

HANNANS

1st Quarter Activities Report 2019/2020

Fast Facts

ASX Code: HNR

Capital Structure

Shares on issue: 1.98 billion

Market cap: \$19.8M (at 1c)

Cash: \$2.3M (30 September)

Debt: Nil

Board of Directors

Non-Executive Chairman

Jonathan Murray

Executive Director

Damian Hicks

Non-Executive Directors

Markus Bachmann

Clay Gordon

Amanda Scott

Key Projects

Sole Funded

Forrestania (Nickel & Lithium)

Queen Victoria Rocks (Nickel)

Free-Carried to Decision to Mine

Forrestania (Gold) 20%

Lake Johnston (Nickel & Lithium) 15%

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During the 1st Quarter (July – September 2019) and prior to release of this report:

- ∅ Forrestania (Nickel) – commenced a major nickel exploration campaign along strike from high grade operating nickel mines; exploration being managed by Team with outstanding “discovery” track record; postponed joint venture discussions with third parties to provide Hannans Shareholders with the greatest leverage to a nickel discovery – nickel price up more than 60% since December 2018;
- ∅ Mt Holland (Lithium) – at Mt Holland West completed 79 aircore drill holes; identified anomalous lithium and pathfinder elements including rubidium, tantalum, caesium, tin and beryllium; planned diamond drilling to determine if fresh pegmatite beneath the anomalism hosts economic lithium mineralisation; at Mt Holland East completed Spring flora & fauna surveys to support next round of drilling; and
- ∅ Corporate (New Projects) – assessed new opportunities.

During the 2nd Quarter (October – December 2019) Hannans aims to:

- ∅ Forrestania (Nickel) – continue geological field work, complete ground geophysical surveys and drill test 1st round of nickel targets, complete 2nd flora & fauna survey to “clear” areas for future ground disturbing field exploration;
- ∅ Mt Holland (Lithium) – at Mt Holland West lodge program of works with government seeking permission to drill 2 diamond drill holes; at Mt Holland East obtain approvals from government for 2nd phase of drilling;
- ∅ New project (Ni-Cu-PGM) – plan initial work over early stage greenfields tenure recently applied for along the northern margin of the Yilgarn Craton, Western Australia and introduce project to Hannans Shareholders; and
- ∅ Forrestania (Gold) – review gold exploration results from joint venture partner Classic Minerals Ltd (ASX:CLZ) (Hannans free-carried to Decision to Mine at 20%).

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 ASX in 2003 the Hannans group of companies has signed agreements with Vale, 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.

Acknowledgement

Hannans would like to acknowledge the professional work completed by various advisors, consultants and contractors (“Team”) during the Quarter. Hannans appreciates the quality, focus and attention to detail of the individuals within these small to medium sized organisations. Hannans and its Team are focussed on the discovery of a world class orebody.

Note

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



Figure 1: Regional location map showing Hannans 100% owned Forrestania Nickel Project outlined in red and major nickel mines (operating and historic) and nickel deposits. Source: Company web sites

Forrestania Nickel Project (Hannans 100%)

By way of background the Forrestania Nickel Project (FNP) is located approximately 120 kilometres south of Southern Cross and 80 kilometres east of Hyden in the Goldfields region of Western Australia. The FNP is located adjacent to, and north of the high-grade Flying Fox and Spotted Quoll nickel sulphide mines. Importantly the Team assisting Hannans played major roles in the discovery of nickel deposits at Forrestania including Flying Fox (T0-T7) and Spotted Quoll¹ (refer Figure 2 on page 4 for project map).

Background

Hannans’ tenure is located within the Forrestania Greenstone Belt which has a length of ~250 kilometres, a width ranging from ~5 to 35 kilometres and is subdivided into six ultramafic² belts namely the Western, Mid-Western, Takashi, Central, Mid-Eastern and Eastern.

¹ Flying Fox and Spotted Quoll are owned by Western Areas NL (not Hannans Ltd). The Team are the consultants at Newexco www.newexco.com.

