increment of 5% totalling $36,600 was paid in the financial year ended 30 June 2022. Mr Hick's annual salary increased to $277,830 starting 1 July 2022. In December 2022, a performance-based bonus of $150,000 excluding superannuation was paid to Mr Hicks for the work undertaken by Mr Hicks in completing the Re-compliance Transaction. Mr Hicks resigned as a director of the Company on 7 December 2022. Refer to Section E for further details.

REMUNERATION REPORT (AUDITED) (cont'd)

C. Service agreements – Executive Director

Mr Hicks was appointed a Director of Hannans on 11 March 2002 and commenced employment with Hannans Ltd on 3 December 2003.

He entered into an employment agreement as Managing Director of the Company on 21 December 2009. On 29 November 2016, Mr Hicks was appointed as the Executive Director of the Group. The Board resolved from 1 July 2017 to increase his fees to $198,000 per annum for executive services and $20,000 per annum for services related specifically to his role as a director of the Board.

On 1 July 2019, Mr Hicks' entered into an executive employment agreement with the Company with his salary increased to $240,000 per annum. The remuneration package includes statutory superannuation entitlements, a remuneration increase of not less than 5% per annum and provision of leave in accordance to the National Employment Standards. In accordance with his agreement, the annual increment of 5% since 1 July 2019 was paid in the previous financial year. Mr Hicks' salary starting 1 July 2022 is $277,830.

Remuneration and other terms of employment for the executive is formalised in an employment agreement. The executive is employed on a rolling basis with no specified fixed terms. Major provisions of the agreements relating to the executive are set out below.

		Termination Notice Period		
Name	**Engagement**	**By HANNANS**	**By Employee**	**Termination payments***
Director | D Hicks	Employee	6 months	3 months	3 months

* Termination payments (other than for gross misconduct) are calculated on current remuneration at date of termination and are inclusive of the notice period.

Mr Hicks resigned as a Director of Hannans on 7 December 2022.

Non-Executive Directors

Remuneration and other terms of employment for the Non-Executive Directors are formalised in service agreements. The Non-Executive directors are employed on a rolling basis with no specified fixed terms. They are remunerated on a fixed remuneration basis, exclusive of superannuation. On 1 July 2019 the Non-Executive Directors fees were set at $24,000 per annum for each Non-Executive Director. With effect from July 2022 and 1 December 2022, the Non-Executive Director fees were increased to $30,000 and $54,000 per annum respectively, for each Non-Executive Director.

Major provisions of the agreements relating to the Non-Executive Directors are set out below.

	Termination Notice Period		
Name	**By HANNANS**	**By Director**	**Termination payments***
Non-Executive Directors			
J Murray	1 month	Immediate	Notice period
M Bachmann (resigned 7 December 2022)	1 month	Immediate	Notice period
C Gordon (resigned 7 December 2022)	1 month	Immediate	Notice period
A Scott (resigned 7 December 2022)	1 month	Immediate	Notice period
A Umbers (appointed 7 December 2022)	1 month	Immediate	Notice period
M Sumich (appointed 7 December 2022)	1 month	Immediate	Notice period

* Termination payments (other than for gross misconduct) are calculated on current remuneration at date of termination and are inclusive of the notice period.

REMUNERATION REPORT (AUDITED) (cont’d)

D. Share–based compensation

If approved by shareholders, options are issued to directors and executives as part of their remuneration. The options are not based on performance criteria, but are issued to align the interests of directors, executives and shareholders.

During the financial year:

- no options were issued to directors,
- 3,000,000 directors options were exercised,
- 11,000,000 directors options expired, and
- 100,000,000 directors options were forfeited.

The following options issued to directors and executives were in existence during the current and comparative reporting periods:

Option series	Number	Grant date	Expiry date	Exercise price (cents)
(O17-T1) 26 Nov 2021 (i)	55,000,000	26 November 2021	25 November 2025	6.1
(O17-T2) 26 Nov 2021 (ii)	5,000,000	26 November 2021	25 November 2025	3.2
(O17-T3) 26 Nov 2021 (iii)	5,000,000	26 November 2021	25 November 2025	(iii)

The vesting condition and exercise price of the options are as follows:

(i) **Vesting condition:** Continuous service as a Director until 25 November 2022.

(ii) **Vesting condition:** Continuous service as a Director until 25 November 2023.

(iii) **Vesting condition:** Continuous service as a Director until 25 November 2024.

Exercise price: Calculated at the VWAP for the five (5) trading days before and five (5) trading days after 26 November 2023 PLUS a premium of 50%.

As at 30 June 2023, 15,000,000 options (2022: 193,000,000) were held by Directors.

	Issued in Finan-cial year	Options issued during the year No.	No of options No.	Grant date	Fair value per options at grant date	Vesting date (i)	Exercise price	Expiry date	Vested during the year No.	Expired/ Exercised / Forfeited during the year No.
Directors										
D Hicks (iii)	2018	–	–	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	14,000,000
	2022	–	35,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	35,000,000	–
	2022	–	–	26 Nov 21	1.9 cents	25 Nov 23	3.2 cents	25 Nov 25	–	35,000,000
	2022	–	–	26 Nov 21	1.5 cents	25 Nov 24	(ii)	25 Nov 25	–	35,000,000
J Murray	2018	–	–	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	3,500,000
	2022	–	5,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	5,000,000	–
	2022	–	5,000,000	26 Nov 21	1.9 cents	25 Nov 23	3.2 cents	25 Nov 25	–	–
	2022	–	5,000,000	26 Nov 21	1.5 cents	25 Nov 24	(ii)	25 Nov 25	–	–
M Bachmann (iii)	2018	–	–	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	3,500,000
	2022	–	5,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	5,000,000	–
	2022	–	–	26 Nov 21	1.9 cents	25 Nov 23	3.2 cents	25 Nov 25	–	5,000,000
	2022	–	–	26 Nov 21	1.5 cents	25 Nov 24	(ii)	25 Nov 25	–	5,000,000
C Gordon (iii)	2018	–	–	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	3,500,000
	2022	–	5,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	5,000,000	–
	2022	–	–	26 Nov 21	1.9 cents	25 Nov 23	3.2 cents	25 Nov 25	–	5,000,000
	2022	–	–	26 Nov 21	1.5 cents	25 Nov 24	(ii)	25 Nov 25	–	5,000,000
A Scott (iii)	2018	–	–	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	3,500,000
	2022	–	5,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	5,000,000	–
	2022	–	–	26 Nov 21	1.9 cents	25 Nov 23	3.2 cents	25 Nov 25	–	5,000,000
	2022	–	–	26 Nov 21	1.5 cents	25 Nov 24	(ii)	25 Nov 25	–	5,000,000
									55,000,000	**128,000,000**

(i) The unlisted options become vested on the vesting date upon continuous service as a Director. No other vesting condition applies.

(ii) The VWAP for the five (5) trading days before and five (5) trading days after 26 November 2023 PLUS a premium of 50%.

(iii) Mr Damian Hicks, Mr Markus Bachmann, Mr Clay Gordon and Ms Amanda Scott resigned as directors of the Company on 7 December 2022.

REMUNERATION REPORT (AUDITED) (cont'd)

D. Share–based compensation (cont'd)

The values of directors options exercised, expired and forfeited during the year ended 30 June 2023 are set out below:

	Value of directors options		
	Exercised	Expired	Forfeited
Directors	$	$	$
D Hicks	96,100	65,348	1,200,500
J Murray	34,596	5,766	–
M Bachmann	–	40,362	171,500
C Gordon	–	40,362	171,500
A Scott	–	40,362	171,500
TOTAL	**130,696**	**192,200**	**1,715,000**

E. Additional information

Performance income as a proportion of total compensation

During the year, Hannans has pivoted its core focus from minerals exploration to the recycling of lithium-ion batteries via completion of transactions with Critical Metals Ltd and Greenhouse Investments Ltd. Through these transactions, the Company has positioned itself to commercialise a proven lithium-ion battery recycling technology in the Nordic countries, the UK, Italy, and South-east Europe. This process constituted a change in nature and scale of the Company's activities for the purposes of Chapter 11 of the ASX Listing Rules. As such, the Company was required to re-comply with Chapters 1 and 2 of the ASX Listing Rules (**Re-compliance Transaction**)

In December 2022, a performance-based bonus of $150,000 excluding superannuation was paid to Mr D Hicks for the work undertaken by Mr Hicks in completing the Re-compliance Transaction.

No other performance-based bonuses have been paid to directors or executives during the financial year.

Key management personnel (KMP) equity holdings

Fully paid ordinary shares of Hannans Ltd

Key management personnel	Balance at 1 July No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at 30 June (i) No.
2023					
Damian Hicks (ii)	8,155,880	–	–	–	8,155,880
Jonathan Murray	24,839,436	–	3,000,000	–	27,839,436
Markus Bachmann (ii)	98,330,551	–	–	–	98,330,551
Clay Gordon (ii)	9,808,159	–	–	–	9,808,159
Amanda Scott (ii)	1,260,001	–	–	–	1,260,001
Andrew Umbers (iii)	–	–	–	2,425,000	2,425,000
Mark Sumich (iii)	–	–	–	–	–
	142,394,027	–	**3,000,000**	**2,425,000**	**147,819,027**

(i) Holding balance is to the date of resignation or 30 June 2023.

(ii) Mr Hicks, Mr Bachmann, Mr Gordon, and Ms Scott resigned as directors of the Company on 7 December 2022.

(iii) Mr Umbers, and Mr Sumich were appointed directors of the Company on 7 December 2022.

REMUNERATION REPORT (AUDITED) (cont'd)

E. Additional information (cont'd)

Options of Hannans Ltd

						Vested at 30 June	
Key management personnel	Balance at 1 July No.	Options exercised No.	Options forfeited No. (i)	Options expired No.	Balance at 30 June No.	Exercisable No.	Not exercisable No.
2023(ii)							
Damian Hicks (iii)	105,000,000	–	(70,000,000)	–	35,000,000	35,000,000	–
Jonathan Murray	18,500,000	(3,000,000)	–	(500,000)	15,000,000	5,000,000	10,000,000
Markus Bachmann (iii)	18,500,000	–	(10,000,000)	(3,500,000)	5,000,000	5,000,000	–
Clay Gordon (iii)	18,500,000	–	(10,000,000)	(3,500,000)	5,000,000	5,000,000	–
Amanda Scott (iii)	18,500,000	–	(10,000,000)	(3,500,000)	5,000,000	5,000,000	–
Andrew Umbers (iv)	–	–	–	–	–	–	–
Mark Sumich (iv)	–	–	–	–	–	–	–
	179,000,000	**(3,000,000)**	**(100,000,000)**	**(11,000,000)**	**65,000,000**	**55,000,000**	**10,000,000**

(i) 100,000,000 unvested options held by outgoing Directors Damian Hicks, Markus Bachmann, Clay Gordon and Amanda Scott were forfeited on 7 December 2022 in connection with their resignations as Directors of Hannans.

(ii) Holding balance is to the date of resignation or 30 June 2023.

(iii) Mr Hicks, Mr Bachmann, Mr Gordon, and Ms Scott resigned as directors of the Company on 7 December 2022.

(iv) Mr Umbers, and Mr Sumich were appointed directors of the Company on 7 December 2022.

The options include those held directly, indirectly and beneficially by KMP.

Loans to KMP and their related parties

Critical Metals Ltd (**CM1**), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors, was provided with a short-term loan facility of $200,000 at an interest rate of 12.5% per annum. The loan is unsecured. CM1 has drawn down $200,000 on the loan facility. The fair value of the loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2023 (2022: nil). CM1 ceased to be a related party on the resignation of Mr Damian Hicks, and Mr Markus Bachmann as directors on 7 December 2022. Refer to note 25(c) for further information.

