

HANNANS

2nd Quarter Activities Report 2019/2020

Fast Facts

ASX Code: HNR

Capital Structure

Shares on issue: 1.98 billion

Market cap: \$17.8M (at 0.9c)

Cash: \$1.84M (31 Dec 2019)

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%

HANNANS LTD

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 [Hannans_Ltd](https://www.linkedin.com/company/hannans-ltd)

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

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

- ∅ Forrestania (Nickel) – completed two extensive flora and fauna surveys, initiated ground geophysical surveys and commenced 1st round drill testing of nickel targets prior to evacuation due to a bush fire;
- ∅ Moogie (Gold and Copper) – lodged tenement applications covering prospective terrane in the Gascoyne Province; completed airborne magnetic (gradiometer) survey (~11,000 line kilometres);
- ∅ Forrestania (Gold) – updated mineral resource estimate for Lady Magdalene to 5.92 mt @ 1.32 g/t gold for 251,350 ounces, a 38% increase in the contained gold ounces (Hannans free-carried to a decision to mine at 20%);
- ∅ Mt Holland (Lithium) – received government approval to drill 2 diamond holes testing the fresh pegmatite beneath lithium anomalism in the weathered profile;
- ∅ Corporate – issued options to third-party consultant in recognition of introduction of the Moogie Project; out-of-the-money options expired; and
- ∅ Compliance – lodged Annual Report, held AGM where all resolutions were passed on a show of hands and majority of proxy votes were in favour of resolutions; adopted whistleblower policy.

During the 3rd Quarter (January – March 2019) Hannans aims to:

- ∅ Forrestania (Nickel) – complete reverse circulation (RC) drill testing 1st round of nickel targets; interpret results, lodge applications to drill test 2nd round of targets; continue geophysical surveys; commence aircore drilling across geochemical and geological areas of interest to generate additional nickel targets for RC drill testing;
- ∅ Moogie (Ni-Cu-PGM) – complete interpretation of airborne magnetic survey; update geological and structural map; complete initial field reconnaissance to ground truth magnetic anomalies and assess outcropping rocks; complete first round of soil sampling; and
- ∅ Forrestania (Gold) – review gold exploration results from joint venture partner (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, Lovisagruvan and Element 25. Shareholders at various times since listing have included Rio Tinto, Anglo American, OM Holdings, Craton Capital and BlackRock.

Note

All material results and commentary included in this Quarterly Report have previously been released to ASX. Please click [here](#) for more information. This report is authorised for release by Damian Hicks, Executive Director.

