

HANNANS

1st Quarter Activities Report 2017/2018

During the 1st Quarter (July – September 2017) Hannans:

Forrestania (Lithium)

- ∂ Completed a 2nd phase of deeper rotary air blast (RAB) drilling designed to penetrate the oxidised (weathered) rock and intersect the top of the fresh rock. Results from this drilling program were released to ASX on 25 October 2017.
- ∂ Prepared work plans for a 3rd phase of deeper (expected average depth approx. 150m) reverse circulation (RC) drilling designed to penetrate the fresh rock to obtain an understanding of the thickness and grade of any lithium bearing pegmatites that may be intersected.

Forrestania (Gold)

- ∂ Reviewed the multiple high grade gold results released to ASX by joint venture partner Classic Minerals Ltd (ASX:CLZ)

Forrestania (Nickel)

- ∂ Initiated joint venture process (farm-out) for 100% owned nickel sulphide project located along strike from some of the highest grade nickel sulphide mines in the world (owned by Western Areas Ltd (ASX:WSA))

Corporate Activity

- ∂ Reviewed potential acquisition opportunities
- ∂ Received \$160,000 from debtor

During the 2nd Quarter (October – December 2017) Hannans aims to:

- ∂ Forrestania (Lithium) – complete an initial phase of deeper drilling (RC) to test rocks prospective for lithium mineralisation; initiate a structural interpretation of tenure using latest airborne geophysical datasets; source additional tenure prospective for lithium mineralisation
- ∂ Forrestania (Gold) – review updated JORC report anticipated to be delivered by joint venture partner Classic Minerals Ltd
- ∂ Forrestania (Nickel) – seek joint venture partner
- ∂ Lake Johnston (Lithium) – monitor exploration activities being planned by joint venture partner Montezuma Mining Company Ltd (ASX:MZM)
- ∂ Queen Victoria Rocks (Nickel) – seek joint venture partner
- ∂ Funding – receive \$160,000 from debtor and approx. \$100,000 from exercise of in-the-money options expiring during November 2017
- ∂ Corporate – continue to assess potential acquisition opportunities

ABOUT HANNANS LTD

Hannans Ltd (ASX:HNR) is an exploration company with a focus on nickel, gold and lithium in Western Australia. Hannans' major shareholder is leading Australian specialty minerals company Neometals Ltd. Since listing on the ASX in 2003 Hannans has signed agreements with Vale Inco, Rio Tinto, Anglo American, Boliden, Warwick Resources, Cullen Resources, Azure Minerals, Neometals, Tasman Metals, Grängesberg Iron, Lovisagruvan and Montezuma Mining Company. Shareholders at various times since listing have included Rio Tinto, Anglo American, OM Holdings, Craton Capital and BlackRock. For more information, please visit www.hannansreward.com and search for 'Hannans' on Twitter.

Fast Facts

ASX Code: HNR

Capital Structure

Shares on issue: 1.68 billion

Market cap: \$31.9M (at 1.9c)

Non-Executive Chairman

Jonathan Murray

Executive Director

Damian Hicks

Non-Executive Directors

Markus Bachmann

Clay Gordon

Amanda Scott

Key Projects

Sole Funded

Forrestania (Nickel & Lithium)

Queen Victoria Rocks (Nickel)

Free-Carried

Forrestania (Gold)

Lake Johnston (Nickel, Gold & Lithium)

Forrestania (Lithium)