Other transactions and balances with KMP and their related parties

Director transactions

Steinepreis Paganin, of which Mr Jonathan Murray is a partner, provided legal services amounting to $181,922 (2022: $213,073) to the Group during the year. Mr Murray's director's fees are also paid to Steinepreis Paganin. At 30 June 2023 there was no amount owed to Steinepreis Paganin (2022: $8,229 owing).

Corporate Board Services Pty Ltd (**CBS**), of which Mr Damian Hicks is a director, provided accounting and compliance services amounting to $112,500 (2022: $185,515) to the Group during the year. At 30 June 2023 there was no amount owed to CBS (2022: $39,067 owing). CBS ceased to be a related party on the resignation of Mr Damian Hicks as a director on 7 December 2022.

Scott Geological AB, of which Ms Amanda Scott is a director, provided geological services amounting to nil (2022: $14,213) to the Group during the year. Ms Scott's director's fees are also paid to Scott Geological. At 30 June 2023 there was no amount owed to Scott Geological AB (2022: $10,346 owing). Scott Geological AB ceased to be a related party on the resignation of Ms Amanda Scott as a director on 7 December 2022.

Advance Geological Consulting Pty Ltd (**AGC**), of which Mr Clay Gordon is a director, provided geological services amounting to $51,412 (2022: $81,095) to the Group during the year. Mr Gordon's director's fees are paid directly to him. At 30 June 2023 there was no amount owed to Advance Geological (2022: $27,818 owing). AGC ceased to be a related party on the resignation of Mr Clay Gordon as a director on 7 December 2022.

REMUNERATION REPORT (AUDITED) (cont'd)

E. Additional information (cont'd)

Transaction with Critical Metals Ltd (CM1)

Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors of Critical Metals Ltd (**CM1**). On 26 November 2021, shareholders approved the Company entering into an agreement with CM1 and its wholly owned subsidiary, LiB Recycling Pty Ltd (together referred to as **Critical Metals**) to commercialise the lithium-ion battery technology (**Technology**) in Norway, Sweden, Denmark, and Finland (**Agreement**). Under the Agreement, Hannans will manage and fund all tasks and activities in the territories through to a final investment decision (**FID**) with respect to the construction of each plant for the processing or recycling of feedstock batteries using the Technology.

Expenses of nil (2022: $10,850) were recharged by CM1 to the Group during the year. Expenses of $22,621 (2022: $8,884) were recharged to CM1 by the Group during the year. At 30 June 2023 $25,648 was owed by CM1 (2022: $9,181 owing). CM1 ceased to be a related party on the resignation of Mr Damian Hicks, and Mr Markus Bachmann as a director on 7 December 2022.

End of Remuneration Report

PROJECTS

The Projects are constituted by the following tenements:

Tenement Number	Tenement Interest %	Note	Tenement Number	Tenement Interest %	Note	Tenement Number	Tenement Interest %	Note
Project: Forrestania			**Project: Forrestania**			**Project: Moogie**		
E77/2207-I	100	1,2	P77/4291	100	1,2	E09/2374	100	1
E77/2219-I	100	1,2	E77/2546	100	1	E09/2640	100	1
E77/2220-I	100	1,2	P77/4534	100	1	E09/2460	100	1
E77/2239-I	100	1,2	E77/2711	100	1	E09/2461	100	1
P77/4290	100	1,2	E77/2460	100	3	**Project: Fraser Range**		
						E28/3167	100	3
						E28/3168	100	3
						E63/2143	100	1

NOTE:
1 Reed Exploration Pty Ltd (**REX**) is a wholly owned subsidiary of Hannans Ltd. REX is the registered holder of the tenements.
2 REX holds a 100% interest in all minerals excluding gold. REX holds a 20% free-carried interest in the gold rights.
3 Hannans LiB Pty Ltd (previously known as HR Forrestania Pty Ltd) (**HLB**) is a wholly owned subsidiary of Hannans Ltd. HLB is the registered holder of the tenements.

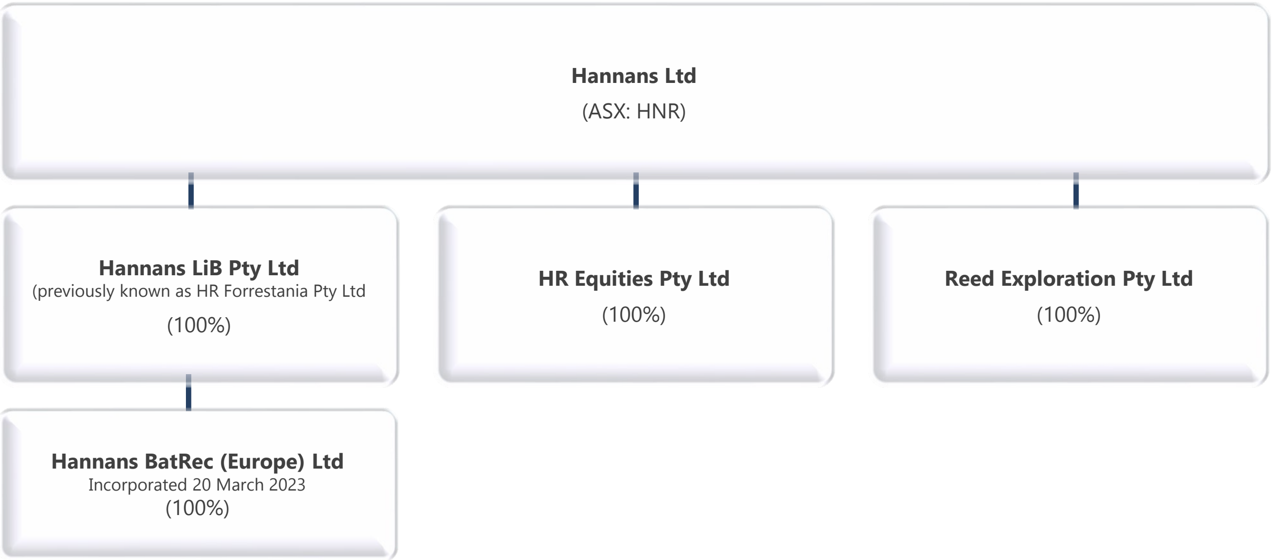
TENEMENTS UNDER APPLICATION

Applications for tenements have been submitted are as follows:

Tenement Number	Tenement Number
Project: Forrestania	**Project: Moogie**
E77/3002	E09/2662
	E09/2718

CORPORATE STRUCTURE

The corporate structure of Hannans group is as follows:



CAPITAL

Hannans Ltd issued capital is as follows:

Ordinary Fully Paid Shares

At the date of this report, the number of ordinary fully paid shares are:

	Number of shares
Ordinary fully paid shares at 30 June 2023	**3,372,105,462**
Ordinary fully paid shares at the date of this report	**3,372,105,462**

At a general meeting of shareholders:

(a) on a show of hands, each person who is a member or sole proxy has one vote; and

(b) on a poll, each shareholder is entitled to one vote for each fully paid share.

Shares Under Option

At the date of this report there are a total of 8 unlisted option holders holding 65,000,000 unissued ordinary shares in respect of which options are outstanding. The unlisted options do not carry voting rights at a general meeting of shareholders.

	Number of options
Balance at the beginning of the year	241,500,000
Movements of share options during the year	
Expired on 27 October 2022 exercisable at 1.5 cents	(13,166,667)
Expired on 30 October 2022 exercisable at 2.2 cents	(20,000,000)
Expired on 30 October 2022 exercisable at 2.7 cents	(25,000,000)
Exercised in November 2022 exercisable at 1.5 cents	(18,333,333)
Forfeited on 7 December 2022 exercisable at 3.2 cents, expiring 25 November 2025	(50,000,000)
Forfeited on 7 December 2022 exercisable at 6.1 cents, expiring 25 November 2025	(50,000,000)
Balance at 30 June 2023	**65,000,000**
Total number of options outstanding at the date of this report	**65,000,000**

Substantial Shareholders

Hannans Ltd has the following substantial shareholders as at 13 September 2023:

Name	Number of shares	Percentage of issued capital
Neometals Investments Pty Ltd	879,812,014	26.09%
Greenhouse Investments Limited	647,500,653	19.20%

Range of Shares as at 13 September 2023

Range	Total Holders	Units	% Issued Capital
1 – 1,000	138	31,638	0.01%
1,001 – 5,000	189	634,357	0.02%
5,001 – 10,000	170	1,450,264	0.04%
10,001 – 100,000	2,091	94,849,363	2.81%
100,001 – 9,999,999	1,688	3,275,139,840	97.12%
Total	**4,276**	**3,372,105,462**	100.00%

CAPITAL (cont'd)

Unmarketable Parcels as at 13 September 2023

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.008 per unit	62,500	2,049	49,765,090

Top 20 holders of Ordinary Shares as at 13 September 2023

Rank	Name	Units	% of Issued Capital
1	Neometals Investments Pty Ltd	879,812,014	26.09%
2	Greenhouse Investments Limited	647,500,653	19.20%
3	Citicorp Nominees Pty Limited	153,560,738	4.55%
4	Zero Nominees Pty Ltd	117,750,000	3.49%
5	MCA Nominees Pty Ltd	65,601,689	1.95%
6	Anglo American Exploration	60,000,000	1.78%
7	Mossisberg Pty Ltd	29,833,333	0.88%
8	Mrs Andrea Rae Murray <Murray Family No 2 A/C>	26,823,825	0.80%
9	Acacia Inevstments Pty Ltd	25,469,364	0.76%
10	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	24,161,472	0.72%
11	Mr Simon Charles McCreed	24,000,000	0.71%
12	BNP Paribas Noms Pty Ltd <DRP>	17,477,105	0.52%
13	Mr Ross Edward Itzstein	15,822,444	0.47%
14	Caversham Nominees Pty Ltd <S B Lauder Family A/C>	13,000,000	0.39%
15	Superhero Securities Limited <Client A/C>	12,090,326	0.36%
16	Mr Geoffrey Alby Langbecker	10,350,145	0.31%
17	Mr Francis James Robinson	10,000,000	0.30%
18	Escalus Nominees Pty Ltd <Stan Lauder Family A/C>	9,000,000	0.27%
19	Ms Simone Anne Milasas <MW Global Wealth A/C>	8,629,675	0.26%
20	Mr Garry Michael Kilrain + Mrs Melissa Anna Kilrain	8,500,000	0.25%
Total of Top 20 holders of ORDINARY SHARES		**2,159,382,783**	**64.06%**

***** On 1 February 2022 and 28 July 2022, the Company announced that it was seeking to further expand its foray into LiB recycling activities and had entered a binding memorandum of understanding with Greenhouse Investments Limited (**Greenhouse**), under which, the Company would acquire Greenhouse's rights to exploit the same base LiB recycling technology in the UK and Ireland (on a non-exclusive basis) and Italy and South-Eastern Europe (on an exclusive basis). On 21 July 2022, Greenhouse transferred to Hannans (via novation) its licences to exploit the technology in the applicable jurisdictions. Hannans has also secured Greenhouse's market intelligence and relationships in these regions.

The Company issued Greenhouse (or its nominee) a total of 647,500,653 Shares (approved by shareholders on 15 Nov 2022) as consideration for the novation of the Greenhouse Licences. Following completion of the Greenhouse Transaction and the Company's shares being re-admitted to trading on the ASX, Greenhouse becomes the Company's second largest shareholder with a relevant interest of 19.20% as at 30 June 2023. Mr Mark Sumich, the proposed Greenhouse's nominee joined the Board as a Non-Executive Director on 7 December 2022.