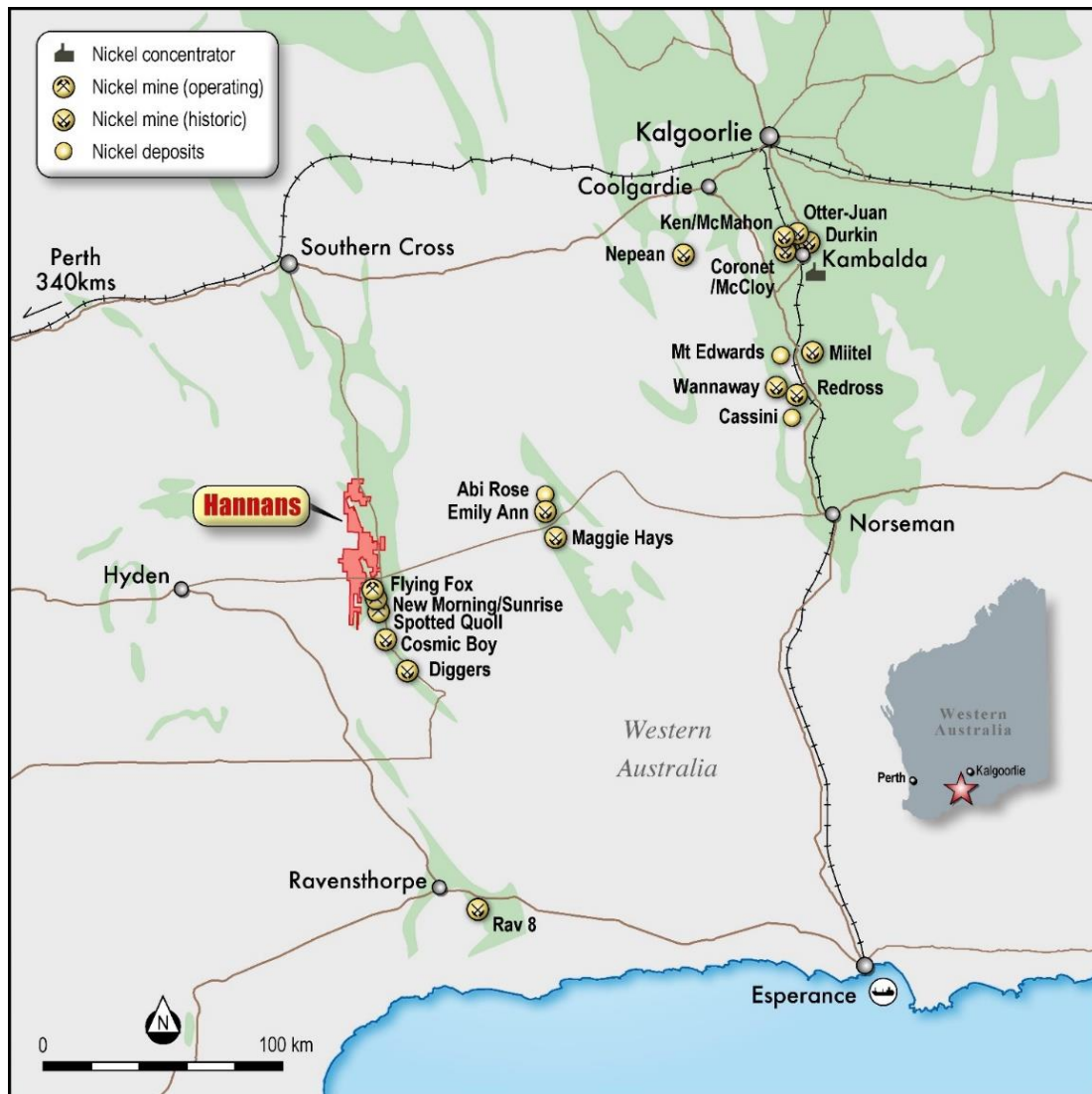


Figure 1: Regional location map showing Hannans 100% owned Forrestania Nickel Project outlined in red and major nickel mines (operating and historic) and nickel deposits. Source: Company web sites

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.

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.

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

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 January 2020. For more information click [here](#) and then [here](#).