² Ultramafic rocks (also referred to as ultrabasic rocks, although the terms are not wholly equivalent) are igneous and meta-igneous rocks with a very low silica content (less than 45%), generally >18% MgO, high FeO, low potassium, and are composed of usually greater than 90% mafic minerals (dark coloured, high magnesium and iron content). The Earth’s mantle is composed of ultramafic rocks. Wikipedia contributors. (2019, April

The Western ultramafic belt is regionally the most well-endowed with nickel-sulphide mineralisation. The Spotted Quoll, New Morning, Beautiful Sunday and Flying Fox³ nickel sulphide deposits are all located within the Western ultramafic belt. Hannans' tenure covers a significant strike length of the Western, Mid-Western and Takashi ultramafic belts and minor parts of the Central and Mid-Eastern ultramafic belts.

The Forrestania Greenstone Belt hosts several different nickel sulphide mineralisation settings and styles including basal massive sulphides, matrix sulphides, disseminated sulphides in cumulates and remobilised massive sulphides⁴. The nickel deposits are generally associated with olivine cumulate⁵ ultramafic rocks, however mineralisation may occur in a range of rock types / settings and exhibit a range of geophysical responses.

A review of the FNP completed early 2019 identified:

- untested coincident geophysical/geochemical anomalies (i.e. high priority targets);
- geophysical anomalies (short strike-length EM anomalies i.e. nickel sulphide targets) occurring adjacent to large formational conductors (i.e. conductive sediments and or BIF);
- geochemical anomalism (Ni, Cu, PGE);
- significant anomalism in belts other than the Western and Eastern ultramafic belts; and
- geological areas of interest that lack historic exploration coverage.

During the Quarter Hannans commenced a major nickel exploration campaign. This included continued review of data, a flora & fauna survey, field exploration and planning ground based geophysical surveys. Drilling to test the 1st round of targets is planned for December 2019. For more information click [here](#) and then [here](#).



Photos 1 and 2: Adrian Black, Director, Newexco Services Pty Ltd in the field at Hannans' Forrestania Nickel Project during October 2019 reviewing historic drill chips, outcropping geology and preparing for the ground geophysical surveys planned for November 2019. Adrian was one of the key Newexco geoscientists responsible for the discovery of the Flying Fox (T0-T7) and Spotted Quoll nickel sulphide deposits (now operating mines).

5). Ultramafic rock. In Wikipedia, The Free Encyclopedia. Retrieved 02:06, July 31, 2019, from https://en.wikipedia.org/w/index.php?title=Ultramafic_rock&oldid=891036300

³ All of these deposits are owned by Western Areas NL (not Hannans Ltd).

⁴ There are five different settings to nickel sulphide mineralisation at Flying Fox.

⁵ Cumulate rocks are igneous rocks formed by the accumulation of crystals from a magma either by settling or floating. Wikipedia contributors. (2019, January 27). Cumulate rock. In Wikipedia, The Free Encyclopedia. Retrieved 02:09, July 31, 2019, from https://en.wikipedia.org/w/index.php?title=Cumulate_rock&oldid=880503818