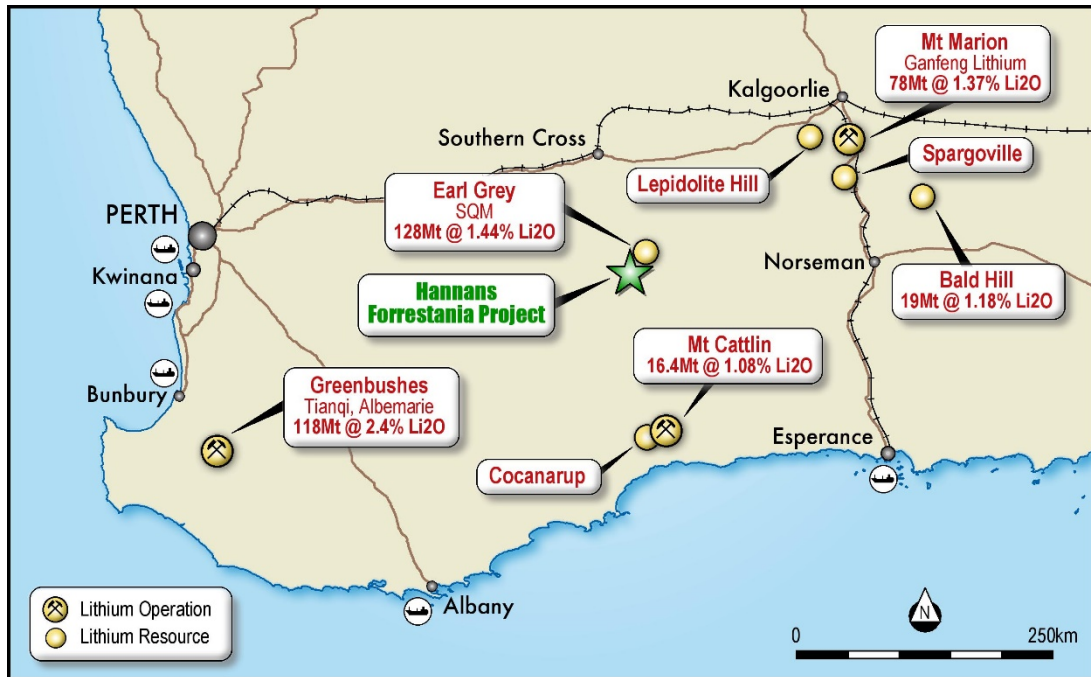


Figure 1: 'State of Play in Lithium in South-West of WA' – Tianqi and BHPB are both building separate lithium chemical production facilities in Kwinana. Neometals/Mineral Resources and SQM/Kidman are also considering options to build lithium chemical production facilities in either Kalgoorlie or Kwinana.



Figure 2: White lines represent location of 1st phase of RAB drilling, shaded green area is Hannans tenement E77/2219, green ellipse is lithium anomalism from 1st phase of RAB drilling, pink oval shape is cartoon only of interpreted granite, yellow lines are 'distance/length' markers.

