

HANNANS

1st Quarter Activities Report 2018/2019

Fast Facts

ASX Code: HNR

Capital Structure

Shares on issue: 1.98 billion

Market cap: \$23.7M (at 1.2c)

Cash: \$3.6M

Debt: Nil

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 to Decision to Mine

Forrestania (Gold) 20%

Lake Johnston (Nickel & Lithium) 15%

During the 1st Quarter (July – September 2018) and prior to release of this report:

- ∅ Mt Holland East (Lithium & Gold) – completed a 5,000m aircore drilling program focussed on 10 structural targets (1st phase); click [here](#) to view a 2-minute update on Mt Holland East;
- ∅ Mt Holland West (Lithium) – received assays and completed interpretation of 2nd phase of RC drilling;
- ∅ Forrestania (Gold) – partner released further impressive results, confirming the interpretation of high-grade, cross-cutting gold lodes previously missed due to wide spaced drilling (Hannans holds a 20% free carried interest);
- ∅ Annual General Meeting – held the AGM where all resolutions were passed on a show of hands;
- ∅ Audited Annual Report – lodged the AR with regulators; and
- ∅ Corporate (New Projects) – continued assessing potential acquisition opportunities.

During the 2nd Quarter (October – December 2018) Hannans aims to:

- ∅ Mt Holland East (Lithium & Gold) – receive assay results from 1st phase of drilling, complete interpretation and lodge workplans for 2nd phase of drilling;
- ∅ Mt Holland West (Lithium) – commence 5th phase of drilling (pending receipt of government approvals);
- ∅ Forrestania (Gold) – review gold exploration results from partner;
- ∅ Forrestania (Nickel) – review target generation report being prepared by Newexco and thereafter re-commence joint venture process; and
- ∅ Corporate (New Projects) – continue assessing 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 at different times signed agreements with Vale Inco, Rio Tinto, Anglo American, Boliden, Warwick Resources, Cullen Resources, Azure Minerals, Neometals, Tasman Metals, Grängesberg Iron, Lovisagravan 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, visit www.hannansreward.com and search for 'Hannans' on Twitter.

