

HANNANS

3rd Quarter Activities Report 2019/2020

Fast Facts

ASX Code: HNR

Capital Structure

Shares on issue: 1.98 billion
Market cap: \$11.9M (at 0.6c)
Cash: \$1.33M (31 Mar 2020)
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 (Ni)

Moogie (Au & Ni-Cu-PGE)

Fraser Range (Ni-Cu-PGE)

Queen Victoria Rocks (Ni)

Mt Holland (Li)

Free-Carried to Decision to Mine

Forrestania (Au) 20%

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Hannans_Ltd



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During the 3rd Quarter (January – March 2020):

- ∅ Forrestania (Nickel) – completed 1st phase of nickel exploration, interpreted and reported all results and commenced 2nd phase of exploration including field visits and planning of geophysical surveys (ground and down-hole electromagnetic surveys);
- ∅ Moogie (Gold and Ni-Cu-PGE) – completed interpretation of airborne magnetic survey and field reconnaissance, collected 1st round of soil samples across regional targets and commenced interpretation of assay results;
- ∅ Fraser Range (Ni-Cu-PGE) – applied for several exploration licenses within prospective terrain adjoining tenure held by subsidiaries of IGO Ltd;
Forrestania (Gold) – joint venture partner Classic Minerals Ltd (ASX:CLZ) updated the mineral resource estimate for Lady Ada increases total resources to 7.27mt @ 1.33 g/t gold for 311,050 ounces of gold (Hannans free-carried to a decision to mine at 20%); and
Project Generation – continued reviews on nickel and gold projects in Western Australia having potential to add value for shareholders.

During the 4th Quarter (April – June 2020) Hannans aims to:

- ∅ Forrestania (Nickel) – complete 2nd phase of geophysical surveys and commence 2nd phase of reverse circulation (RC) drilling to test nickel sulphide targets;
- ∅ Moogie (Ni-Cu-PGM) – complete 2nd round of soil sampling and interpret all results, plan 1st round of reconnaissance drilling, execute heritage agreement and obtain approvals for 1st round of drilling;
- ∅ Fraser Range (Ni-Cu-PGE) – complete review of historical exploration data over tenure secured by new applications, execute heritage agreements and complete site visit;
- ∅ Mt Holland West (Lithium) – complete a reverse circulation (RC) hole to test the fresh pegmatite beneath lithium anomalism; 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 at various time 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.