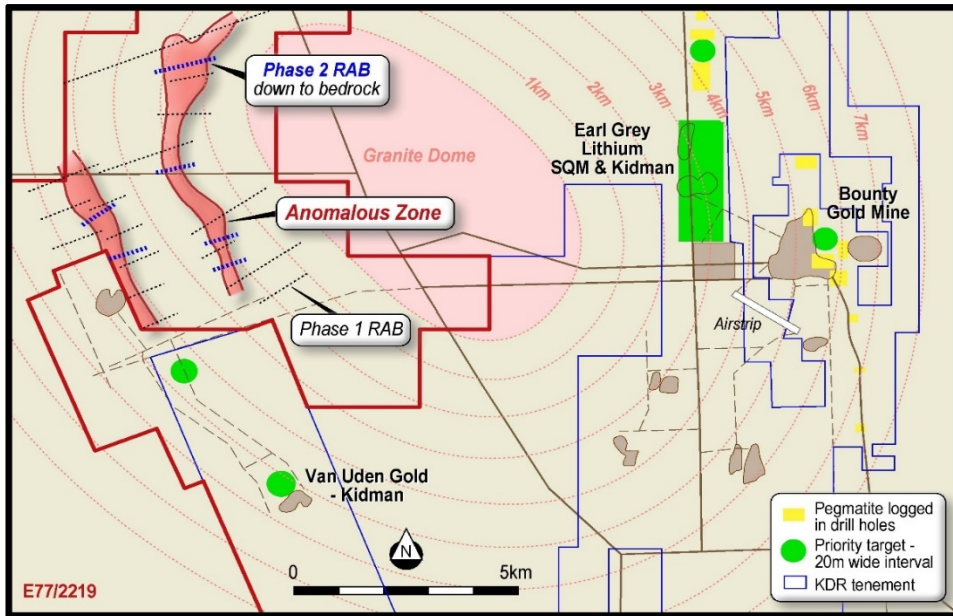


Figure 3: Two phases of shallow reconnaissance RAB drilling on previously cleared grid lines has been completed, drill targets located approx. 4km west of a granite intrusion (mapped within Hannans' tenure) which is potentially the source of the pegmatites hosting lithium at Earl Grey, this distance (i.e. 4km) appears to be the distance necessary to allow for cooling of the intruding pegmatites sourced from the granite intrusions and for differential crystallization of exotic minerals including spodumene (an important lithium mineral)

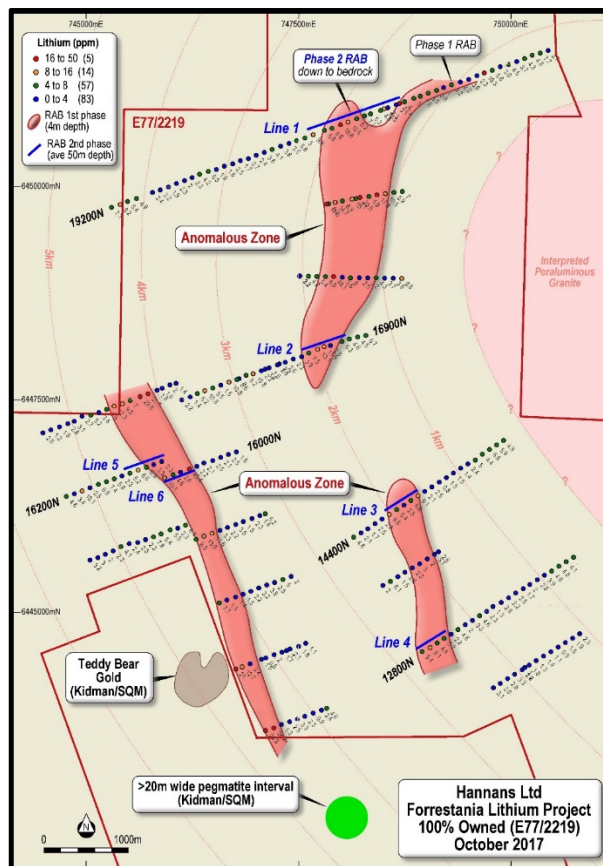


Figure 4: Next Steps are to gain an understanding of the relationship between the lithium anomalism intersected in the 1st RAB program and granite intersected in the 2nd RAB program; complete a structural interpretation using the latest available airborne geophysical data sets and update the target model; generate the next round of pegmatite drill targets and obtain Government approvals to complete 3rd phase of drilling - which will include additional reconnaissance, infill and deeper (150m) drilling

Forrestania (Gold)

During the Quarter joint venture partner Classic Minerals Ltd (ASX:CLZ) commenced a major drilling campaign (RC and diamond) with the aim of generating sufficient data to release an updated JORC compliant mineral resource. Classic Minerals have so far intersected further shallow high-grade gold mineralisation; more drilling results expected to be released to ASX during the Quarter. Hannans owns 20% of the FGP and is 'free carried to a decision to mine', meaning Hannans shareholders are exposed to exploration success without the need to fund exploration.