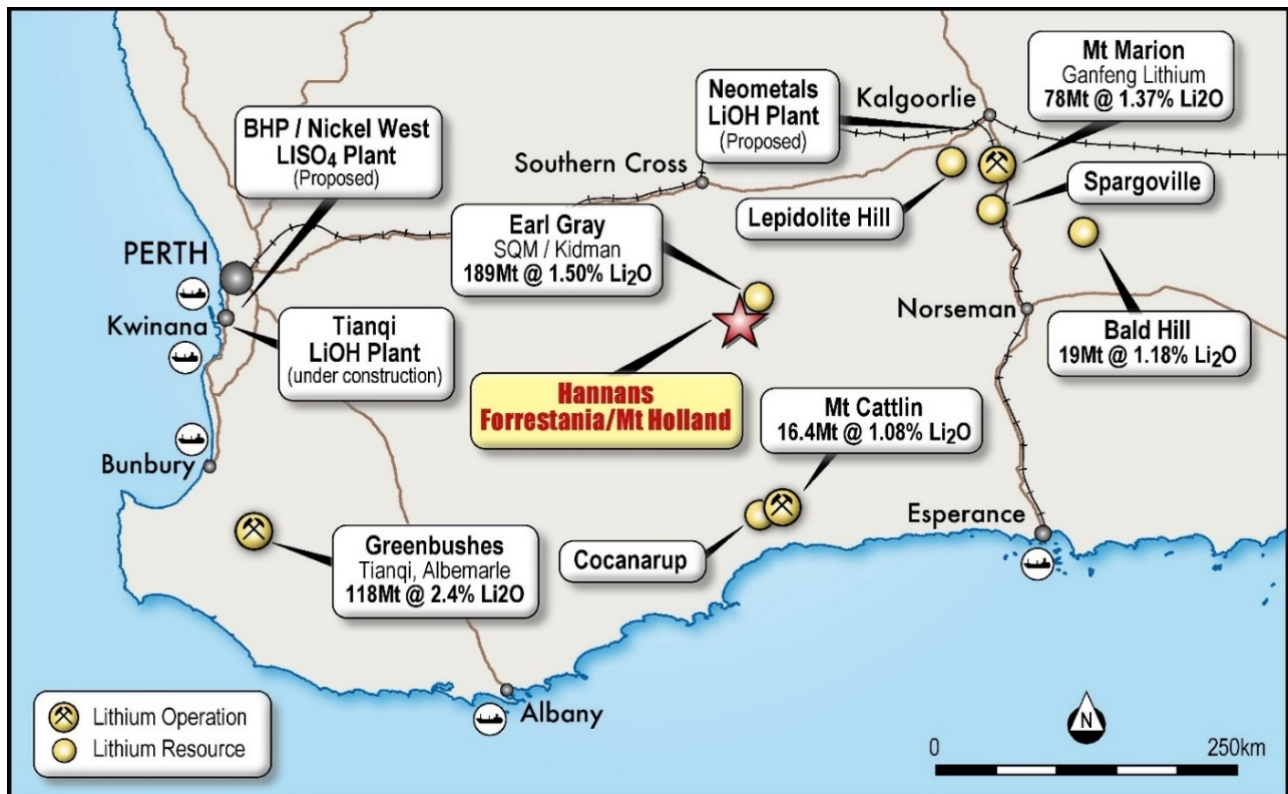


Figure 1: Location Map showing Hannans' Forrestania/Mt Holland Projects and location of major lithium mines and projects in the south-west of Western Australia

Mt Holland Lithium Project (Hannans 100%)

The Mt Holland Lithium Project is located adjacent to Earl Grey, one of the most significant hard rock lithium deposits in the world jointly owned by New York Stock Exchange listed SQM and ASX listed Kidman Resources Ltd. Earl Grey will underpin a world-class long-life integrated lithium project.¹ Hannans' exploration goal at Mt Holland is to discover a lithium deposit comparable to Earl Grey.

Hannans' major shareholder is Neometals Ltd, a leading Australian specialty minerals company and minority owner of the producing Mt Marion lithium mine². Dr Bryan Smith is a consulting exploration geoscientist to both Neometals and Hannans and was previously responsible for exploration at Mt Marion.

Mt Holland East (MHE)

Hannans believes it has identified a major new target zone for lithium and gold within Mt Holland East. The target zone represents the intersection of (north-south) structures and a complex (east-west) dyke system within the proximity of margins of granite plutons. This is thought to be a favourable setting for mineral deposition (refer Figure 2 on page 3). The main tenements at Mt Holland East were granted in August 2018, and the Company has recently completed its 1st phase of reconnaissance drilling focussed on ten structural targets. The aim of the drilling program was: to generate a detailed geological understanding of the project tenure; and ideally identify lithium and gold anomalies that justify infill and deeper drilling. All samples have been submitted to the laboratory. Once the assay results have been received and interpreted an update will be released to ASX (anticipated late November 2018). Please click [here](#) to view a 2-minute update on Mt Holland East.

¹ Refer kidmanresources.com.au

² Neometals Ltd (neometals.com.au) owns 36% of Hannans

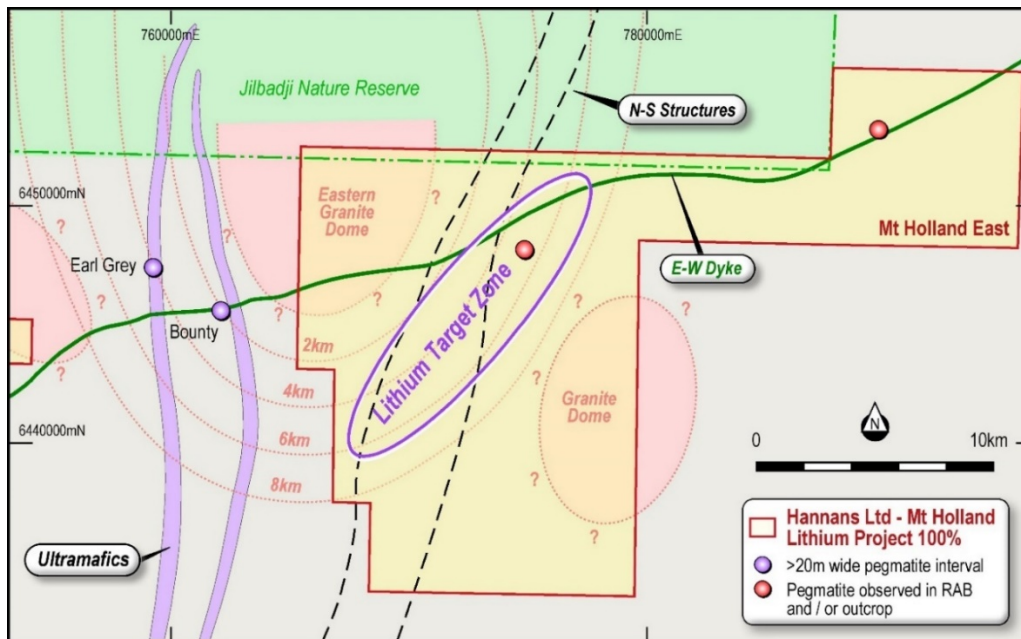


Figure 2: Location plan showing Mt Holland East. The main target zone is approximately 4kms from the margin of the Eastern Granite Dome. The black dashed lines represent N-S structures identified from the airborne geophysical survey only. The E-W Dyke contains a complex series of dykes within the MHE project. The dykes may be using structural weaknesses that have some bearing on pegmatite mineralisation.