On-market buy back

There is no current on-market buy-back.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was implementation of the proposed European LiB recycling strategy.

FINANCIAL REVIEW

The Group began the financial year with cash reserves of $4,030,952.

During the year total lithium battery recycling expenditure incurred amounted to $1,053,547 (2022: $413,550). The exploration expenditure expensed by the Group amounted to $307,264 (2022: $731,359) which relates to non-JORC compliant mineral resource projects, and this has been expensed in accordance with the Group's accounting policy. Exploration and evaluation expenditure written off during the year amounted to $2,240,000 (2022: nil). Administrative expenditure incurred amounted to $1,401,601 (2022: $2,213,635). The operating loss after income tax for the year ended 30 June 2023 was $4,988,457 (2022: $3,695,128 loss).

As at 30 June 2023 cash and cash equivalents totalled $3,398,762.

Summary of 5 Year Financial Information as at 30 June

	2023	2022	2021	2020	2019
Cash and cash equivalents ($)	3,398,762	4,030,952	1,013,733	855,949	2,686,790
Net assets/equity ($)	16,634,257	6,296,651	3,199,959	3,157,778	4,989,155
Exploration expenditure expensed ($)	(307,264)	(731,359)	(1,324,932)	(1,254,103)	(766,344)
Exploration and evaluation expenditure capitalised/(written-off) ($)	2,240,000	–	(16,000)	–	(404,000)
No of shares on issue	3,372,105,462	2,606,271,476	2,359,977,192	1,987,954,539	1,987,954,539
No of options on issue	65,000,000	241,500,000	129,500,000	108,655,848	117,172,512
Share price ($)	0.011	0.021	0.005	0.005	0.010
Market capitalisation (Undiluted) ($)	37,093,160	54,731,701	11,799,886	9,939,773	19,879,545

Summary of Share Price Movement for year ended 30 June 2023

	Price (cents)	Date
Highest	2.2	9 December 2022
Lowest	0.8	21 March 2023
Latest	0.8	13 September 2023

CORPORATE GOVERNANCE STATEMENT

The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manage its risks.

The Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments (together **Charter**).

The Company's Charter is based on a template which has been professionally verified to be complementary to and in alignment with the ASX Corporate Governance Council Principles and Recommendations 4th Edition 2019 (**ASX CGCPR**) in all material respects. The Charter also substantially addresses the suggestions of good corporate governance mentioned in the 'Commentary' sections of the ASX CGCPR.

The Board is responsible for the overall corporate governance of the Group. The Board has governance oversight of all matters relating to the strategic direction, corporate governance, policies, practices, management and operations of the Group with the aim of delivering value to its Shareholders and respecting the legitimate interest of its other valued stakeholders, including employees, suppliers and joint venture partners.

Under ASX Listing Rule 4.10.3, the Company is required to provide in its annual report details of where shareholders can obtain a copy of its corporate governance statement, disclosing the extent to which the Company has followed the ASX Corporate Governance Council Principles and Recommendations in the reporting period. The corporate governance statement is published on the Company's website:

https://www.hannans.com/corporate-governance.php

ANNOUNCEMENTS

ASX Announcements for the year and to the date of this report

Date	Announcement Title
19/07/2022	Extension of Suspension
28/07/2022	Improved Acquisition Agreement
29/07/2022	4th Quarter Cashflow Report
29/07/2022	4th Quarter Activities Report
02/09/2022	Updated Transaction Timetable
12/09/2022	Board Succession
23/09/2022	2022 Annual Report
23/09/2022	Appendix 4G & 2022 Corporate Governance Statement
06/10/2022	Change of Director's Interest Notice x 1
12/10/2022	Notice of General Meeting
12/10/2022	Relisting on ASX & Lithium Battery Recycling in Europe
17/10/2022	Prospectus for Relisting on ASX (Lo-Res)
17/10/2022	Prospectus for Relisting on ASX (Hi-Res)
17/10/2022	Date of AGM and Director Nomination
17/10/2022	Proposed issue of securities
17/10/2022	Proposed issue of securities
26/10/2022	JMEI 2022 Entitlement Statements
28/10/2022	1st Quarter Cashflow Report
28/10/2022	Notice of Annual General Meeting
31/10/2022	1st Quarter Activities Report
01/11/2022	Change of Directors' Interest Notice x 3
01/11/2022	Updated Capital Structure
01/11/2022	Notification of cessation of securities – HNR
01/11/2022	Notification regarding unquoted securities – HNR
08/11/2022	Strong Support for Relisting on ASX
08/11/2022	Supplementary Prospectus for Relisting on ASX
08/11/2022	Application for quotation of securities – HNR
14/11/2022	Application for quotation of securities – HNR
15/11/2022	General Meeting Results
15/11/2022	General Meeting Presentation
15/11/2022	Capital Raising Closes Oversubscribed
28/11/2022	Notification regarding unquoted securities – HNR
28/11/2022	Application for quotation of securities – HNR
28/11/2022	Reinstatement to Trading
29/11/2022	AGM Results
29/11/2022	AGM Presentation
06/12/2022	Exercise Price of Unlisted Options
07/12/2022	Notification of cessation of securities – HNR
07/12/2022	Final Interest Notices
07/12/2022	Appendix 3X for Mark Sumich
07/12/2022	Appendix 3X for Andrew Umbers
07/12/2022	Board Succession Completed
07/12/2022	Change in substantial holding from NMT
08/12/2022	Reinstatement to Quotation
08/12/2022	Prospectus
08/12/2022	Amended Anticipated Reinstatement to Official Quotation
08/12/2022	Top 20 shareholders
08/12/2022	Distribution Schedule
08/12/2022	Securities Trading Policy
08/12/2022	Corporate Governance Statement
08/12/2022	Employee Securities Incentive Plan
08/12/2022	Constitution
08/12/2022	Supplementary Prospectus
08/12/2022	Annexure 1 – Mining Entities
08/12/2022	Information Form and Checklist
08/12/2022	Appendix 1A
08/12/2022	Pre-Quotation Disclosures
08/12/2022	Anticipated Reinstatement to Official Quotation
20/01/2023	Market Update
31/01/2023	2nd Quarter Activities & Cashflow Report
10/03/2023	Half Year Financial Report
17/04/2023	Trading Halt
19/04/2023	Market Development Agreement for UK
28/04/2023	3rd Quarter Activities & Cashflow Report
09/06/2023	Appointment of Brett Salt as CEO
31/07/2023	4th Quarter Activities & Cashflow Report
09/08/2023	Investor Presentation
07/09/2023	Change of Registry Address

COMPLIANCE

Risk and Risk Management

The Group manages the risks listed below, and other day-to-day risks through a number of risk controls and mitigants. Specific risk controls and mitigants include but are not limited to:

- Board risk oversight;
- Implementation and adoption of Company policies and standards;
- Insuring business activities and operations in accordance with industry practice; and
- Engaging appropriate finance, accounting, and legal advisors.

(A) General Risks

Additional Requirements for Capital

The Directors expect that the Group will have sufficient capital resources to enable the Group to meet its short to medium term business objectives. However, in the longer term, the Group's capital requirements will depend on numerous factors. The Group will likely require further financing in the future in order to implement its growth strategy. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

Economic and Political

Changes may occur in the general economic and political climate in the jurisdictions in which the Group operates and on a global basis that could have an impact on economic growth, the lithium battery feedstock prices, interest rates, the rate of inflation, taxation, tariff laws and domestic security which may affect the value and viability of any activities that may be conducted by the Group. In addition, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's activities, as well as on its ability to fund those activities.

Also, the evolving conflict between Ukraine and Russia (Ukraine Conflict) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict on the performance of the Group remains unknown. The Company's share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict.

Market Conditions

Share market conditions may affect the value of the Company's shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(a) general economic outlook;

(b) introduction of tax reform or other new legislation;

(c) interest rates and inflation rates;

(d) changes in investor sentiment toward particular market sectors;

(e) the demand for, and supply of, capital; and

(f) terrorism or other hostilities.

The market price of shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Commodity Price Volatility and Exchange Rate Risks

The Group's operating results, economic and financial prospects and other factors will affect the trading price of the Company shares. In addition, the price of shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of noncompany specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Group's market performance will not be adversely affected by any such market fluctuations or factors.

Taxation

In all places where the Group has operations, in addition to the normal level of income tax imposed on all industries, the Group may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

COMPLIANCE (cont'd)

Force Majeure

The Group's projects now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Litigation Risks

The Group is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Group may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Group's operations, reputation, financial performance and financial position. The Group is not currently engaged in any litigation.

(B) Risks relating to the Group's Lithium-ion battery (LiB) Recycling Business

Development and Commercialisation of Rights

The Group's ability to successfully develop and commercialise the rights to lithium-ion battery (LiB) recycling technology in Scandinavian countries of Denmark, Finland, Norway, Sweden, United Kingdom (UK), Ireland and South Eastern Europe may be affected by numerous factors including but not limited to: macro-economic conditions, obtaining required permits, ability to obtain sufficient funding, time and resources required to research and develop an industrial scale, fully integrated, safe and compliant recycling process, complete the construction of its future facilities at a reasonable price, delays in commissioning the plant, the plant not performing in accordance with expectations, costs overruns, ability to secure LiB feedstock supplies and the selling of the recovered metals.

If the Group is unable to mitigate these factors and others not listed here, this could result in the Group not able to realise the full potential of the project resulting in such plans costing more than expected or taking longer to realise than expected. Ultimately, this could have an adverse impact on the Company share price.

Reliance on key personnel

The Group is dependent on its directors, management and consultants to implement its business strategy. The Board is aware of the need to have sufficient management to supervise its foray into LiB recycling. A number of factors including the departure of key management personnel or a failure to attract or retain suitable qualified key personnel, could adversely affect the Group's business strategy.

Uncertainty of future profitability

The Group has incurred losses in the past and it is therefore not possible to evaluate the Group's prospects based on past performance. The Group expects to make losses in the foreseeable future. Factors that will determine the Group's future profitability are its ability to manage its costs and its development and growth strategies, the success of its LiB recycling activities, and the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted and may vary significantly from period to period.

Future funding requirements

The Group's activities will require substantial expenditure going forward, particularly with respect to the plant capital cost. There is no assurance that Hannans can successfully achieve any or all of its business strategies in the manner or time period that it expects, which will require investments that may result in both short-term and long-term costs without generating any current revenue and therefore may be dilutive to earnings. Hannans cannot provide any assurance that it will realise, in full or in part, the anticipated benefits it expects to generate from its growth strategy. Failure to realise those benefits could have a material adverse effect on Hannans business, results of operations or financial condition. If Hannans is unable to obtain additional financing as required, it may be required to scale back its operation. In addition, the Group's ability to continue as a going concern may be diminished.

Supply chain and counterparty risk

The development and commercialisation of the LiB recycling technology involve a complex supply chain. The Group will depend on suppliers of LiB feedstock, services, equipment and infrastructure to develop the project, and on providers of logistics to ensure products are delivered. Failure of significant components of this supply chain due to strategic factors such as business failure or serious operational factors could have an adverse effect on the Group's business and results of operations.

The ability of the Group to develop and commercialise the LiB recycling technology will also depend on the performance of the counterparties under the various agreements it has entered into or will enter into. If any counterparty does not perform its obligations to an acceptable standard under the respective agreement, this may have a material adverse effect on the Group's operations, financial condition and prospects. If any party defaults in the performance of their obligations, it may be necessary for the Group to approach a court to seek a legal remedy, which can be costly and for an outcome which cannot be reliably predicted.