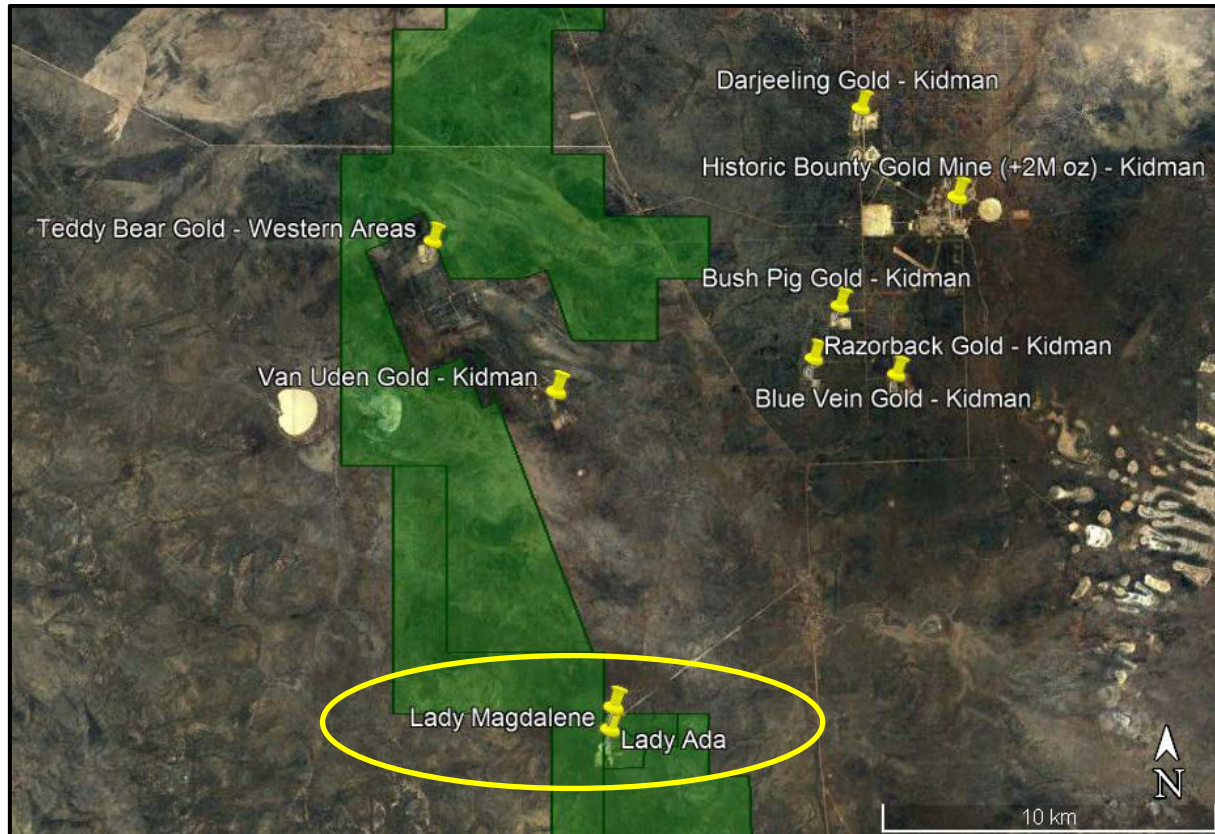


Figure 5: Hannans owns 20% of the gold rights within the green tenements.

Prospect	Indicated			Inferred		
	Tonnes	Grade (Au/t)	Ounces Au	Tonnes	Grade (Au g/t)	Ounces
Lady Ada	283,500	1.78	16,200	260,000	2.2	18,750
Lady Magdalene	1,828,500	1.08	63,700	2,450,000	1.5	118,000
Total	2,112,000	1.17	79,900	2,710,000		136,750

The mineral resource is extracted from an ASX release made by Classic Minerals Ltd (ASX:CLZ) on 12 September 2017. The mineral resource is classified in accordance with JORC, 2012 Edition. The effective date of the mineral resource estimate is 31 December 2016. The mineral resource is reported at 0.5g/t Au cut-off grade. Depletion of the resource from historic open pit mining has been taken into account. Additional technical detail on the Mineral Resource Estimate is contained in the JORC Table 1 attached to announcements by CLZ on 14 March 2017 and 21 March 2017.