Figure 3: Australian Air Core drill rig testing structural targets within Mt Holland East



Figure 4: Contract geologist Wilson Gewargis sieving samples and logging end-of-hole geology at Mt Holland East during October 2018



Figure 5: Bryan Smith, Exploration Geologist in charge of Hannans' Mt Holland Lithium Project overseeing drilling during October 2018



Figure 6: View looking west across the Mt Holland East lithium and gold project (the Earl Grey lithium deposit is located ~8km beyond the geologists’ caravan shown in the image). The track shown is the Mt Holland Track.

Mt Holland West (MHW)

Hannans completed detailed interpretation of its second RC program at MHW. This was the 4th phase of exploration drilling at MHW following completion of two rounds of rotary air blast (RAB) / aircore (AC) and one earlier round of RC.

Mt Holland West contains more than 12 kms of strike potential and this most recent single traverse of 14 RC holes adds to Hannans understanding the project. Windblown sands and thick scrub cover the project so it is difficult to identify outcropping rocks.

The second RC program comprised 14 drill holes for 1,540 metres. The single traverse of RC holes was drilled on the same easting as a previous line of RAB and RC to obtain an accurate location of the margin of the western granite dome, improve the understanding of the rock units buried under cover and to further test lithium soil anomalies. The RC drill holes were spaced at approximately 200 metre intervals and the average hole depth was 120m. It appears pegmatites were intersected in most of the holes however no significant assay results were returned.

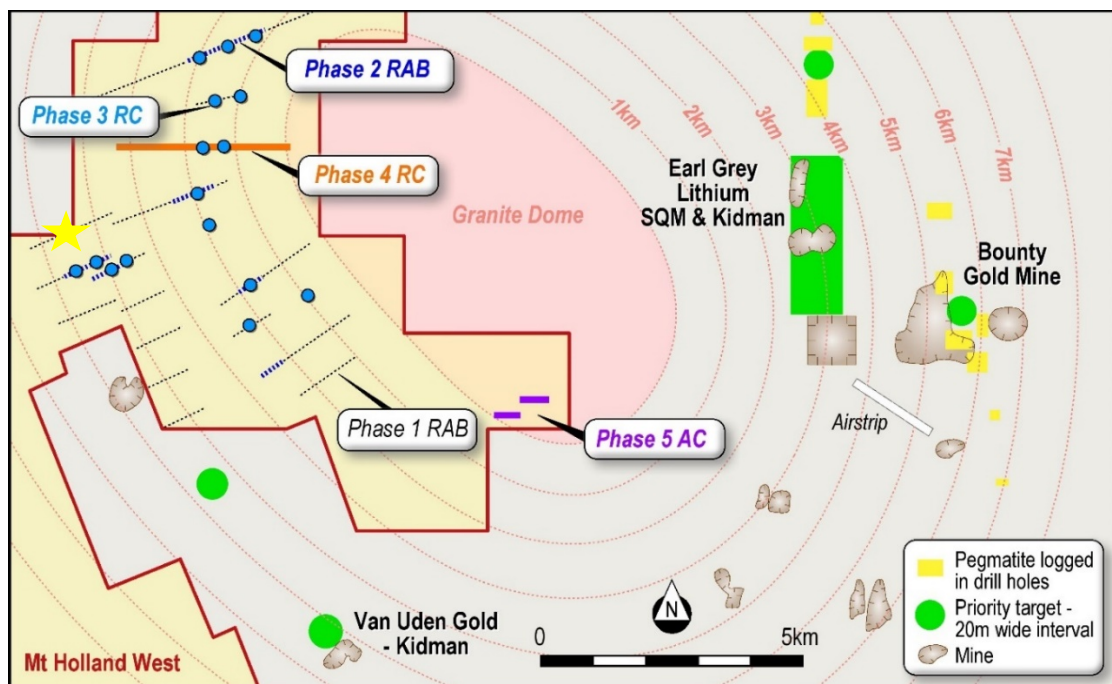


Figure 7: Plan showing location of recently completed Phase 4 RC and the Phase 5 AC planned for November 2018.