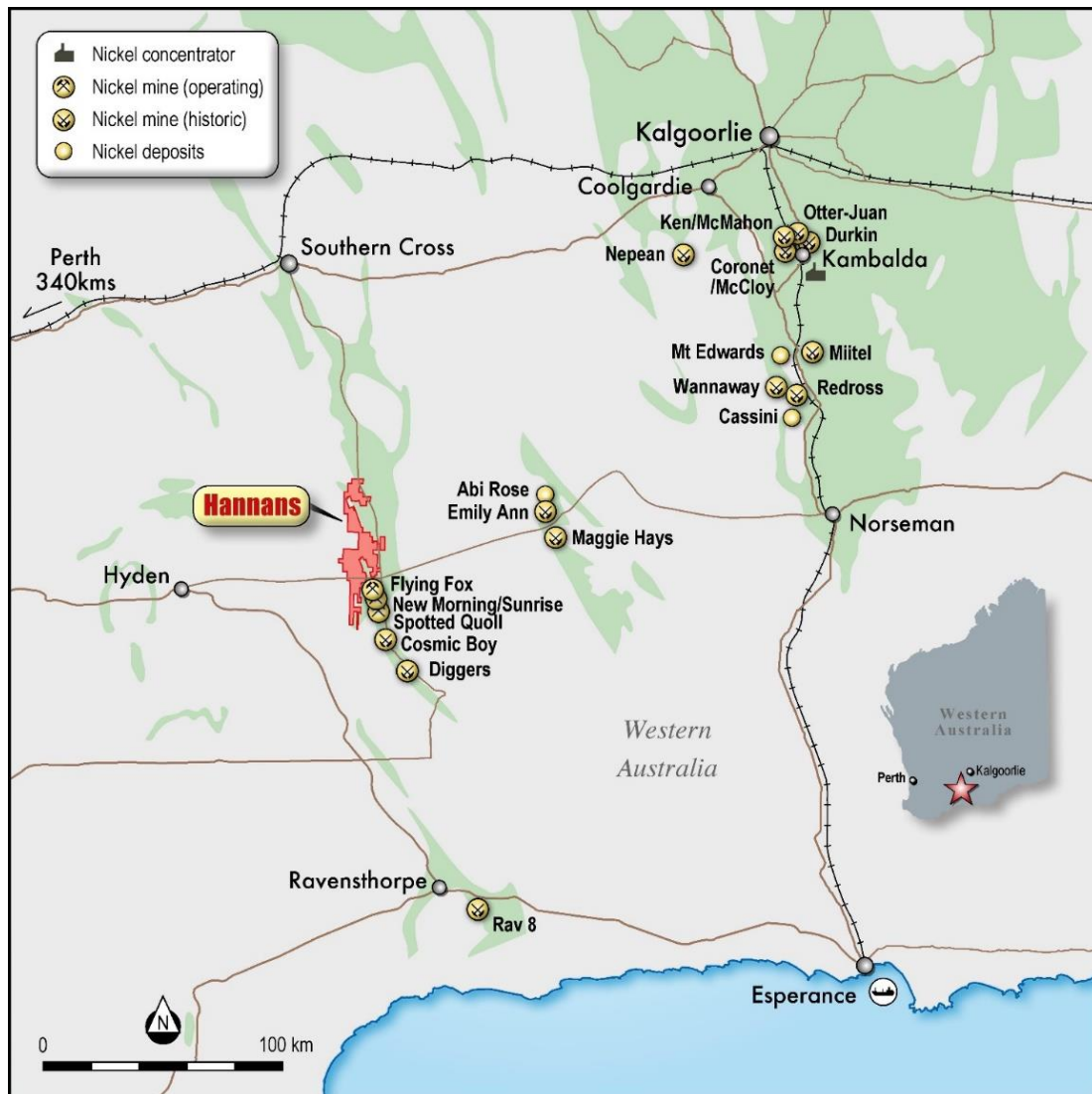


Figure 1: Regional location map showing Hannans 100% owned Forrestania Nickel Project outlined in red and major nickel mines (operating and historic) and nickel deposits. Source: Company web sites

Forrestania Nickel Project (Hannans 100%)

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. 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. 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

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).

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.

Exploration

During the Quarter Hannans completed the 1st phase of nickel exploration and commenced the 2nd phase of exploration. In summary several nickel targets from the 1st phase remain unresolved and require follow-up downhole geophysical surveys (DHEM) and drilling (RC and diamond). Drill hole (FSRC061) returned anomalous values of nickel, chrome and magnesium which are suggestive of cumulate⁶ ultramafic rocks – follow up DHEM is planned. All sulphides intersected in drilling were iron rich – most samples returned assay values of nickel, cobalt or copper indicative of background levels for ultramafic rocks.⁷

The 1st phase of exploration included numerous field visits, geophysical surveys, flora and fauna surveys and reverse circulation (RC) drilling. The RC program comprised seven holes to an average depth of 210m (total program 1,465m). Drill hole FSRC061 (testing target A1) returned anomalous values of nickel, chrome and magnesium which are suggestive of more cumulate ultramafic rocks. This hole will be surveyed with DHEM to search beyond the hole for possible sulphide accumulations containing nickel. Drill hole FSRC066 (testing target C6) did not intersect the source of the geophysical (EM) anomaly and therefore a DHEM survey will be undertaken to confirm the validity of the anomaly before more drilling is undertaken. Drill hole FSRC062 (testing target C4) did not reach its planned depth and was abandoned at 198m. A diamond tail will be required to test the EM conductor and reach the planned end of hole depth (240m).



Photo Block 1: (LHS) Inside Lady Magdalene gold pit (north of target C5 in Figure 2 on page 4) showing geologist Nick Swanepoel with hammer at boundary between transported material and partially weathered bedrock. The transported cover in the open pit would mask all shallow geochemical sampling and only Air Core or RC would give a true picture if it managed to penetrate to bedrock. In any case, drilling would have to hit directly on the target and there would be very little dispersion of a geochemical signature. One must consider all geochemical sampling and only accept values from areas of residual material, not transported. (Photo credit: Adrian Black) **(RHS)** Adrian Black standing atop a large banded iron formation outcrop within Hannans' tenure at Forrestania.

All sulphides intersected in the RC holes were iron-rich and were of sufficient volume to be the source of the EM anomalies. Most of the samples returned assay values of nickel, cobalt or copper indicative of background levels for ultramafic lithologies. DHEM surveys following up unresolved targets from the 1st phase and planned surface EM surveys from the

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

⁶ 'Cumulates' are igneous rocks that have formed from a magma by crystal settling / flotation. Cumulate ultramafic rocks are the host to nickel deposits in the Forrestania region and elsewhere.

⁷ Refer ASX release by Hannans Ltd dated 18 March 2020.

2nd phase will be completed this current Quarter and interpreted prior to further drilling to reduce mobilisation and field costs. A clearing permit application has recently been approved to enable 2nd phase drilling to be undertaken within the buffer zone of the Lake Cronin nature park, to test a geological target. Subject to there being no objections to the decision to grant the clearing permit, it is expected this target will be drill tested during the current Quarter.