COMPLIANCE (cont'd)

Intellectual Property Protection

The possible future commercial success of the LiB recycling technology may rely in part upon the ability to obtain and maintain patent protection. There is no guarantee that the claims and applications in respect of the technology will be found to be valid and enforceable or that all of the patent applications will be granted. The defence and prosecution of intellectual property rights (including upon grant of any patent) are costly and time consuming and their outcome is uncertain.

Further, Hannans does not own the technology, but rather has contractual rights as a licensee and sub-licensee (as applicable) under the agreements. Even with granted patent protection, the patents could be partially or wholly invalidated following challenges by third parties. The grant of a patent does not guarantee validity of that patent since it may be revoked on the ground of invalidity at any time during its life. If none of the claims of a granted patent are valid, the patent is unenforceable.

The intellectual property licensed to the Company comprise patent applications that are not yet granted. Whilst the Directors are confident that these applications will lead to granted patents, there can be no guarantee that any of these applications will be granted. Only a granted patent right can be enforced and it is not currently possible to predict the scope of any future granted rights with any certainty. There may not be adequate protection for the technology in every country in which Hannans intends to operate and policing unauthorised use of proprietary information is difficult and expensive (particularly as Hannans does not own the technology). In addition, the Company's licence to exploit the technology in the United Kingdom and Ireland is non-exclusive. Although the Company is not aware of any third-party interests in relation to these rights, there is always a risk of third parties being granted an equivalent licence to exploit the technology in United Kingdom and Ireland.

Government licences and approvals

Development and construction of any LiB recycling plants will be dependent on each project complying with local laws and regulations, including meeting applicable environmental guidelines and gaining customary approvals from government authorities (environmental, building, chemical etc). Failure to obtain such approvals or unsatisfactory terms and conditions on which these approvals are obtained may have a material adverse impact on the Group's projects and prospects.

In addition, operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and site safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Group.

Limited exposure

The future success of the Group's Company's LiB recycling business will depend in large part on its ability to source, recycle and recover LiBs and LiBs waste materials in an economic and efficient manner, in response to industry demand.

Hannans has limited experience in recycling lithium-ion materials and Hannans has not developed or operated a facility on a commercial scale to produce and sell end products. Hannans does not know whether it will be able to develop efficient, automated, low-cost recycling capabilities and processes, or whether it will be able to secure reliable sources of supply, in each case that will enable it to meet the production standards, costs and volumes required to successfully recycle LiBs and meet its business objectives and customer needs. Even if Hannans is successful, it does not know whether it will be able to do so in a manner that avoids significant delays and cost overruns, including because of factors beyond its control, such as problems with its supply chains, or in time to meet the commercialisation schedules of future recycling needs or to satisfy the requirements of its customers.

Risks associated with LiBs

On rare occasions, LiBs can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other LiBs. Negative public perceptions regarding the suitability of LiBs for automotive applications, the social and environmental impacts of cobalt mining or any future incident involving LiBs, such as a vehicle or other fire, even if such incident does not involve Hannans directly, could have a negative impact on the market for LiBs, reducing the number of batteries in the market. In addition, recycling of LiBs requires it to store a significant number of lithium-ion cells at its proposed future facilities. Any mishandling of LiBs could cause disruption to the operation of future Hannans facilities.

Electric vehicle market

The demand for Hannans recycling services and end products will be driven in part by projected increases in the demand for electric vehicles (EVs) (including automobiles, e-bikes, scooters, buses and trucks). A decline in the adoption rate of EVs could reduce the demand for Hannans' proposed recycling services and end products in the future. The price that Hannans may charge for products generated from the LiB recycling business will be tied to commodity prices for their principal contained metals, such as lithium, nickel, and cobalt. Fluctuations in the prices of these commodities will affect any future revenues and therefore declines in the prices of these commodities would have a material adverse impact on any future revenues. In addition, the technology is focused on the recycling capability for the current feedstock of LiBs. Should the composition of the batteries be developed or alternative battery technologies be adopted, this could have a material, adverse effect on the financial condition, operational performance and business of Hannans.

COMPLIANCE (cont'd)

Maintenance of supply, offtake agreements and new customers

Hannans will be required to gain and maintain LiB feedstock supply commitments and customers. Supply of feedstocks may be impacted for a number of reasons out of the control of the Group, such as force majeure or government regulatory factors that are unrelated to the Group. Similarly, customers may fail to perform under their contracts for reasons beyond the control of the Group and there is no track record of customers commitment to their contracts with Hannans.

Competition

The LiB recycling market is competitive. As the industry evolves and demand increases, the Group anticipates that competition will increase. The Group will face competition primarily from companies all of which have more expertise in recycling than the Group. The Group will also compete against companies that have a substantial competitive advantage because of longer operating histories and larger budgets, as well as greater financial and other resources.

National or global competitors could enter the market with more substantial financial and workforce resources, stronger existing customer relationships, and greater name recognition or could choose to target medium to small companies in markets the Group will focus on. Competitors could focus their substantial resources on developing a more efficient recovery solution than the Group can offer. Competition also places downward pressure on contract prices and profit margins, which presents significant challenges to maintain strong growth rates and acceptable profit margins.

(C) Risks relating to the Group's Mineral Exploration Projects

Exploration Success

The Group's projects are at various stages of exploration, and potential investors should understand that mineral exploration and development are speculative and high-risk undertakings that may be impeded by circumstances and factors beyond the control of the Group. Success in this process involves, among other things:

(a) discovery and proving-up, or acquiring, an economically recoverable resource or reserve;

(b) access to adequate capital throughout the acquisition, discovery and project development phases;

(c) securing and maintaining title to tenements;

(d) obtaining required development consents and approvals necessary for the acquisition, exploration, development and production phases; and

(e) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants, and employees.

There can be no assurance that exploration of the Group's projects, will result in the discovery of an economic mineral resource. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. The Group has not published resource estimates for any prospects. There is no assurance that exploration or project studies by the Group will result in the definition of an economically viable mineral deposit. The future exploration activities of the Group may be affected by a range of factors including geological conditions and other limitations on activities that are outside of the Group's control.

Tenure

Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Group. The Group considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Western Australia and the ongoing expenditure budgeted for by the Group. However, the consequence of forfeiture or involuntary surrender of a granted tenements for reasons beyond the control of the Group could be significant.

Native Title and Aboriginal Heritage

In relation to tenements which the Group has an interest in, there are areas over which legitimate common law native title rights of Aboriginal Australians exist. As a result, the ability of the Group to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. Certain sites containing Aboriginal heritage sites of significance which are registered with the Department of Indigenous Affairs require approvals if these sites will be impacted by exploration or mining activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities. The existence of the Aboriginal heritage sites within the tenements may lead to restrictions on the areas that the Group will be able to explore and mine.

COMPLIANCE (cont'd)

Commodity prices

The Group's future prospects and Hannan's share price will be influenced by the prices obtained for the commodities produced and targeted in the Group's exploration and development programs. Commodity prices fluctuate and are impacted by factors including the relationship between global supply and demand for minerals, forward selling by producers, costs of production, geopolitical factors (including trade tensions), hostilities and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand factors. These factors may have an adverse effect on the Group's production and exploration activities and any subsequent development and production activities, as well as its ability to fund its future activities. Further, rare earth products are not exchange traded commodities.

Occupational health and safety

Exploration activities may expose the Group's contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Group's contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Group's business and reputation.

Environment

The Group's projects are subject to the environmental laws and regulations of Australia (including statutory rehabilitation obligations that the Group will need to comply with in the future and which may be material). While the Group proposes to comply with applicable laws and regulations and conduct its programs in a responsible manner with regard to the environment, there is the risk that the Group may incur liability for any breaches of these laws and regulations.

The Group is also unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments which could have a material adverse effect on the Group's business, financial condition and performance.

Insurance

The Group maintains insurance to protect against certain risks. However, the Group's insurance will not cover all the potential risks associated with an exploration company's operations. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration is not generally available to the Group, or to other companies in the mining industry on acceptable terms.

Significant Changes in State of Affairs

Other than those disclosed in this annual report no significant changes in the state of affairs of the Group occurred during the financial year.

Significant Events after the Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

Likely developments and Expected Results

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

Environmental Regulation and Performance

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it's aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the year under review.

COMPLIANCE (cont'd)

Share options

During the year ended 30 June 2023, 18,333,333 shares were issued upon the exercise of options.

As at the date of this report, there were 65,000,000 options on issue to purchase ordinary shares at a range of exercise prices (65,000,000 at the reporting date). Refer to the remuneration report for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Insurance of Directors and Officers

During or since the end of the financial year, the Company has paid premiums insuring all the Directors of Hannans Ltd against costs incurred in defending conduct involving:

(a) a wilful breach of duty, and

(b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid was $26,831 (2022: $17,510).

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

Non–Audit Services

During the year Ernst & Young, the Group auditor, did not perform other non-audit services in addition to its statutory duties.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 27.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Jonathan Murray
Non-Executive Chairman
Perth, Australia this 21st day of September 2023

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the Directors of Hannans Ltd

As lead auditor for the audit of the financial report of Hannans Ltd for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hannans Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Timothy G Dachs
Partner
Perth
21 September 2023

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, subject to the achievement of matters noted in note 2(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 2 to the financial report and giving a true and fair view of the financial position and performance of the Group for the financial year ended 30 June 2023; and

(c) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Jonathan Murray
Non-Executive Chairman
Perth, Australia this 21st day of September 2023

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Hannans Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Hannans Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Building a better working world

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Recognition and recoverability of acquired intangible assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2023, the Group had intangible assets of $12.95 million, comprising the acquisition, during the year, of certain rights to commercialise technology intended to be used to recycle lithium batteries in prescribed geographical areas. The Group performed an impairment assessment on the carrying value of the intangible assets and concluded based on this assessment that no impairment was required at 30 June 2023. The assessment of the recoverability of the acquired intangible assets was significant to our audit because it is judgmental and is based on assumptions and estimates that are affected by expected future performance and market conditions. Refer to Note 14 of the financial report for further details.	We evaluated the appropriateness of the Group's impairment assessment and methodology for the intangible assets of the Group. Our audit procedures included the following: ► We evaluated the independent valuation of the intangible assets, including an examination of the qualifications, experience and objectivity of the independent valuation expert, the work of whom, formed the basis of the Group's impairment assessment. ► We evaluated the appropriateness of methodologies used within the valuation report. ► We performed sensitivity analyses to ascertain the extent to which changes in assumptions could lead to alternative conclusions. ► We reviewed the Board of Directors minutes and ASX announcements including shareholder presentations to assess whether there was any potential contradictory information contained within these reports. ► We assessed the adequacy of the disclosures in the financial report in accordance with Australian Accounting Standards.