Forrestania Gold (Hannans 20% Free-Carried)

Hannans joint venture partner Classic Minerals Ltd (Classic) announced further impressive results at the Lady Magdalene deposit, confirming the interpretation of high-grade, cross-cutting gold lodes previously missed due to wide spaced drilling. Hannans holds a 20% free carried interest in the Forrestania Gold Project being explored by Classic (excluding Lady Lila and Kat Gap). This means Hannans shareholders are exposed to exploration success at the FGP without the need to fund exploration. Please click [here](#) to view a copy of the ASX release by Classic detailing the drilling results at Lady Magdalene.

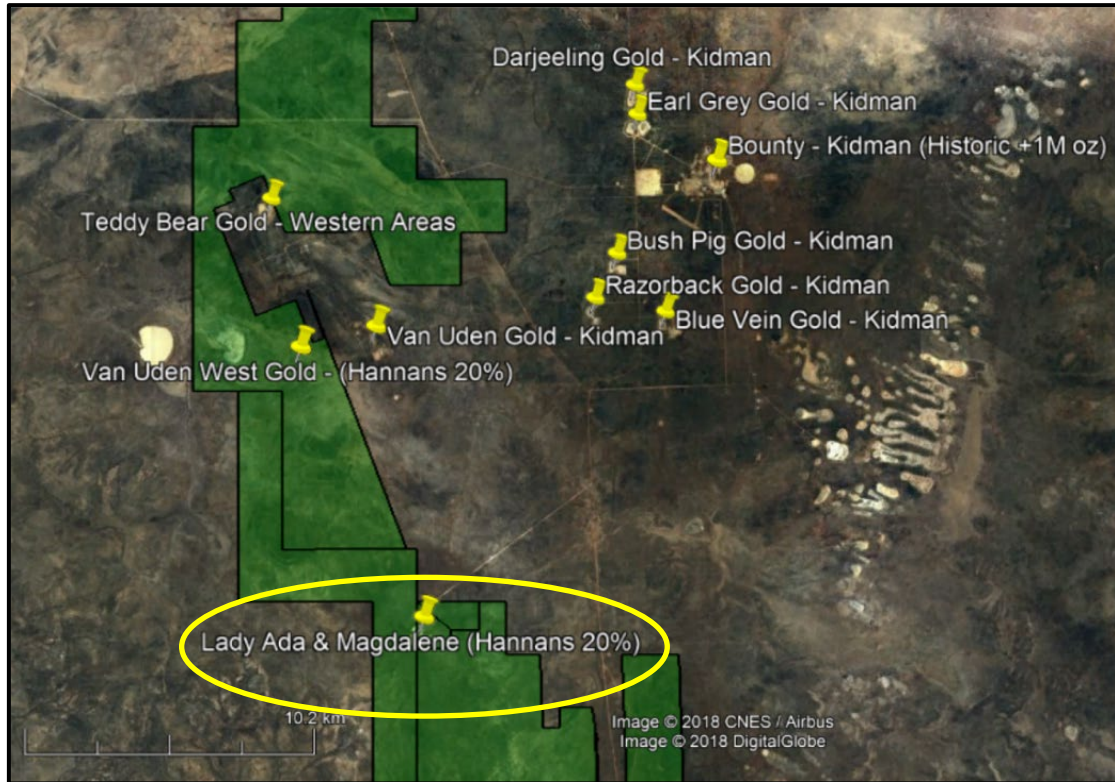


Figure 8: Hannans owns 20% of the gold rights within the green tenements.

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

Forrestania (Nickel)

Hannans' Forrestania nickel project (known as Stormbreaker) is located along strike from world class high-grade nickel sulphide mines owned by Western Areas Ltd (ASX:WSA) including Spotted Quoll and Flying Fox. Hannans will seek a well credentialed joint venture partner to share the risks and rewards of exploring this nickel sulphide province. Hannans has engaged consulting firm [Newexco Services](#) to complete a target generation exercise by reviewing Hannans extensive Forrestania exploration database prior to Hannans commencing a formal joint venture process. The Newexco report is expected to be received during the Quarter and will be made available to a short list of potential joint venture partners.