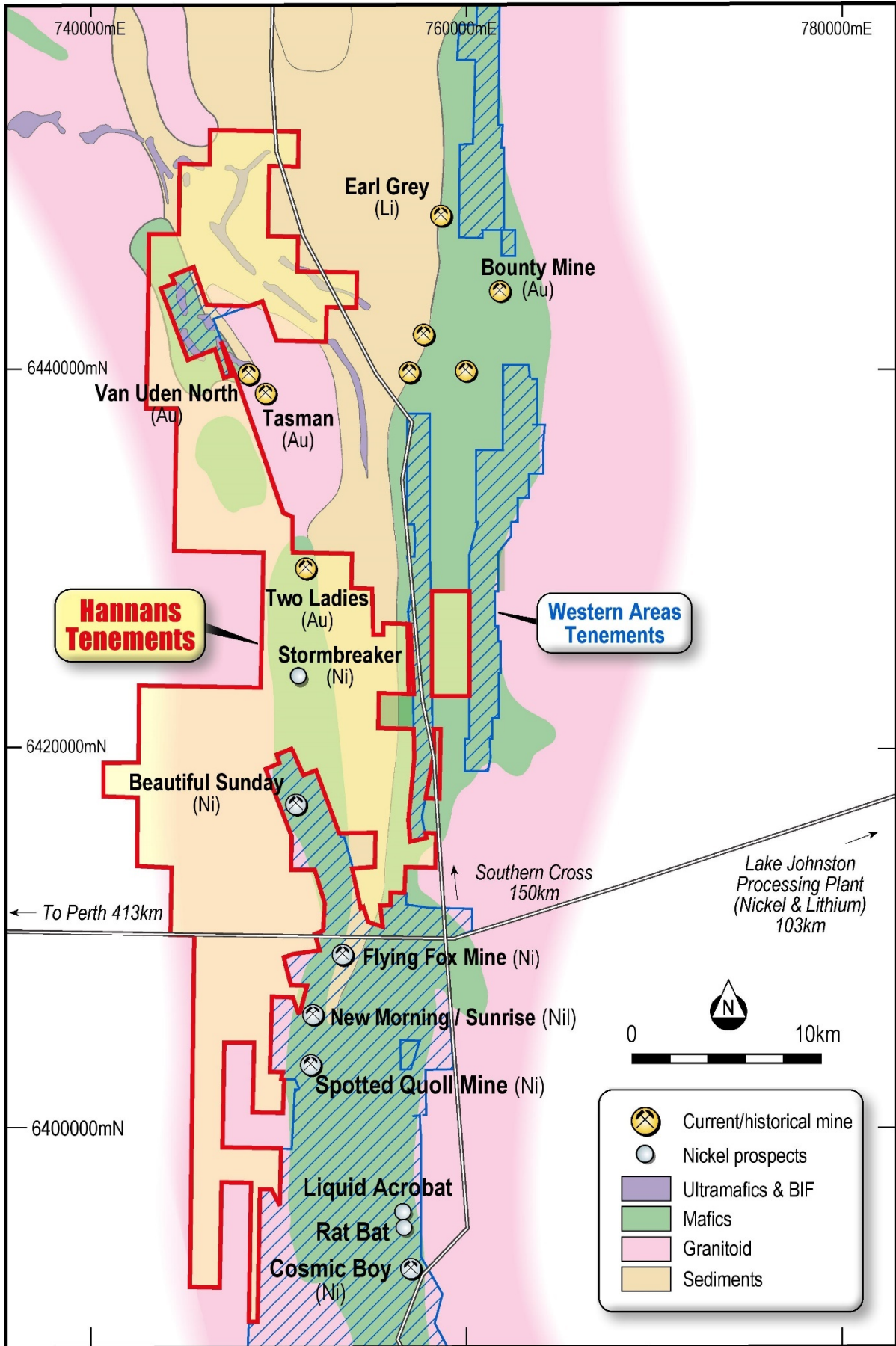


Figure 2: Project location map showing Hannans Forrestania Nickel Project tenure outlined in red and the major nickel mines and deposits within the Western Areas Ltd tenure outlined in blue.