Building a better working world

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Hannans Ltd for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Timothy G Dachs
Partner
Perth
21 September 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2023

	Note	2023 $	2022 $
Interest	5(a)	31,745	1,545
Other income	5(b)	9,299	–
(Loss) on disposal of shares	5(c)	(25,639)	–
Employee and contractors expenses	5(d)	(561,588)	(1,512,947)
Depreciation expense	5(e)	(1,660)	(4,318)
Consultants expenses		(449,700)	(470,431)
Occupancy expenses	5(f)	(5,411)	(9,548)
Marketing expenses		(26,681)	(6,782)
LiB recycling project expenses		(1,053,547)	(413,550)
Exploration and evaluation expenses		(307,264)	(731,359)
Write off of exploration and evaluation expenses	13	(2,240,000)	–
Fair value changes in financial assets at fair value through P&L	10	(1,450)	(338,129)
Other expenses		(356,561)	(209,609)
Loss from continuing operations before income tax expense		**(4,988,457)**	**(3,695,128)**
Income tax benefit/(expense)	6	–	–
Loss from continuing operations attributable to members of the parent entity		**(4,988,457)**	**(3,695,128)**
Other comprehensive loss for the year		**–**	**–**
Total other comprehensive loss for the year		**–**	**–**
Total comprehensive loss for the year		**(4,988,457)**	**(3,695,128)**
Net loss attributable to the parent entity		**(4,988,457)**	**(3,695,128)**
Total comprehensive loss attributable to the parent entity		**(4,988,457)**	**(3,695,128)**
Loss per share:			
Basic (cents per share)	20	(0.16)	(0.15)
Diluted (cents per share)	20	(0.16)	(0.15)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Note	2023 $	2022 $
Current assets			
Cash and cash equivalents	27(a)	3,398,762	4,030,952
Trade and other receivables	9	281,036	144,132
Other financial assets at fair value through profit and loss	10	1,675	140,331
Total current assets		**3,681,473**	**4,315,415**
Non–current assets			
Other receivables	11	30,000	30,000
Property, plant and equipment	12	–	15,088
Other financial assets at fair value through profit and loss	10	115,001	115,001
Exploration and evaluation expenditure	13	–	2,240,000
Intangible assets	14	12,950,013	–
Total non–current assets		**13,095,014**	**2,400,089**
TOTAL ASSETS		**16,776,487**	**6,715,504**
Current liabilities			
Trade and other payables	15	142,230	378,317
Provisions	16	–	40,536
Total current liabilities		**142,230**	**418,853**
TOTAL LIABILITIES		**142,230**	**418,853**
NET ASSETS		**16,634,257**	**6,296,651**
Equity			
Issued capital	17	63,278,739	48,067,444
Reserves	18	1,282,304	1,506,938
Accumulated losses	19	(47,926,786)	(43,277,731)
TOTAL EQUITY		**16,634,257**	**6,296,651**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2023

		Attributable to equity holders			
	Note	Ordinary Shares $	Option Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2022		48,067,444	1,506,938	(43,277,731)	6,296,651
Loss for the year		–	–	(4,988,457)	(4,988,457)
Other comprehensive loss for the year		–	–	–	–
Total comprehensive loss for the year		–	–	(4,988,457)	(4,988,457)
Transactions with owners					
Issue of shares	17	14,950,013	–	–	14,950,013
Options forfeited	18	–	(432,385)	–	(432,385)
Share based payments	18	–	547,153	–	547,153
Exercise/Lapse of options	17,18	275,000	(339,402)	339,402	275,000
Share issue expense	17	(13,718)	–	–	(13,718)
Total transactions with owners		15,211,295	(224,634)	339,402	15,326,063
Balance as at 30 June 2023		**63,278,739**	**1,282,304**	**(47,926,786)**	**16,634,257**
Balance as at 1 July 2021		42,433,949	655,948	(39,889,938)	3,199,959
Loss for the year		–	–	(3,695,128)	(3,695,128)
Other comprehensive loss for the year		–	–	–	–
Total comprehensive loss for the year		–	–	(3,695,128)	(3,695,128)
Transactions with owners					
Issue of shares	17	5,457,357	–	–	5,457,357
Share based payments	18	–	1,158,325	–	1,158,325
Exercise/Lapse of options	17,18	504,000	(307,335)	307,335	504,000
Share issue expense	17	(327,862)	–	–	(327,862)
Total transactions with owners		5,633,495	850,990	307,335	6,791,820
Balance as at 30 June 2022		**48,067,444**	**1,506,938**	**(43,277,731)**	**6,296,651**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Payments for LiB recycling project		(1,042,214)	(402,645)
Payments for exploration and evaluation		(405,801)	(1,123,791)
Payments to suppliers and employees		(1,468,152)	(891,474)
Interest received		31,137	1,634
Net cash used in operating activities	27(b)	**(2,885,030)**	**(2,416,276)**
Cash flows from investing activities			
Proceeds from sale of fixed assets		22,727	–
Proceeds on sale of investment securities		16,831	–
Amount advanced to Critical Metals Ltd		–	(200,000)
Net cash from / (used in) investing activities		**39,558**	**(200,000)**
Cash flows from financing activities			
Proceeds from issues of equity securities		2,000,000	5,457,357
Proceeds from exercise of options		275,000	504,000
Payment for share issue costs		(61,718)	(327,862)
Net cash from financing activities		**2,213,282**	**5,633,495**
Net (decrease) / increase in cash and cash equivalents		**(632,190)**	**3,017,219**
Cash and cash equivalents at the beginning of the financial year		**4,030,952**	**1,013,733**
Cash and cash equivalents at the end of the financial year	27(a)	**3,398,762**	**4,030,952**

The accompanying notes form part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

1. General Information

The consolidated financial statements of Hannans Ltd (**Company** or **Hannans**) and its subsidiaries (collectively, **the Group**) for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 19 September 2023.

Hannans is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are mineral exploration and project development which is further describe' in the Directors' Report. Information on other related party relationships is provided in note 25.

2. Summary of significant accounting policies

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report includes the financial statements of Hannans Ltd and its subsidiaries.

The financial report also complies with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.

(a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except for certain financial assets and liabilities which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Separate financial statements for Hannans as an individual entity are no longer presented as the consequence of a change to the *Corporations Act 2001* . However, the required financial information for Hannans as an individual entity as required by the Corporations Regulations 2M.3.01 (1) is included in note 30.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2023 and the comparative information presented in these financial statements for the year ended 30 June 2022.

Going concern basis of preparation

The Group recorded a loss of $4,988,457 (2022: loss $3,695,128) for the year ended 30 June 2023 and had a cash outflow from operating and investing activities of $2,845,472 (2022: $2,616,276 outflow) during the twelve (12) month period. The Group had cash and cash equivalents at 30 June 2023 of $3,398,762 (2022: $4,030,952) and has a working capital surplus of $3,539,243 (2022: $3,896,562 surplus).

The Group's cashflow forecast for the period ended 31 March 2025 shows that the Group will require additional working capital during this period to enable it to be able to continue to meet its current committed administration expenditure and planned LiB expenditure.

The Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis.

In arriving at this position the Directors have considered the following pertinent matters:

- The planned battery recycling activities is staged and expenditure may or may not be spent depending on the result of the prior stage; and
- The Directors are satisfied that they will be able to raise additional funds by either an equity raising and/or implementation of joint ventures agreements to fund ongoing commitments and for working capital.

In the event that the Group is unable to raise additional funds to meet the Group's ongoing working capital requirements when required, there is a significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2022 except for the new accounting standards stated below.

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current and future financial reporting periods.

AASB 2014-10 ***Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments are applied prospectively. The Group is in the process of determining the impact of initial application.

2. Summary of significant accounting policies(cont'd)

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

AASB 2021-5 *Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The Group is in the process of determining the impact of initial application.

AASB 2021-2 *Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies*

The amendments to AASB 101 *Presentation of Financial Statements* require disclosure of material accounting policy information, instead of significant accounting policies. Unlike 'material', 'significant' was not defined in Australian Accounting Standards. Leveraging the existing definition of material with additional guidance is expected to help preparers make more effective accounting policy disclosures. The guidance illustrates circumstances where an entity is likely to consider accounting policy information to be material. Entity-specific accounting policy information is emphasised as being more useful than generic information or summaries of the requirements of Australian Accounting Standards.

The amendments to AASB Practice Statement 2 supplement the amendments to AASB 101 by illustrating how the four-step materiality process can identify material accounting policy information.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The Group is in the process of determining the impact of initial application.

AASB 2021-2 *Amendments to AASB 108 – Definition of Accounting Estimates*

An accounting policy may require items in the financial statements to be measured using information that is either directly observable or estimated. Accounting estimates use inputs and measurement techniques that require judgements and assumptions based on the latest available, reliable information.

The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively.

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

The new definition provides that 'Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.' The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error.

The amendments did not change the existing treatment for a situation where it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate. In such a case, the change is accounted for as a change in an accounting estimate. The amendments are applied prospectively. The Group is in the process of determining the impact of initial application.

AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments that are readily convertible to known amount of cash which are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

(d) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave and are recognised at the rates payable when these provisions are expected to be settled.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months after the end of the reporting period, are presented as current liabilities and measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

2. Summary of significant accounting policies (cont'd)

(e) Financial assets

Financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are subsequently measured at fair value through profit or loss (**FVPL**), amortised cost, or fair value through other comprehensive income (**FVOCI**).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding (**the SPPI criterion)**.

The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

Trade and other receivables

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at FVPL.

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime ECL for trade and other short term receivables carried at amortised cost. The ECL on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to ECL within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred.

(e) Financial assets (cont'd)

The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Equity instruments

Shares and options held by the Group are classified as equity instruments and are stated at FVPL. Gains and losses arising from changes in fair value are recognised directly to profit or loss for the period.

Loans receivables

Loans receivables are classified, at initial recognition, and subsequently measured at amortised cost, FVOCI, or FVPL. Loan receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Loan receivables that do not meet the criteria for amortised cost are measured at FVPL.

(f) Financial instruments issued by the Company

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

2. Summary of significant accounting policies (cont'd)

(h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually and whenever there is an indication of impairment, the carrying value of the asset may be impaired.

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash–generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the cash–generating unit in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(i) Tax (cont'd)

Deferred tax

Deferred tax is accounted for using the full liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

2. Summary of significant accounting policies (cont'd)

(i) Tax (cont'd)

Tax consolidation

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries implemented the tax consolidation legislation on 1 July 2008 with Hannans as the head entity. Income tax liabilities between the entities would be allocated among the members of the tax consolidated group should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this on the basis that the possibility of default is remote.

(j) Exploration and evaluation expenditure

Acquisition costs are capitalised and exploration and evaluation expenditure incurred is expensed immediately to the profit and loss where the applicable area of interest does not contain a JORC compliant mineral resource. Where the area of interest contains a JORC compliant mineral resource exploration and evaluation expenditure is capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

i. such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
ii. exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

(k) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(l) Joint arrangements

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

2. Summary of significant accounting policies (cont'd)

(l) Joint arrangements (cont'd)

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint operations

The Group's recognises its interest in joint operations by recognising its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

(m) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars, which is Hannans' functional and presentation currency.

Transactions and balance

Transactions in foreign currencies are initially recorded in the functional currency (Australian Dollars (AUD)) by applying the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

(n) Foreign currency translation (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(o) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group as at and for the period ended 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. Summary of significant accounting policies (cont'd)

(o) Principles of consolidation (cont'd)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

A list of subsidiaries appears in note 4 to the financial statements.

(p) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate (%)
Office furniture	10.00 – 20.00
Office equipment	7.50 – 66.67
Motor vehicles	16.67 – 25.00

(q) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

<u>Group as a lessee</u>

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e., leases with a lease term of 12 months or less) and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) <u>Right-of-use assets</u>

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (where the entity does not have a purchase option at the end of the lease term). Right-of-use assets are subject to impairment assessment.

(ii) <u>Lease Liabilities</u>

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

2. Summary of significant accounting policies (cont'd)

(q) Leases (cont'd)

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and Low Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of their Office Spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

(r) Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as a result of a past event at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(s) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the Group estimates the amount of consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised using the effective interest method.