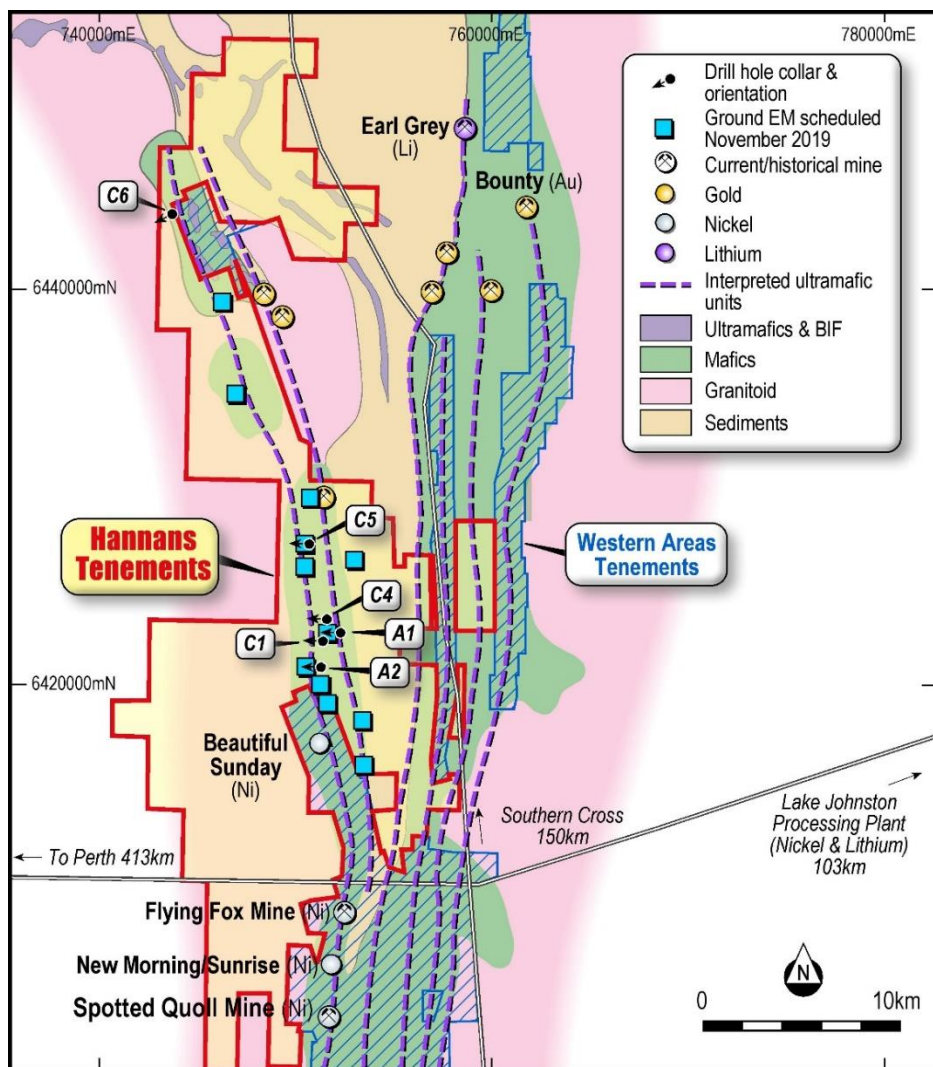


Figure 2: Project location map showing Hannans Forrestania Nickel Project tenure outlined in red and the major nickel mines and deposits within the Western Areas Ltd tenure outlined in blue. Targets A1, A2, C1, C4, C5 and C6 scheduled to be RC drill tested in January 2020.

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

Moogie Copper and Gold Project (Hannans 100%)

Hannans applied for two large exploration licences (~ 1,100km² in area) in the Gascoyne Province, Western Australia, located ~ 260kms north-west of Meekatharra and 270kms east of Carnarvon (refer below figures 3 and 4). This new project is called “Moogie”.

Moogie is located within the Glenburgh Terrane of the Gascoyne Province, a Proterozoic⁶ metamorphic belt located at the northern margin of the Yilgarn Craton. The project tenure covers the intersection of the crustal scale Cardilya Fault with the northeast trending Deadman Fault. The project is considered prospective for orogenic⁷ gold and or copper mineralisation and intrusion-related Ni-Cu-PGE mineralisation. The Glenburgh Gold Project, owned by Gascoyne Resources Ltd (ASX:GKY), is located ~7km due south of Hannans’ new applications and contains a Measured, Indicated and Inferred mineral resource of 21.3 Mt @ 1.5 g/t Au for 1.0M ounces of gold⁸. The gold mineralisation at Glenburgh is hosted within silica altered quartz-feldspar-biotite-garnet-gneiss and is located along the northeast trending Deadman Fault which continues along strike into Hannans’ applications. The Deadman Fault zone is a sinistral transcurrent fault⁹ hosting not only gold but also copper mineralisation (Dalgety Downs). The Deadman Fault zone forms a 14km low ridge on Hannans’ E09/2373 tenement application (refer below Figure 5) and Aster satellite imagery shows argillic alteration¹⁰ along its length; the ridge has not previously been drill tested nor subject to systematic surface geochemical sampling.