Table 1: JORC Table for Forrestania Gold Project



Figure 6: Google Earth image showing the historic Lady Ada open pit mine (currently flooded) and waste dumps, with the Lady Magdalene deposit located due north. Classic Minerals are drilling to extend the known JORC compliant resources and determine if the two deposits are actually one orebody with a strike length of approximately 1.7km.

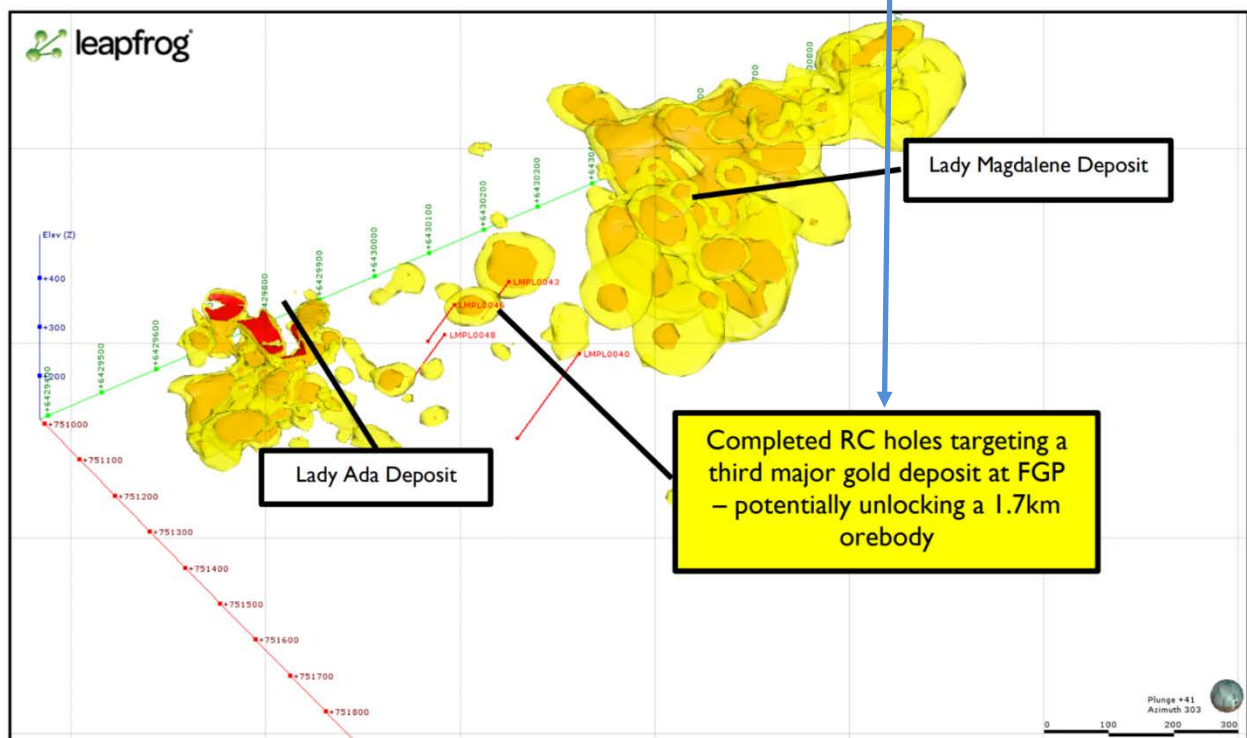


Figure 7: The gold deposits are located within tenements registered in the name of Reed Exploration Pty Ltd, a wholly owned subsidiary of Hannans Ltd. The Leapfrog model shown above has been reproduced from an ASX release made by Classic Minerals Ltd on 12 September 2017.