(t) Share–based payments

Equity–settled share–based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black and Scholes model or Monte-Carlo simulation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non–transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity–settled share–based payments is expensed on a straight–line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash–settled share–based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(u) Fair value measurement

The Group measures equity instrument at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. Summary of significant accounting policies (cont'd)

(v) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Acquired commercialisation rights

Licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Upon completion of the commercialised project, the carried costs are amortised to profit or loss using the straight-line method over the shorter of their estimated useful lives and periods of contractual rights.

(v) Segment reporting policy

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position.

3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key judgements – capitalised exploration and evaluation expenditure

The future recoverability of exploration and evaluation expenditure capitalised on the acquisition of areas of interest and/or capitalised JORC compliant mineral resource expenditure are dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. To the extent that capitalised acquisition costs and/or capitalised JORC compliant mineral resource expenditure are determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Key judgement – equity-settled intangible assets

For equity-settled share-based payment transactions, the entity measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received. The Group rebuts this presumption when measuring the intangible assets acquired during the period because the fair value of the intangible assets cannot be estimated reliably. As such the Group measures the intangible assets received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments on grant date. The related transaction is detailed in note 14.

Key estimate – estimation of useful lives of intangible assets

The Group determines the estimated useful lives and related amortisation charges for its intangible assets. The useful lives could change significantly because of the extension of the commercialisation rights or some other event. The Group amortises its commercialisation rights when the licences are ready to be commercialised. The amortisation charge will increase where the useful lives are less than previously estimated lives or technically obsolete. For further information on intangible assets refer to note 14.

Key estimates – impairment of intangible assets

Commercialisation rights

The Group tests an intangible asset with an indefinite useful life or not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. For further information on impairment assessment of intangible assets refer to note 14.

Capitalised exploration and evaluation expenditure

The Group assesses impairment for intangible assets at each reporting date or when an impairment indicator exists, by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technical, economic and political environments, and future expectations. If an impairment indicator exists, the recoverable amount of the asset is determined.

Key judgements – share–based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes simulation model. The related assumptions detailed in note 7. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Key judgements – loans and unquoted equity shares

The Group measures the fair value of loan and unquoted equity shares based on discounted future cash flows to their present value that reflects the recent transaction based on market conditions, and the risks specific to the asset.

4. Subsidiaries

The consolidated financial statements of the Group include:

Name of entity	Principal Activities	Country of incorporation	% Ownership interest 2023	% Ownership interest 2022
Parent entity:				
Hannans Ltd [i]	Battery recycling and exploration	Australia		
Subsidiaries:				
HR Equities Pty Ltd [ii]	Equities holding	Australia	100	100
Hannans LiB Pty Ltd [ii] [iii]	Battery recycling and exploration	Australia	100	100
Reed Exploration Pty Ltd [ii]	Exploration	Australia	100	100
Hannans BatRec (Europe) Ltd [iv]	Battery recycling	Ireland	100	–

(i) Hannans is the ultimate parent entity. All the companies are members of the group. During the year, the Group implemented the LiB recycling strategy as its core activity whilst continuing its exploration activities.
(ii) The 100% interest in HR Equities Pty Ltd, Hannans LiB Pty Ltd and Reed Exploration Pty Ltd are held by the parent entity.
(iii) Hannans LiB Pty Ltd was previously known as HR Forrestania Pty Ltd.
(iv) Hannans BatRec (Europe) Ltd was incorporated on 20 March 2023 in Ireland. The 100% interest in Hannans BatRec (Europe) Ltd is held by Hannans LiB Pty Ltd.

5. Income/expenses from operations

		2023 $	2022 $
(a)	**Interest income**		
	Bank	31,745	1,545
	Total interest income	**31,745**	**1,545**
(b)	**Other Income**		
	Asset sale	9,299	–
	Total other income	**9,299**	**–**
(c)	**Loss on disposal of shares**		
	Proceeds on disposal of shares (net of broker fees) [i]	111,567	–
	Less: Carrying fair value of shares disposed	(137,206)	–
	Total loss on disposal of shares	**(25,639)**	**–**

The Company sold 687,594 fully paid ordinary shares in Errawarra Resources Ltd (ASX: ERW) and 25,000 fully paid ordinary shares in NickelX Ltd (ASX: NKL) during the year.

		2023 $	2022 $
(d)	**Employee benefits expense**		
	Salaries and wages	412,435	315,569
	Post employment benefits:		
	Defined contribution plans	34,386	29,842
	Share–based payments:		
	Equity settled share–based payments	114,767	1,167,536
	Total employee benefits expense	**561,588**	**1,512,947**
(e)	**Depreciation of non–current assets**	**1,660**	**4,318**
(f)	**Lease rental expenses:**		
	Lease payments [i]	5,411	9,548
	Total lease rental expenses	**5,411**	**9,548**
	(i) The Group has a lease of office and storage space with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for the lease.		
(g)	**Share-based payments (income) / expense to consultants**	**–**	**(9,211)**

	2023 $	2022 $
6. Income taxes		
Income tax recognised in profit or loss		
Current income tax		
Current income tax charge	–	–
Deferred tax	–	–
Total tax benefit/(expense)	**–**	**–**
The prima facie income tax benefit/(expense) on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss from operations	(4,988,457)	(3,695,128)
Income tax benefit calculated at 25% (2022: 25%)	(1,247,114)	(923,782)
Effect of expenses that are not deductible in determining taxable profit	293,351	476,929
Effect of net deferred tax asset not recognised as deferred tax assets	953,763	446,853
Income tax benefit/(expense) attributable to operating loss	**–**	**–**

The tax rate for year ended 30 June 2023 payable by Australian corporate entities on taxable profits under Australian tax law is 25% (2022: 25%). Unrecognised deferred tax above is calculated at 25% (2022: 25%).

	Statement of Financial Position		Statement of Comprehensive Income	
	2023 $	2022 $	2023 $	2022 $
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Exploration and evaluation assets	236,761	(294,541)	531,302	(47,911)
Unearned income	–	–	–	52
Trade and other receivables	(9,453)	(9,025)	(428)	(3,289)
Property, plant and equipment	–	(3,772)	3,772	1,274
Deferred tax assets				
Trade and other payables	15,193	20,106	(4,913)	8,956
Financial assets	206	–	34,738	(69,552)
Capital raising costs	76,412	100,112	(23,700)	91,104
Revenue tax losses	6,693,508	6,177,282	516,226	244,407
Capital losses	4,622,512	4,622,144	368	(184,886)
Deferred tax assets not brought to account as realisation is not probable	(11,635,139)	(10,577,774)		
	–	**–**		
Deferred tax assets not recognised			(1,057,365)	(40,155)
Deferred tax (income)/expense			**–**	**–**

Tax consolidation

Relevance of tax consolidation to the Group

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation.

7. Share–based payments

The Company has an ownership–based compensation arrangement for employees and consultants of the Group. Each option issued under the arrangement converts into one ordinary share of Hannans on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the sole discretion of the Directors. Incentive options issued to Directors (executive and non–executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

The following share–based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price (cents)
(O17-T1) 26 Nov 2021 (i)	55,000,000	26 November 2021	25 November 2025	6.1
(O17-T2) 26 Nov 2021 (ii)	5,000,000	26 November 2021	25 November 2025	3.2
(O17-T3) 26 Nov 2021 (iii)	5,000,000	26 November 2021	25 November 2025	(iv)

The vesting condition and exercise price of the options are as follows:

(i) **Vesting condition:** Continuous service as a Director until 25 November 2022.
(ii) **Vesting condition:** Continuous service as a Director until 25 November 2023.
(iii) **Vesting condition:** Continuous service as a Director until 25 November 2024.
(iv) **Exercise price:** Calculated at the VWAP for the five (5) trading days before and five (5) trading days after 26 November 2023 PLUS a premium of 50%.

Details of options over ordinary shares in the Company provided as remuneration to each director during the year are set out in the Directors Remuneration report on pages 9 to 15.

The following reconciles the outstanding share options granted at the beginning and end of the financial year:

	2023		2022	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	241,500,000	0.048	129,500,000	0.018
Granted during the financial year	–	–	165,000,000	0.060
Exercised during the financial year (i)	(18,333,333)	0.015	(28,000,000)	0.018
Expired during the financial year (ii)	(58,166,667)	0.023	(25,000,000)	0.015
Forfeited during the financial year (iii)	(100,000,000)	0.047	–	–
Balance at end of financial year	**65,000,000**	**0.059**	**241,500,000**	**0.048**
Exercisable at end of the financial year	**55,000,000**	**0.061**	**31,500,000**	**0.015**

(i) Exercised during the financial year

During the financial year a total of 18,333,333 (2022: 28,000,000) options over ordinary shares were exercised, comprising of the following:

- 14,833,333 options exercisable at 1.5 cents expiring on 27 October 2022 to raise $222,500.
- 3,500,000 options exercisable at 1.5 cents expiring on 19 November 2022 to raise $52,500.

(ii) Expired during the financial year

During the financial year a total of 58,166,667 (2022: 25,000,000) options over ordinary shares expired as the vesting conditions were not achieved, comprising of the following:

- 13,166,667 options exercisable at 1.5 cents expired on 27 October 2022.
- 20,000,000 options exercisable at 1.5 cents expired on 30 October 2022.
- 25,000,000 options exercisable at 1.5 cents expired on 30 October 2022.

(iii) Forfeited during the financial year

During the financial year a total of 100,000,000 (2022: nil) options over ordinary shares were forfeited, comprising of the following:

- 50,000,000 options exercisable at 3.2 cents expiring on 25 November 2025.
- 50,000,000 options exercisable at a price calculated at the VWAP for the five (5) trading days before and five (5) trading days after 26 November 2023 PLUS a premium of 50%.

(iv) Balance at end of the financial year

The share options outstanding at the end of the financial year had a weighted average exercise price of $0.059 (2022: $0.048) and a weighted average remaining contractual life of 2.39 years (2022: 2.41 years).

		2023 $	2022 $
8.	**Remuneration of auditors**		
	Fees to Ernst & Young (Australia)		
	Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	68,655	55,107
	Other assurance services	–	7,000
	Total auditor remuneration	**68,655**	**62,107**
9.	**Current trade and other receivables**		
	Accounts receivable (i)	226,779	72,336
	Net goods and services tax (GST) receivable	14,494	35,585
	Other receivables	39,763	36,211
		281,036	**144,132**

(i) There were no current trade and other receivables that were past due but not impaired (2022: nil).

		2023 $	2022 $
10.	**Other financial assets at fair value through profit and loss**		
	Current		
	Equity instruments		
	Quoted equity shares (i)	1,675	140,331
	Loans to outside entities (ii)	–	–
	Total	**1,675**	**140,331**
	Non-current		
	Equity instruments		
	Unquoted equity shares (iii)	115,001	115,001
	Total	**115,001**	**115,001**

(i) Investments in listed entities include the following:
  (a) Nil (2022: 687,594) fully paid ordinary shares in Errawarra Resources Ltd (ASX:ERW); and
  (b) 25,000 (2022: 50,000) fully paid ordinary shares in NickelX Ltd (ASX:NKL).
  The Company sold 687,594 fully paid ordinary shares in ERW and 25,000 fully paid ordinary shares in NKL during the year.

(ii) Critical Metals Ltd (**CM1**), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors, was provided with a short-term loan facility of $200,000 at an interest rate of 12.5% per annum. The loan is unsecured. CM1 has drawn down $200,000 on the loan facility. The fair value of the loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2023 (2022: nil). Refer to note 25 for further information.

(iii) Investments in unlisted public entities 575,000 fully paid ordinary shares in Critical Metals Ltd, and 1 ordinary share in Equity & Royalty Investments Ltd.