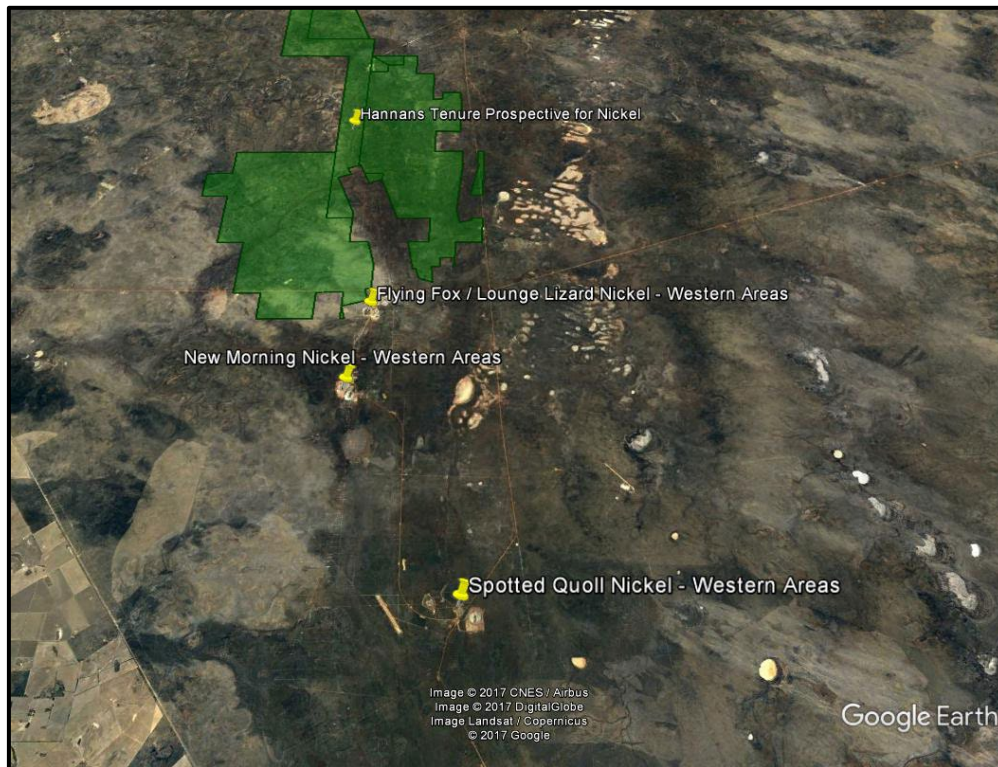


Figure 9: Hannans owns 100% of the nickel rights in the green tenements which are interpreted to cover the western ultramafic unit that hosts the world class Spotted Quoll and Flying Fox operating nickel sulphide mines owned by Western Areas Ltd.

ASX ANNOUNCEMENTS FOR 1st QUARTER 2018/2019

Date	Announcement
17/09/2018	Notice of Annual General Meeting
07/09/2018	Appendix 4G
07/09/2018	2018 Annual Report
28/08/2018	Mt Holland Lithium Update
06/08/2018	Gold at Forrestania
31/07/2018	4th Quarter Activities Report
31/07/2018	4th Quarter Cashflow Report
25/07/2018	Gold at Forrestania
23/07/2018	Mt Holland Lithium Update
03/07/2018	Appendix 3Y

Table 2: ASX Announcements between the period 1 July 2018 and 30 September 2018

CONTACT DETAILS

For further information, please contact:

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APPENDIX A – TENEMENT STATUS FOR 1st QUARTER 2018/2019

CURRENT TENEMENTS

Tenement number	Interest 1 st Quarter 2018/2019		Note	Tenement number	Interest 1 st Quarter 2018/2019		Note
	Start	End			Start	End	
HR FORRESTANIA PTY LTD							
Location: Forrestania, Australia							
E77/2460	100%	100%					
REED EXPLORATION PTY LTD ¹							
Location: Queen Victoria Rocks, Australia				Location: Lake Hope, Australia			
E15/1416	100%	100%		E63/1865	100%	100%	
Location: Forrestania, Australia							
E77/2207-I	100%	100%	1	P77/4291	100%	100%	1
E77/2219-I	100%	100%	1	E77/2488	100%	100%	
E77/2220-I	100%	100%	1	E77/2489	100%	100%	
E77/2239-I	100%	100%	1	E77/2498	100%	100%	
E77/2303	100%	100%	1	E77/2520	0%	100%	
P77/4290	100%	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. REX holds a 100% interest in all minerals excluding gold. REX holds a 20% free-carried interest in the gold rights.

TENEMENTS UNDER APPLICATION

Tenement number	Tenement number
REED EXPLORATION PTY LTD	
Location: Forrestania, Australia	
E77/2545	E63/1897
E77/2546	

RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Nil.

COMPLIANCE STATEMENT

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.