During the Quarter Hannans completed a 100m-spaced gradiometer airborne magnetic survey over Moogie (~11,500 line kms in total) to obtain detailed magnetic data across the tenure. The known gold and copper mineralisation in the area is primarily structurally controlled so it is important to have a good understanding of the structural architecture of the project. The detailed magnetic survey will provide this information. A comprehensive structural interpretation of the newly acquired magnetic data will be completed in the 3rd Quarter followed by a maiden field reconnaissance program.

Continued...

⁶ The period from 2,500 million years ago (mya) to 541 mya.

⁷ Orogenic lode gold mineralising systems comprise epigenetic mineralisation that formed as a result of focused fluid flow late during active deformation and metamorphism of volcano-plutonic terranes.

⁸ Refer <https://www.gascoyneresources.com.au/gascoyne-projects/glenburgh-gold-project/>

⁹ A left lateral, strike-slip fault, i.e. a sideways movement rather than up or down.

¹⁰ A type of hydrothermal alteration, typically low temperature and producing clays like kaolin and smectite.



Figure 3: State location map showing location of Moogie on the northern margin of the Yilgarn Craton relative to the location of the DeGrussa copper-gold mine (owned by Sandfire Resources NL), Tropicana gold mine (a joint venture between AngloGold Ashanti Australia Ltd (70% and manager) and Independence Group NL (30%)) and the Nova-Bollinger nickel-copper-cobalt mine (owned by Independence Group NL).