	2023 $	2022 $
11. Non–current other receivables		
Other asset – term deposit	30,000	30,000
	30,000	**30,000**

12. Property, plant and equipment

	Office furniture and equipment at cost $	Motor vehicles at cost $	Total $
Cost			
Balance at 1 July 2021	20,291	29,025	49,316
Disposals	–	–	–
Balance at 1 July 2022	**20,291**	**29,025**	**49,316**
Disposals	(20,291)	(29,025)	(49,316)
Balance at 30 June 2023	**–**	**–**	**–**
Accumulated depreciation and impairment			
Balance at 1 July 2021	19,602	10,308	29,910
Depreciation expense	689	3,629	4,318
Balance at 1 July 2022	**20,291**	**13,937**	**34,228**
Depreciation expense	–	1,660	1,660
Disposals	(20,291)	(15,597)	(35,888)
Balance at 30 June 2023	**–**	**–**	**–**
Net book value			
As at 30 June 2022	–	15,088	15,088
As at 30 June 2023	**–**	**–**	**–**

	2023 $	2022 $
Aggregate depreciation allocated during the year:		
Office furniture and equipment	–	689
Motor vehicles	1,660	3,629
	1,660	**4,318**

	2023 $	2022 $
13. Exploration and evaluation expenditure		
Balance at beginning of financial year	2,240,000	2,240,000
Less: Write off costs (i)	(2,240,000)	–
Balance at end of financial year	**–**	**2,240,000**

(i) During the year, Hannans recognised a write off of $2,240,000 (2022: nil) in respect of capitalised exploration and evaluation.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuance of the consolidated entities right to tenure of the interest, the results of future exploration and the successful development and commercial exploration, or alternatively, sale of the respective area of interest. For those areas of interest de-recognised or written off during the year, exploration results indicates the subsequent successful development and commercial exploration may be unlikely and the decision was made to discontinue activities in these areas, resulting in full de recognition of the capitalised exploration and evaluation in relation to the related areas of interest.

	2023 $	2022 $
14. Intangible assets		
Balance at beginning of financial year	–	–
Additions (i) (note 17)	12,950,013	–
Balance at end of financial year	**12,950,013**	**–**

(i) In July 2022, Hannans signed an agreement with Greenhouse Investments (**Greenhouse**) to acquire 100% of technology rights in Greenhouse license territories. All Greenhouse licences have been novated to Hannans and Hannans is now the licencee. Upon shareholder approval obtained on 15 November 2022, the Company issued 647,500,653 fully paid ordinary shares at an issue price of $0.02 per share to Greenhouse.

Acquisition during the year - Equity-settled intangible assets

For equity-settled share-based payment transactions, an entity measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received. The Group rebuts this presumption when measuring the intangible assets acquired during the year because the fair value of the intangible assets cannot be estimated reliably. As such the Group measures the intangible assets received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments on grant date.

Amortisation method and useful lives

The Greenhouse licences will be deemed available for use and amortised when the licences are ready to be commercialised.

Impairment assessment

The Group tests an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

During the year ended 30 June 2023, the Group assessed for impairment over the intangible assets that the Group owns, the Greenhouse rights to commercialise LiB recycling technology in UK, Ireland, Italy and Southeast Europe.

The intangible assets recoverable amount has been determined by an independent valuer using a discounted cash flow (DCF) model over the expected life of 25 years being the current licence terms of the Greenhouse rights.

The determination of whether to use fair value or value in use requires management to make judgements in applying accounting standards and the assumptions as to which is the most relevant measure. Further, the cash flow projections require management to make estimates and assumptions including expected LiB feedstock and sales volumes, sales prices (including current and historical prices, price trends and related factors), foreign exchange rates, black mass yield, operating costs and capital expenditure. As many of these assumptions are, at best, estimates and may change with time and as development advances, these estimates and assumptions are subjected to a sensitivity analysis using reasonable variance ranges. Hence, there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the intangible assets.

14. Intangible assets (cont'd)

The key assumptions used in the model include:

Key assumptions	Description
Production volume	Stage 1 UK facility commences in 2025/2026, processing 10 tonnes per day (**tpd**) and selling black mass with extension to include a Stage 2 facility (10 tpd) in 2028/2029. A 50 tpd combined facility will be built in the UK in 2030/2031.
Black mass selling price	The estimated selling price for black mass of €3,924 per tonne (discounted because additional processing is required) and metals salts of €7,903 per tonne LiBs processed. These have been determined based on the value of metals contained in the composite product and the selling prices reported by Neometals.
Foreign exchange rates	The Euro/AUD of 1.67 forecast exchange rate has been applied and is based on external sources.
Production, capital and operating costs	Production, capital and operating costs are based on expected performance and budget. Hannans borrows €10 million to build the Stage 1 plant at 6% per annum interest rate with fixed annual repayments over 10 years. The plant is depreciated over 10 years. The CAPEX for the 10 tpd plan is estimated by Hannans and consistent with Neometals' projections. The Stage 2 plant cost is estimated at around €30 million, fully paid by Hannans (or a joint venture) and is depreciated over 10 years.
Discount rates	The Group applied a pre-tax discount rate of 15% for the UK Stage 1 (10 tpd facility) and 17% for subsequent facilities which are less advanced in their planning. The pre-tax discount rates applied to the future cash flow forecasts represent the estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimated have not been adjusted.

A reasonably possible change in assumptions is not expected to reduce the recoverable amount below the carrying value.

As the net present value (NPV) of future cashflows of the Greenhouse rights is higher than its carrying value as at 30 June 2023, no impairment was recognised during the year.

	2023 $	2022 $
15. Current trade and other payables		
Trade payables [(i)]	41,715	215,923
Accruals	99,586	128,487
Other payable	929	33,907
	142,230	**378,317**

(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of invoice. Thereafter, interest is charged at various penalty rates. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	2023 $	2022 $
16. Provisions		
Current		
Employee benefits	–	40,536
	–	**40,536**

	Employee benefits $	Total $
Balance at 1 July 2021	**7,385**	**7,385**
Increase/(decrease) in provision	44,607	44,607
Utilised during the year	(11,456)	(11,456)
Balance at 1 July 2022	**40,536**	**40,536**
Increase/(decrease) in provision	–	–
Paid out during the year	(40,536)	(40,536)
Balance at 30 June 2023	**–**	**–**

	2023 $	2022 $
17. Issued capital		
3,372,105,462 fully paid ordinary shares (2022: 2,606,271,476)	63,278,739	48,067,444
	63,278,739	**48,067,444**

	2023		2022	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	2,606,271,476	48,067,444	2,359,977,192	42,433,949
Exercise of options	18,333,333	275,000	28,000,000	504,000
Rights issue	–	–	218,294,284	5,457,357
Offer under Prospectus	100,000,000	2,000,000	–	–
Issue of shares to Greenhouse (note 14)	647,500,653	12,950,013	–	–
Share issue costs	–	(13,718)	–	(327,862)
Balance at end of financial year	**3,372,105,462**	**63,278,739**	**2,606,271,476**	**48,067,444**

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

18. Reserves

	Option reserve $	Total reserve $
Balance at 1 July 2021	655,948	655,948
Share based payment expense	1,158,325	1,158,325
Exercise/lapse of options	(307,335)	(307,335)
Balance at 1 July 2022	**1,506,938**	**1,506,938**
Share based payment expense	547,153	547,153
Exercise/lapse of options	(339,402)	(339,402)
Options forfeited	(432,385)	(432,385)
Balance at 30 June 2023	**1,282,304**	**1,282,304**

Nature and purpose of reserves

Option reserve
The option reserve recognises the fair value of options issued and valued using the Black-Scholes model.

Share options

As at 30 June 2023, there were 65,000,000 (2022: 65,000,000) options over ordinary shares.

Share options are all unlisted, carry no rights to dividends and no voting rights.

During the year:

- No options were issued.
- A total of 18,333,333 options were exercised at 1.5 cents each.
- A total of 58,166,667 options lapsed.
- At total of 100,000,000 options were forfeited.

Refer to note 7 for further details.

19. Accumulated losses

	2023 $	2022 $
Balance at beginning of financial year	(43,277,731)	(39,889,938)
Loss attributable to members of the parent entity	(4,988,457)	(3,695,128)
Items of other comprehensive income recognised directly in retained earnings:		
Options lapsed	151,838	22,295
Options exercised	187,564	285,040
Balance at end of financial year	**(47,926,786)**	(43,277,731)

20. Loss per share

	2023 Cents per share	2022 Cents per share
Basic loss per share:	(0.16)	(0.15)
Diluted loss per share:	(0.16)	(0.15)

Loss for the year

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	2023 $	2022 $
Loss for the year	(4,988,457)	(3,695,128)

	2023 No.	2022 No.
Weighted average number of ordinary shares for the purposes of basic loss per share	3,056,548,663	2,518,719,281
Effects of dilution from:		
Share options	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution loss per share	**3,056,548,663**	**2,518,719,281**

At 30 June 2023 65,000,000 (2022: 241,500,000) options were not included in the diluted earnings per share calculation as they are anti-dilutive.

21. Commitments for expenditure

	2023 $	2022 $
Exploration, evaluation & development (expenditure commitments)		
Not longer than 1 year	–	343,866
Longer than 1 year and not longer than 5 years	–	947,390
Longer than 5 years	–	32,256
	–	**1,323,512**

22. Contingent liabilities and contingent assets

The Office of State Revenue (**OSR**) informed the Company on 30 October 2012 that it has raised a Duties Investigation regarding the restructure involving the Mineral Rights Deed between the Company and Errawarra Resources Ltd. OSR has requested preliminary supporting information to assess the duty on the transaction. On 21 October 2015 OSR informed the Company that the matter is currently being reviewed by the technical branch. The Company does not consider it probable a stamp duty liability will arise.

23. Segment reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's Chief Operating Decision Maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position. The Group operates in the mineral exploration industry in Australia and in the implementation of the proposed LiB recycling strategy. The segment information provided to the Group's Chief Operating Decision Maker are as follow:

Result analysis by operating activities

	2023 $	2022 $
LiB recycling	(4,690,201)	(2,963,769)
Mineral exploration	(298,256)	(731,359)
Loss before income tax benefit	(4,988,457)	(3,695,128)
Income tax benefit	–	–
Loss attributable to members of the parent entity	**(4,988,457)**	**(3,695,128)**

Assets and liabilities analysis by operating activities

	Assets		Liabilities	
	2023 $	2022 $	2023 $	2022 $
LiB recycling	16,498,970	–	141,159	–
Mineral exploration	277,517	6,715,504	1,071	418,853
Balance at end of financial year	**16,776,487**	**6,715,504**	**142,230**	**418,853**

24. Farm-in and joint operations and other projects

Name of project	Principal activity	Interest 2023 %	Interest 2022 %
Forrestania (i)	Exploration	20	20
LiB Recycling Project (ii)	Lithium-Ion battery recycling technology	N/A	N/A

(i) Reed Exploration entered into a joint arrangement with Classic Minerals Ltd (**Classic**) (ASX: CLZ) whereby Reed Exploration retained a 20% interest in the Forrestania gold rights which is free-carried until a decision to mine has been made. Classic is required to meet all exploration expenditure to keep the project in good standing.

(ii) On 26 November 2021, shareholders approved the Company entering into an agreement with Critical Metals Ltd (**CM1**) and its wholly owned subsidiary, LiB Recycling Pty Ltd (together referred to as **Critical Metals**) to commercialise the lithium-ion battery technology (**Technology**) in Norway, Sweden, Denmark, and Finland (**Agreement**). Under the Agreement, Hannans will manage and fund all tasks and activities in the territories through to a final investment decision (**FID**) with respect to the construction of each plant for the processing or recycling of feedstock batteries using the Technology within 12 months of Neometals releasing the results of their front-end engineering and design study in relation to the processing and/or recycling of LiB batteries (**Feed Report Date**). The activities to be undertaken are on Hannans discretion. This agreement neither constitutes joint operations nor a joint venture.