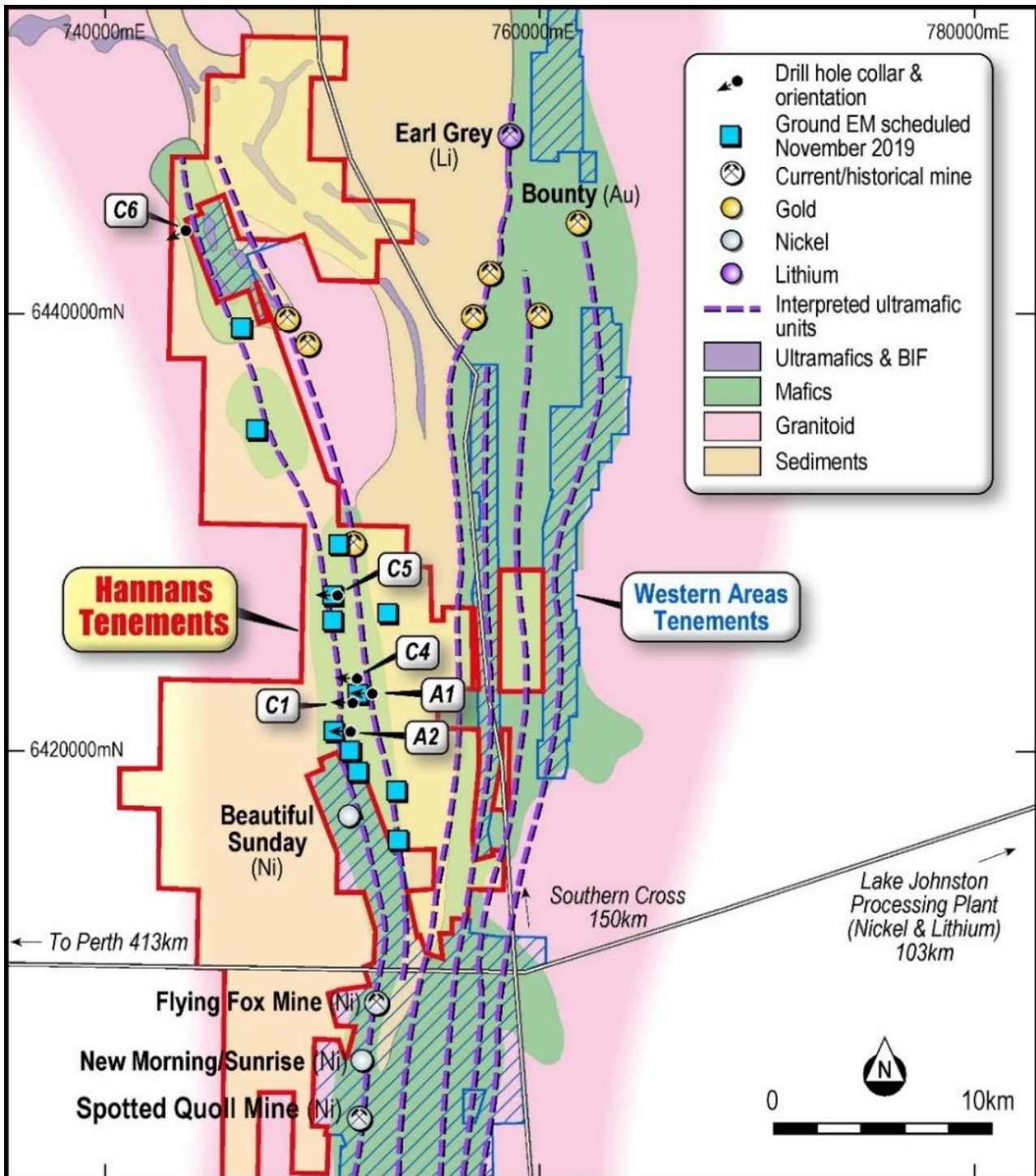


Figure 2: Project location map showing Hannans Forrestania Nickel Project tenure outlined in red and the major nickel mines and deposits within the Western Areas Ltd tenure outlined in blue. Targets A1, A2, C1, C4, C5 and C6 were RC drill tested in January 2020.

Moogie Gold and Nickel-Copper-PGE Project (Hannans 100%)

The Moogie Project comprises two 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).