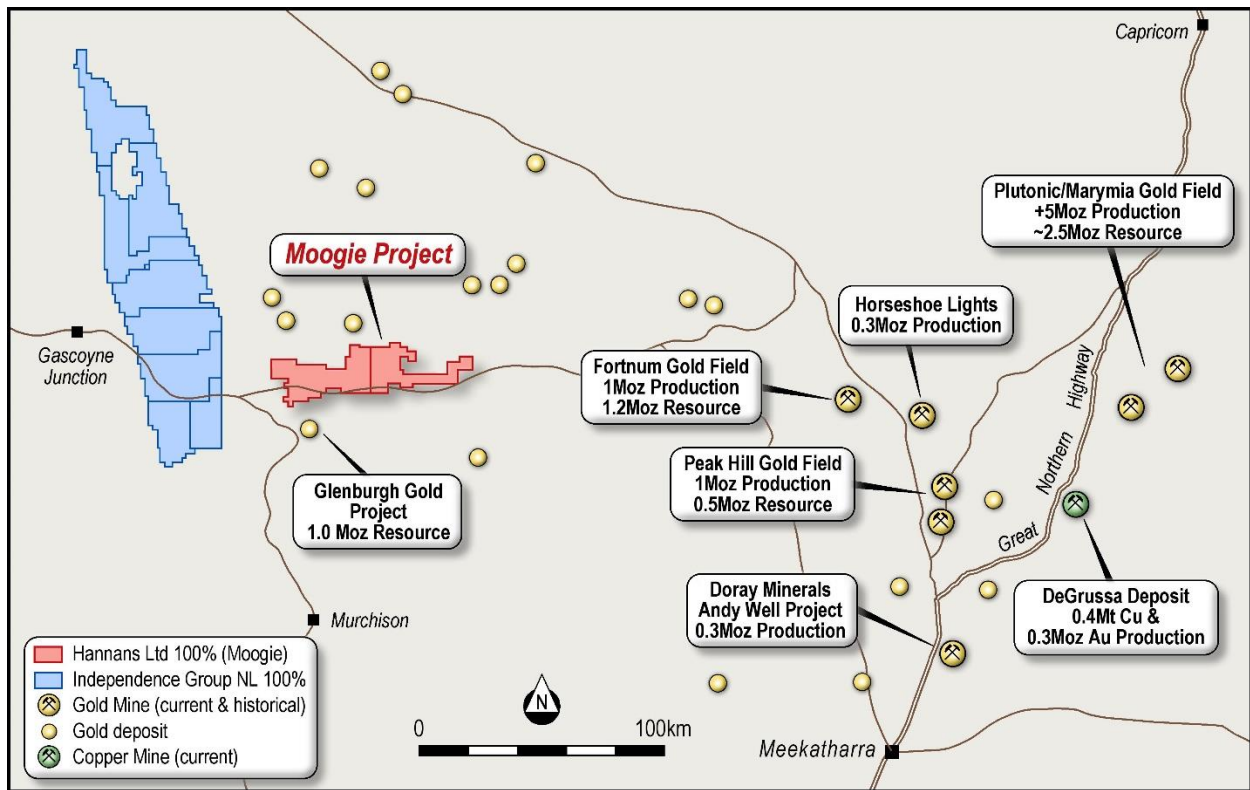


Figure 4: Regional location map showing Moogie ~ 260kms north-west of Meekatharra, the proximity of a number of current and historical mines and a major tenement position established by a wholly owned subsidiary of Independence Group NL (ASX:IGO) considered prospective for lithium.

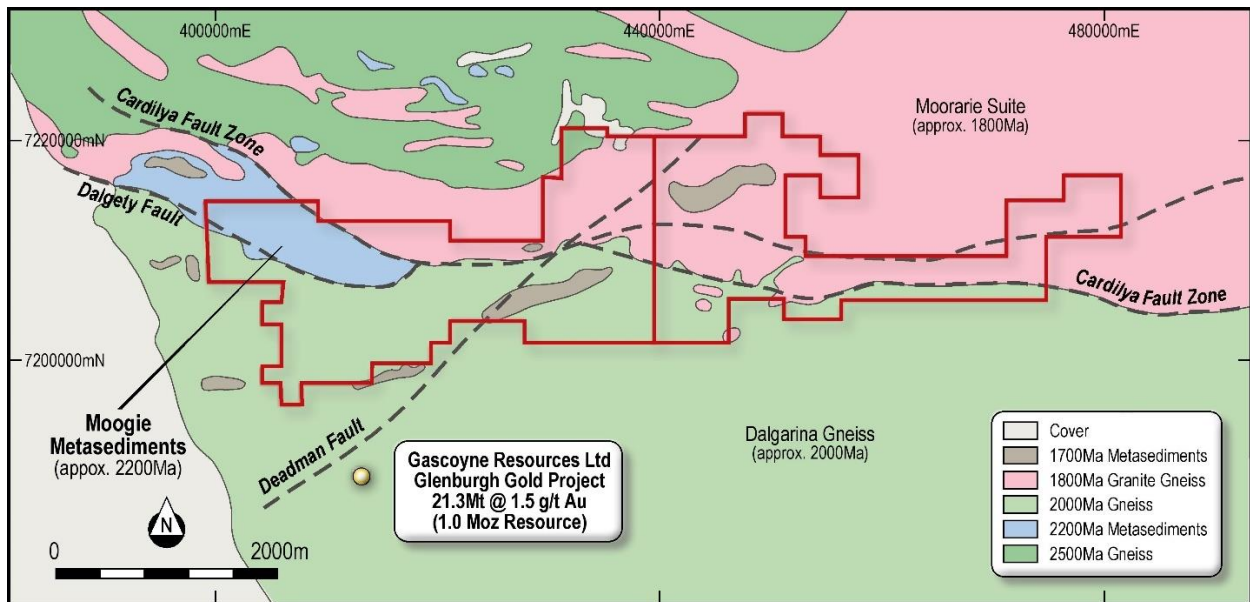


Figure 5: Project location map showing Hannans new tenement applications E09/2373 and E09/2374 (outlined in red) and the intersection of the crustal scale Cardilya Fault with the Deadman Fault considered prospective for orogenic gold and or copper mineralisation and intrusion-related Ni-Cu-PGE mineralisation.

Forrestania Gold (Hannans 20% Free-Carried)

Joint venture partner Classic Minerals Ltd (ASX:CLZ) announced an updated mineral resource for Lady Magdalene and outlined its plans for both the Lady Magdalene and Lady Ada gold deposits. Both deposits are part of the Forrestania Gold Project (FGP) located approximately 120km south of Southern Cross in the Goldfields region of Western Australia. JV partner to release updated scoping study in the 1st half of 2020 for the mining and processing of gold.