Forrestania (Nickel)

Hannans' Forrestania nickel project is located along strike from world class operating high grade nickel sulphide mines owned by Western Areas Ltd (ASX:WSA) (refer location map). Hannans will focus its resources on exploring for economic lithium deposits at Forrestania and will therefore seek a joint venture partner to share the risks and rewards of exploring this world class nickel sulphide province.



Figure 8: Hannans owns 100% of the nickel rights in the green tenements which are interpreted to cover the western ultramafic unit that hosts the world class Spotted Quoll and Flying Fox operating nickel sulphide mines owned by Western Areas Ltd.

Continued...

ASX ANNOUNCEMENTS FOR 1st QUARTER 2017/2018

Date	Announcement
31/10/2017	1st Quarter Cashflow Report
27/10/2017	AGM Results
27/10/2017	AGM Presentation
25/10/2017	Reinstatement to Official Quotation
25/10/2017	Forrestania Lithium Project
24/10/2017	Request for voluntary suspension
24/10/2017	Suspension from Official Quotation
20/10/2017	Trading Halt
16/10/2017	Response to ASX Price & Volume Query
27/09/2017	Notice of Annual General Meeting
27/09/2017	Appendix 4G
27/09/2017	2017 Annual Report
19/09/2017	Forrestania Lithium Project
28/08/2017	Release of shares from escrow
24/08/2017	Forrestania Drilling Update
03/08/2017	13,000m drilling program for gold at FGP
01/08/2017	4th Quarter Activities Report
31/07/2017	4th Quarter Cashflow Report
25/07/2017	High Grade Gold
19/07/2017	Near Surface High Grade Gold Zone
11/07/2017	Classic Discovers New High Grade Gold Zone
05/07/2017	Compelling Gold Intersections at FGP

Table 2: ASX Announcements since 1 July 2017

CONTACT DETAILS

For further information, please contact:

Damian Hicks
Executive Director
damianh@hannansreward.com

Tel: +61 8 9324 3388
Web: www.hannansreward.com
Email: admin@hannansreward.com
Twitter: @hannansreward

APPENDIX A – TENEMENT STATUS FOR 1ST QUARTER 2017/2018

CURRENT TENEMENTS

Tenement number	Interest 1 st Quarter 2017/2018		Note	Tenement number	Interest 1 st Quarter 2017/2018		Note
	Start	End			Start	End	
HANNANS LTD							
Location: Lake Johnston, Australia							
E63/1365	20%	20%	1				
REED EXPLORATION PTY LTD ²							
Location: Lake Johnston, Australia				Location: Queen Victoria Rocks, Australia			
E63/1365	80%	80%	1	E15/1416	100%	100%	
Location: Forrestania, Australia							
E77/2207-I	100%	100%	2	E77/2303	100%	100%	2
E77/2219-I	100%	100%	2	P77/4290	100%	100%	2
E77/2220-I	100%	100%	2	P77/4291	100%	100%	2
E77/2239-I	100%	100%	2				

Note:

- Hannans Ltd holds 20% interest and Reed Exploration Pty Ltd holds 80% interest.
- Reed Exploration Pty Ltd is the registered holder and has a 100% interest in non-gold rights and a 20% interest in gold rights

TENEMENTS UNDER APPLICATION

Tenement number

REED EXPLORATION PTY LTD

Location: Forrestania, Australia

E77/2460

E77/2468 (subject to a ballot)

E77/2469 (subject to a ballot)

RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Nil.

COMPLIANCE STATEMENTS

The information in this document that relates to exploration results at Forrestania is based on information compiled by Dr Bryan Smith, a Competent Person who is a Member of the Australian Institute of Geoscientists. Dr Smith is a consultant to Hannans Ltd and its subsidiary companies. Dr Smith has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Dr Smith consents to the inclusion in the report of the matters based on his information in the form and context to which it appears.