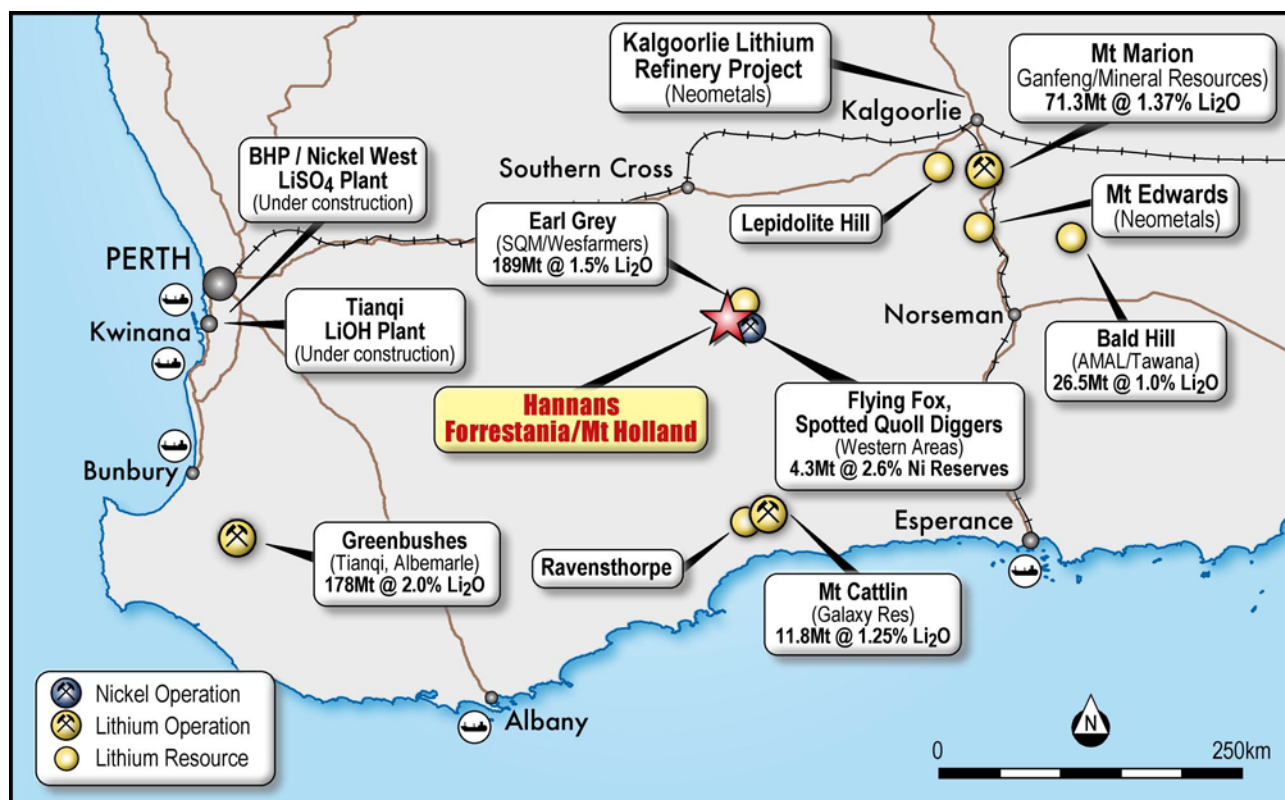


Figure 3: Regional location map showing Hannans Mt Holland Lithium Project and major lithium deposits, mines and processing facilities. Source: Company web sites

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 Wesfarmers Ltd⁶. Earl Grey will underpin a world-class long-life integrated lithium project.⁷ 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. Dr Bryan Smith, a consulting exploration geoscientist to both Neometals and Hannans, was previously responsible for exploration at the Mt Marion lithium project and is overseeing exploration at Mt Holland. The exploration strategy at Mt Holland is at an early stage and further substantive drilling (both from a coverage and depth perspective) is required to effectively test the project.

Hannans notes that:

- the potential of the greater Mt Holland area to host globally significant hard rock lithium deposits is confirmed simply by the presence of the Earl Grey and Bounty lithium deposits⁸;
- there are large areas of prospective tenure within the Hannans' project that remain unexplored;
- elevated lithium and lithium pathfinder elements (caesium, bismuth, beryllium, tantalum and tungsten) identified at Mt Holland West and East require validation via drill testing;
- despite intersecting pegmatites in aircore and reverse circulation drilling at Mt Holland West, to date there has been no indication in the analyses of fertile pegmatites⁹; and
- the exploration model for locating pegmatites 'under cover' as opposed to 'outcropping at surface' is evolving;
- the top 50m from surface is generally very weathered and covered by windblown sands and vegetation making it difficult to visually identify pegmatites at surface.

⁶ Subject to the successful takeover of Kidman Resources Ltd.

⁷ Refer kidmanresources.com.au

⁸ Owned by Kidman Resources and SQM, not Hannans.

⁹ The host to the lithium mineralisation.