Hannans owns a 20% free-carried interest in the FGP¹¹ meaning Hannans is not required to fund the costs of exploration until a decision to mine gold has been made by the joint venture. For the avoidance of doubt Hannans owns a 100% interest in all non-gold rights on the tenements including but not limited to nickel, lithium and other metals.

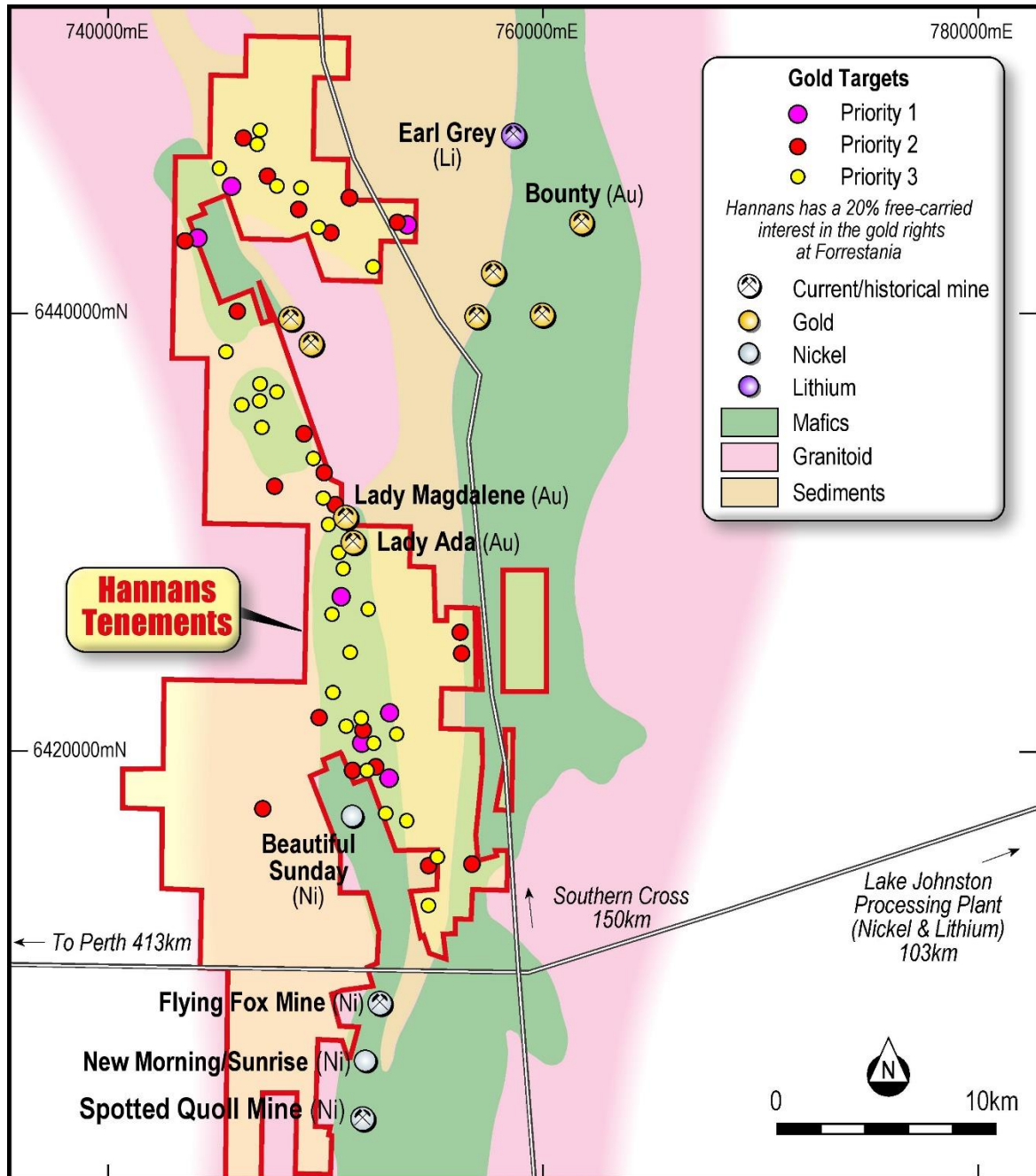


Figure 7: Forrestania Gold Project (FGP) location map showing the range of priority gold targets identified by previous explorers. Hannans holds a 20% free-carries interest in the gold rights at the FGP.