25. Related party disclosures

(a) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 4 to the financial statements.

(b) Key management personnel (KMP) remuneration

Details of key management personnel

The Directors and Executives of Hannans Ltd during the year were:

Directors

- Jonathan Murray
- Damian Hicks
- Amanda Scott
- Andrew Umbers
- Markus Bachmann
- Clay Gordon
- Mark Sumich

	2023 $	2022 $
Key management personnel compensation		
The aggregate compensation made to key management personnel of the Company and the Group is set out below.		
Short–term employee benefits	446,906	421,079
Share-based payments	(208,129)	1,167,538
Long–term employee benefits	–	–
Post–employment benefits	34,386	29,842
Total key management personnel compensation	**273,163**	**1,618,459**

The compensation of each member of the key management personnel of the Group is set out in the Directors remuneration report on pages 9 to 15.

(c) Loans to KMP and their related parties

Critical Metals Ltd (**CM1**), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors, was provided with a short term loan facility of $200,000 at an interest rate of 12.5% per annum. The loan is unsecured. CM1 has drawn down $200,000 on the loan facility. The fair value of the loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2023 (2022: nil). CM1 ceased to be a related party on the resignation of Mr Damian Hicks, and Mr Markus Bachmann as directors on 7 December 2022.

(d) Transactions with other related parties

Director transactions

Steinepreis Paganin, of which Mr Jonathan Murray is a partner, provided legal services amounting to $181,922 (2022: $213,073) to the Group during the year. Mr Murray's director's fees are also paid to Steinepreis Paganin. At 30 June 2023 there was no amount owed to Steinepreis Paganin (2022: $8,229 owing).

Corporate Board Services Pty Ltd (CBS), of which Mr Damian Hicks is a director, provided accounting and compliance services amounting to $112,500 (2022: $185,515) to the Group during the year. At 30 June 2023 there was no amount owed to CBS (2022: $39,067 owing). CBS ceased to be a related party on the resignation of Mr Damian Hicks as a director on 7 December 2022.

Scott Geological AB, of which Ms Amanda Scott is a director, provided geological services amounting to nil (2022: $14,213) to the Group during the year. Ms Scott's director's fees are also paid to Scott Geological. At 30 June 2023 there was no amount owed to Scott Geological AB (2022: $10,346 owing). Scott Geological AB ceased to be a related party on the resignation of Ms Amanda Scott as a director on 7 December 2022.

Advance Geological Consulting Pty Ltd (AGC), of which Mr Clay Gordon is a director, provided geological services amounting to $51,412 (2022: $81,095) to the Group during the year. Mr Gordon's director's fees are paid directly to him. At 30 June 2023 there was no amount owed to Advance Geological (2022: $27,818 owing). AGC ceased to be a related party on the resignation of Mr Clay Gordon as a director on 7 December 2022.

25. Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Director transactions		Sales to related parties $	Purchases from related parties $	Amounts owed by related parties* $	Amounts owed to related parties* $
Steinepreis Paganin	2023	–	181,922	–	–
	2022	–	213,073	–	8,229
Corporate Board Services	2023	–	112,500	–	–
	2022	–	185,515	–	39,067
Scott Geological	2023	–	–	–	–
	2022	–	14,213	–	10,346
Advance Geological	2023	–	51,412	–	–
	2022	–	81,095	–	27,818
Critical Metals Ltd	2023	22,621	–	25,648	–
	2022	8,884	10,850	9,181	–

* The amounts are classified as accounts receivables and trade payables, respectively.

(e) Parent entity

The ultimate parent entity in the Group is Hannans Ltd.

26. Subsequent events

No matters or circumstances have arisen since 30 June 2023 that may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

	2023 $	2022 $
27. Notes to the consolidated statement of cash flows		
(a) Reconciliation of cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash at bank	3,338,762	4,030,952
Term deposit	60,000	–
	3,398,762	**4,030,952**
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(4,988,457)	(3,695,128)
Write off exploration and evaluation expenses	2,240,000	–
Depreciation of non–current assets	1,660	4,318
Loss on disposal of shares	25,639	–
Gain on sale or disposal of assets	(9,299)	–
Equity settled share-based payments	114,768	1,158,325
Change in fair value of financial assets designated at fair value though profit or loss	1,450	338,129
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/Decrease in assets:		
Trade and other receivables	(42,167)	(53,283)
Increase/(Decrease) in liabilities:		
Trade and other payables and provisions	(228,624)	(168,637)
Net cash used in operating activities	**(2,885,030)**	**(2,416,276)**

Non–cash financing activities

During the current year, the Group did not enter into any non-cash financing activities which are not reflected in the consolidated statement of cash flows.

28. Financial risk management objectives and policies

(a) Financial risk management objectives

The Group manages the financial risks relating to the operations of the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes although it holds, at 30 June 2023, shares in various other listed mining companies. The use of financial derivatives is governed by the Group's Board of Directors.

The Group's activities expose it primarily to the financial risks of changes in interest rates, but at 30 June 2023 it is also exposed to market price risk. The Group does not enter into derivative financial instruments to manage its exposure to interest rate.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Foreign currency risk management

The Group is not exposed to any significant currency risk on receivable, payable or borrowings. All loans are denominated in the Group's functional currency.

28. Financial risk management objectives and policies (cont'd)

(d) Interest rate risk management

The Group is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate products which also facilitate access to money.

Cash flow sensitivity analysis for variable rate instruments

A change of 1 per cent in interest rates at the reporting date would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022:

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2023				
Variable rate instruments	30,805	(30,805)	–	–
	30,805	**(30,805)**	**–**	**–**
2022				
Variable rate instruments	34,096	(34,906)	–	–
	34,096	**(34,906)**	**–**	**–**

The following table details the Group's exposure to interest rate risk.

			Fixed maturity dates				
	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1–5 years	5+ years	Non interest bearing	Total
Consolidated	**%**	**$**	**$**	**$**	**$**	**$**	**$**
2023							
Financial assets:							
Cash and cash equivalents	0.91%	3,080,522	–	–	–	318,240	3,398,762
Trade and other receivables	–	–	–	–	–	281,036	281,036
Other receivables – non-current	0.50%	–	–	30,000	–	–	30,000
		3,080,522	**–**	**30,000**	**–**	**599,276**	**3,709,798**
Financial liabilities:							
Trade and other payables	–	–	–	–	–	142,230	142,230
		–	**–**	**–**	**–**	**142,230**	**142,230**
2022							
Financial assets:							
Cash and cash equivalents	0.03%	3,409,621	–	–	–	621,331	4,030,952
Trade and other receivables	–	–	–	–	–	144,132	144,132
Other receivables – non-current	0.90%	–	–	30,000	–	–	30,000
		3,409,621	**–**	**30,000**	**–**	**765,463**	**4,205,084**
Financial liabilities:							
Trade and other payables	–	–	–	–	–	378,317	378,317
		–	**–**	**–**	**–**	**378,317**	**378,317**

28. Financial risk management objectives and policies (cont'd)

(e) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid, high security short term investments. The Group's liquidity needs can be met through a variety of sources, including cash generated from operations and issue of equity instruments.

The following table details the Group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows.

	Less than 6 months	6 months to 12 months	1 to 2 years	Greater than 2 years	Total
	$	$	$	$	$
2023					
Trade and other payables	142,230	–	–	–	142,230
Other financial liabilities	–	–	–	–	–
	142,230	–	–	–	**142,230**
2022					
Trade and other payables	378,317	–	–	–	378,317
Other financial liabilities	–	–	–	–	–
	378,317	**–**	**–**	**–**	**378,317**

It is a policy of the Group that creditors are paid within 30 days.

(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit–ratings assigned by international credit–rating agencies.

The Group 's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the consolidated statement of financial position. The maximum credit risk exposure of the Group at 30 June 2023 is nil (2022: nil).

(g) Price risk

Market risk is the potential for loss arising from adverse movements in the level and volatility of equity prices.

The Group's listed and unlisted equity investments are as detailed in note 10.

A 5 per cent increase (2022: 5 per cent increase) at reporting date in the listed equity prices would increase the market value of the securities by $5,834 (2022: $12,767) and an equal change in the opposite direction would decrease the value by the same amount. The increase/decrease would be reflected in the statement of profit or loss as these equity instruments are classified as equity instruments at FVPL. The increase/decrease net of deferred tax would be $4,375 (2022: $9,575).

The fair value of the CM1 loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2023 (2022: nil). Refer to note 9 for maximum credit risk exposure.

(h) Capital risk management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent, which at 30 June 2023 was $16,634,257 (2022: $6,296,651). The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

At 30 June 2023 the Group does not hold any external debt funding (2022: Nil) and is not subject to any externally imposed covenants in respect of capital management.

29. Financial instruments

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The table below analyses financial instruments carried at fair value by value measurement hierarchy.

Quantitative disclosures fair value measurement hierarchy as at 30 June	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2023				
Assets measured at fair value				
Equity instruments (note 10):				
Quoted equity shares (i)	1,675	–	–	1,675
Unquoted equity shares (ii)	–	–	115,001	115,001
Loan to a related party (iii)	–	–	–	–
	1,675	**–**	**115,001**	**116,676**
2022				
Assets measured at fair value				
Equity instruments (note 10):				
Quoted equity shares (i)	140,331	–	–	140,331
Unquoted equity shares (ii)	–	–	115,001	115,001
Loan to a related party (iii)	–	–	–	–
	140,331	–	**115,001**	**255,332**

The management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

(i) Fair value of equity instruments and financial assets is derived from quoted market prices in active markets. Refer note 28(g) for market price risk impact.

(ii) The lowest level input has been used to fair value unquoted ordinary shares. The investment was fair valued using the latest share issue price dated June 2023 discounted for market conditions. An increase in share price of +/- 20% would have an impact to the consolidated statement of profit or loss of $23,000.

(iii) The fair value of the loan is categorised within Level 3 of the fair value hierarchy and was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2023 (2022: nil). Refer to note 25(c) for further information.

30. Parent entity disclosures

The following details information related to the parent entity, Hannans Ltd, at 30 June 2023.
The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2023 $	2022 $
Results of the parent entity		
Loss for the year	(4,762,406)	(3,979,875)
Other comprehensive income	–	–
Total comprehensive loss for the year	**(4,762,406)**	**(3,979,875)**
Financial position of parent entity at year end		
Current assets	3,292,055	3,815,416
Non–current assets	13,111,335	2,205,232
Total Assets	**16,403,390**	**6,020,648**
Current liabilities	140,869	321,784
Non–current liabilities	–	–
Total Liabilities	**140,869**	**321,784**
Total equity of the parent entity comprising of:		
Share capital	77,252,831	62,041,536
Reserves	1,282,304	1,506,938
Accumulated losses	(62,272,614)	(57,849,610)
Total Equity	**16,262,521**	**5,698,864**

(a) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had not entered into any guarantees in relation to the debts of its subsidiaries as at 30 June 2023 (2022: Nil).

(b) Commitments for the acquisition of property, plant and equipment by the parent entity

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 (2022: Nil).

HANNANS LTD

HANNANS LTD
T: +61 8 9324 3388
E: info@hannans.com
W: www.hannans.com

@Hannans_ltd
Hannans ltd
Hannans_ltd