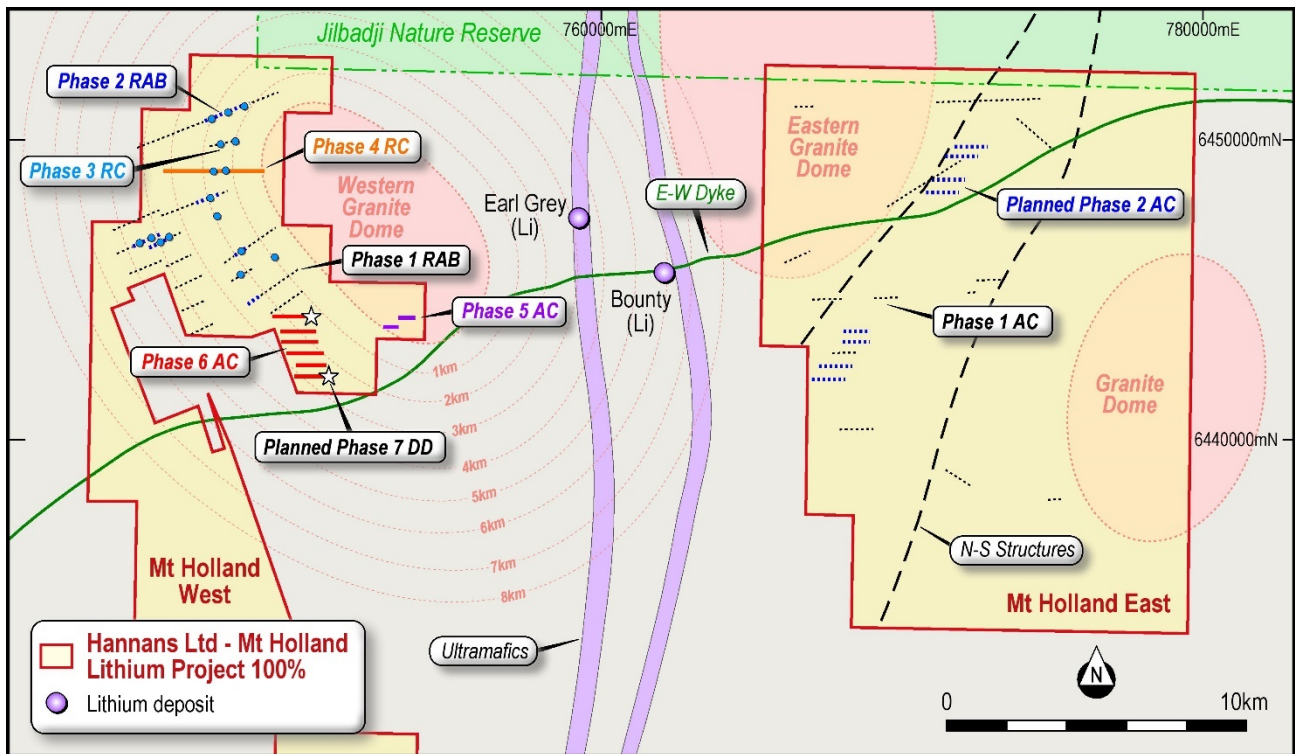


Figure 4: Hannans 100% owned Mt Holland Lithium Project located adjacent to the world’s 3rd largest hard rock lithium deposit, the Earl Grey owned by SQM and Wesfarmers Ltd. Figure shows location of all phases of Hannans drilling completed and planned. The planned Phase 7 diamond drilling (DD) holes at Mt Holland West will test the pegmatite in fresh rock that sits beneath the anomalous lithium results received in the Phase 6 aircore (AC) drilling. The planned Phase 2 AC drilling at Mt Holland East will test the validity of geochemical anomalism identified in the Phase 1 AC drilling.

Hannans’ exploration model is based on:

- targets located within a 10 km radius of late stage fertile granitoids.
- reliance on the best geological interpretation of aeromagnetic data for defining granitoids, greenstones and structures; and
- interpretations of data from weathered samples recognizing the high mobility of lithium in the weathered zone.

Mt Holland West (MHW)

The Phase 6 aircore drill program was completed during the Quarter. The program comprised 79 holes for 4,043m. Anomalous values of lithium and pathfinder elements were received in several holes. Of note drill holes MHAC312 and MHAC378 intersected a moderately weathered and oxidized pegmatite, with visible (fine grained) spodumene. The distance between these anomalies is approximately 2kms. Overall the geochemical anomalies received justify further exploration for lithium bearing pegmatites at Mt Holland West.