¹¹ Please refer to the ASX releases made by Classic Minerals Ltd dated 2 May 2017 and 18 December 2019 for full details of the mineral resource estimates reported in compliance with the JORC Code, 2012 Edition. Hannans has no interest in either the Lady Lila or Kat Gap prospects owned by Classic Minerals Ltd.

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 Ltd¹². Earl Grey will underpin a world-class long-life integrated lithium project.¹³ Hannans’ exploration goal at Mt Holland is to discover a lithium deposit comparable to Earl Grey.

Hannans notes that:

- the potential of the greater Mt Holland area to host globally significant hard rock lithium deposits is confirmed simply by the presence of the Earl Grey and Bounty lithium deposits¹⁴;
- 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 pegmatites¹⁵; 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.

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.

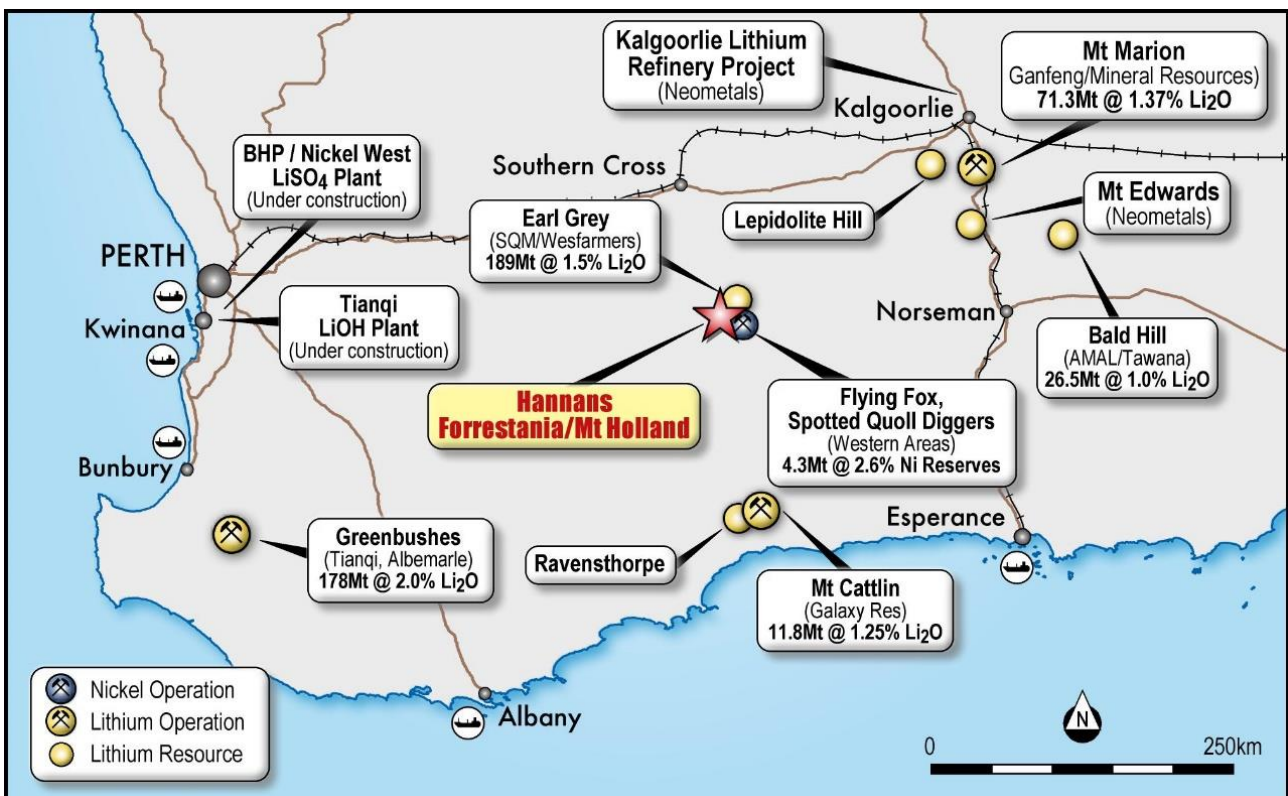


Figure 7: Regional location map showing Hannans Mt Holland Lithium Project and major lithium deposits, mines and processing facilities. Source: Company web sites

¹² Subject to the successful takeover of Kidman Resources Ltd.

¹³ Refer kidmanresources.com.au

¹⁴ Owned by Kidman Resources and SQM, not Hannans.

¹⁵ The host to the lithium mineralisation.

Mt Holland West (MHW)

Hannans has completed 6 drill programs at MHW. The lithium and pathfinder element anomalies from within the weathered profile generally increased with depth, highlighting a strong possibility of lithium mineralisation being present in fresh (i.e. unweathered) pegmatites. Hannans recently received government approval to drill 2 diamond holes to better understand the zonation, orientation and mineralisation potential of the fresh pegmatites. Hannans will test these targets when the outlook for the lithium price is more favourable.

Mt Holland East (MHE)¹⁶

Hannans has completed 1 reconnaissance drill program at MHE. The drilling identified several intriguing lithium anomalies that require follow up drilling. Hannans will test these targets when the outlook for the lithium price is more favourable.

Lake Johnston Nickel & Lithium Project (Hannans 15% Free Carried)