The lithium and pathfinder element assay values from within the weathered profile generally increased with depth, highlighting a strong possibility of lithium mineralisation being present in fresh (i.e. unweathered) pegmatites. Subject to receipt of government approvals, Hannans plans to drill 2 diamond holes at Mt Holland West to better understand the zonation, orientation and mineralisation potential of the fresh pegmatites.

Following completion of a flora and fauna survey during the Quarter an application was lodged seeking approval to commence Hannans maiden exploration drill program for lithium (and nickel) within E77/2460.



Photos 3 and 4: Aircore drill rig in action at Mt Holland West during August 2019 and Nick Swanepoel project geologist responsible for the successful planning and completion of the Mt Holland exploration drilling campaign during the Quarter.

Mt Holland East (MHE)¹⁰

Hannans completed Phase 1 reconnaissance drilling across ten structural targets at Mt Holland East late 2018. The Phase 1 drilling identified several intriguing lithium anomalies that require follow up drilling. Phase 2 drilling will test the validity of these anomalies by confirming whether they are indicative of nearby lithium-bearing pegmatites, or simply related to variations in the geochemistry of the granitoids. Following completion of a flora and fauna survey during the Quarter, drilling approvals are expected to be received during the current Quarter. Phase 2 drilling is planned for 2020.

Forrestania Gold (Hannans 20% Free-Carried)

Hannans holds a 20% free carried interest in the Forrestania Gold Project (excluding Lady Lila and Kat Gap). The project is funded and managed by joint venture partners Classic Minerals Ltd (ASX:CLZ). Hannans shareholders are therefore exposed to exploration success without the need to fund exploration.

Hannans intersected a series of north-east trending banded iron formations (BIF) in several drill holes whilst drilling for lithium during the Quarter. The BIF horizons were silica altered and strongly veined. Visible gold hosted in a vein was observed at 12m and 70m respectively in drill holes MHAC337 and MHAC367. The observations have been passed on to Hannans' gold joint venture partner¹¹ for further consideration.

Continued...

¹⁰ Results released by Hannans Ltd to ASX on 24 January 2019.

¹¹ Classic Minerals Ltd (ASX:CLZ)

ASX ANNOUNCEMENTS FOR 1ST QUARTER 2019/2020

Date	Announcement
17/09/2019	Notice of Annual General Meeting
29/08/2019	2019 Annual Report
29/08/2019	Appendix 4G
29/08/2019	Change of Directors Interest Notice
28/08/2019	Mt Holland Lithium Update
31/07/2019	4 th Quarter Activities Report
31/07/2019	4 th Quarter Cashflow Report

Table 1: ASX Announcements between the period 1 July 2019 to 30 September 2019

CONTACT DETAILS

For further information, please contact:

Damian Hicks

Executive Director

dhicks@hannans.com

CURRENT TENEMENTS

Tenement number	Interest 1 st Quarter 2019/2020		Note	Tenement number	Interest 1 st Quarter 2019/2020		Note
	Start	End			Start	End	
HR FORRESTANIA PTY LTD							
Location: Forresteria, Australia							
E77/2460	100%	100%					
REED EXPLORATION PTY LTD ¹							
Location: Queen Victoria Rocks, Australia				Location: Sandalwood Rocks, Australia			
E15/1416	100%	100%		E63/1897	100%	100%	2
Location: Forresteria, 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	E77/2545	100%	100%	
P77/4290	100%	100%	1	E77/2546	0%	100%	

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.
- 2 E63/1897 was surrendered in October 2019.

TENEMENTS UNDER APPLICATION

Tenement number
REED EXPLORATION PTY LTD
Location: Forresteria, Australia
E77/2579
E77/2610
P77/4534

RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Tenement number	Interest 1 st Quarter 2019/2020		Note
	Start	End	
HR FORRESTANIA PTY LTD			
Location: Forresteria, Australia			
E77/2520	100%	0%	

COMPLIANCE STATEMENT

The information in this document that relates to exploration results at Forresteria is based on information compiled by Adrian Black, a Competent Person who is a Member of the AIG (1364). Adrian Black is a consultant to Hannans Ltd and its subsidiary companies. Adrian Black has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). The information in this document that relates to exploration results at Mt Holland 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.