Hannans has been advised by joint venture partner Element 25 Ltd¹⁷ that it surrendered tenements comprising its Lake Johnston Nickel and Lithium Project during the Quarter. The tenements were registered in the name of Element 25 and Hannans held a beneficial free-carried interest.

Continued...

¹⁶ Results released by Hannans Ltd to ASX on 24 January 2019.

¹⁷ Joint venture announced by Hannans Ltd on 21 December 2016.

ASX ANNOUNCEMENTS FOR 2nd QUARTER 2019/2020

Date	Announcement
19/12/2019	Forrestania Gold Resource Update
05/12/2019	Forrestania Nickel Update
05/12/2019	Moogie Gold and Copper
03/12/2019	Forrestania Nickel Drilling
22/11/2019	Issue of Options
21/11/2019	Expiry of Options
19/11/2019	Gold at Forrestania
14/11/2019	Forrestania Nickel Surveys Commence
05/11/2019	Updated Capital Structure
31/10/2019	1st Quarter Activities Report
31/10/2019	1st Quarter Cashflow Report
17/10/2019	AGM Results
17/10/2019	AGM Presentation
15/10/2019	Major Nickel Exploration Campaign Forrestania
01/10/2019	Mt Holland Lithium Project Update

Table 1: ASX Announcements between the period 1 October 2019 to 31 December 2019

CONTACT DETAILS

For further information, please contact:

Damian Hicks
 Executive Director
dhicks@hannans.com

COMPLIANCE STATEMENT

The information in this document that relates to exploration results at Forrestania 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.

The information in this document that relates to exploration results at Moogie is based on information compiled by Amanda Scott, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (Membership No.990895). Amanda Scott is a full-time employee of Scott Geological AB. Amanda Scott is a Non-Executive director of Hannans Ltd and holds shares and options in the company. Amanda Scott 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). Amanda Scott consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

CURRENT TENEMENTS

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

TENEMENTS UNDER APPLICATION

Tenement number	Tenement number
REED EXPLORATION PTY LTD	
Location: Forrestania, Australia	Location: Moogie, Australia
E77/2579	E09/2373
E77/2610	E09/2374
P77/4534	

RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Tenement number	Interest 2 nd Quarter 2019/2020		Note
	Start	End	
REED EXPLORATION PTY LTD			
Location: Sandalwood Rocks, Australia			
E63/1897	100%	0%	