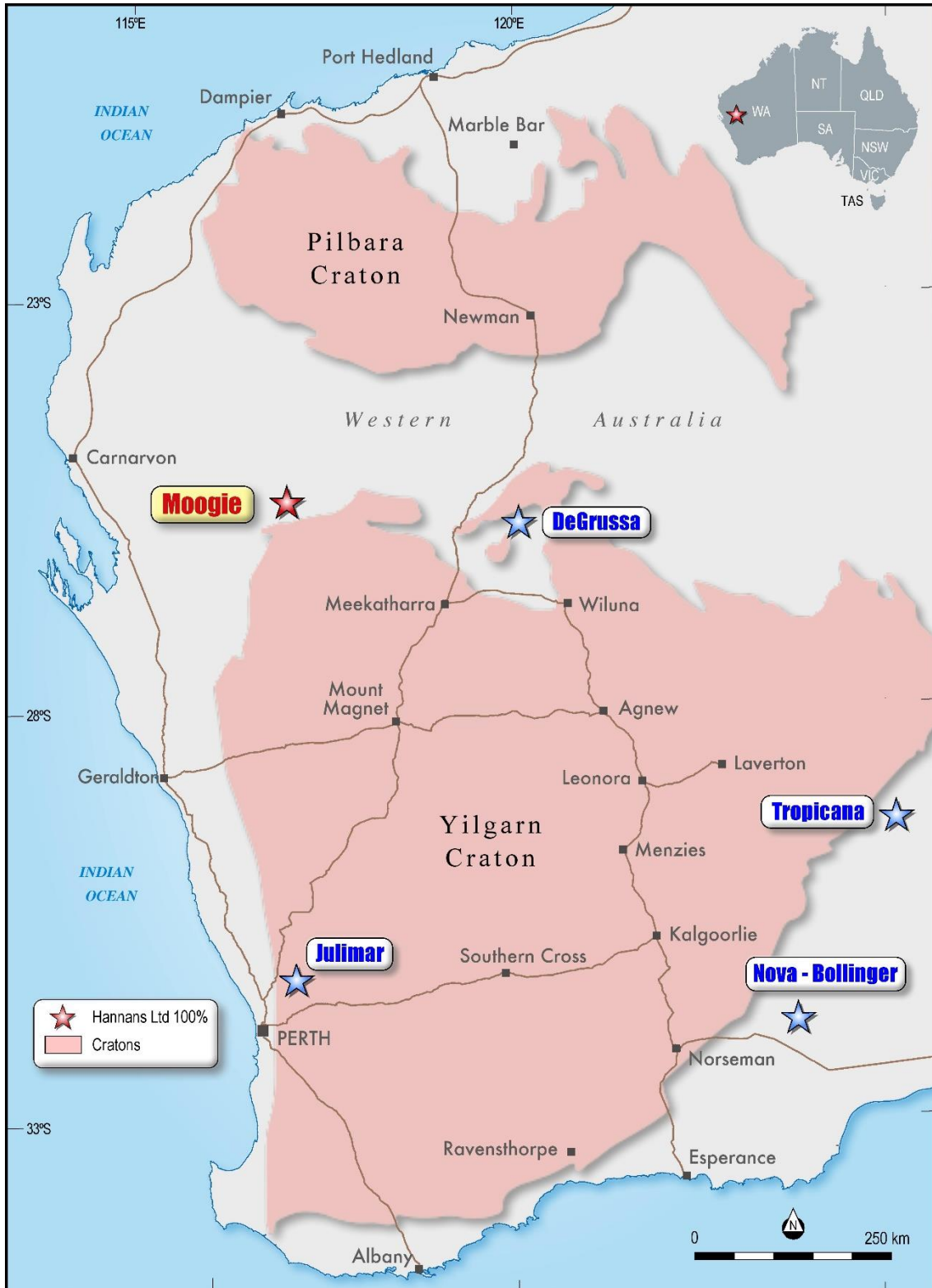


Figure 3: State location map showing Moogie on the northern margin of the Yilgarn Craton relative to the location of the DeGrussa copper-gold mine (owned by Sandfire Resources NL), Tropicana gold mine (a joint venture between AngloGold Ashanti Australia Ltd (70% and manager) and IGO Ltd (30%)), the recent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

Background

Moogie is located within the Glenburgh Terrane of the Gascoyne Province, a Proterozoic⁸ 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 orogenic⁹ gold and or copper mineralisation and intrusion-related Ni-Cu-PGE mineralisation.

The Glenburgh Gold Project, owned by Gascoyne Resources Ltd (ASX:GCY), is located ~7km due south of Hannans' applications and contains a Measured, Indicated and Inferred mineral resource of 21.3 Mt @ 1.5 g/t Au for 1.0M ounces of gold¹⁰. 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 fault¹¹ 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 on page 7) and Aster satellite imagery shows argillic alteration¹² along its length; the ridge has not previously been drill tested.

Exploration

During the Quarter Hannans completed a new interpretation of the geology of the Moogie Project using the airborne magnetic and radiometric data acquired in December 2019. A field visit and reconnaissance sampling program over several regional targets was undertaken in February 2020. Additional sampling was completed early in the current Quarter. A detailed interpretation of the results from the two sampling programs is ongoing. Several samples were also sent for thin section analysis to assist with interpreting the mineralogy of the outcropping rocks. A presentation will be released to ASX when the interpretation is completed.

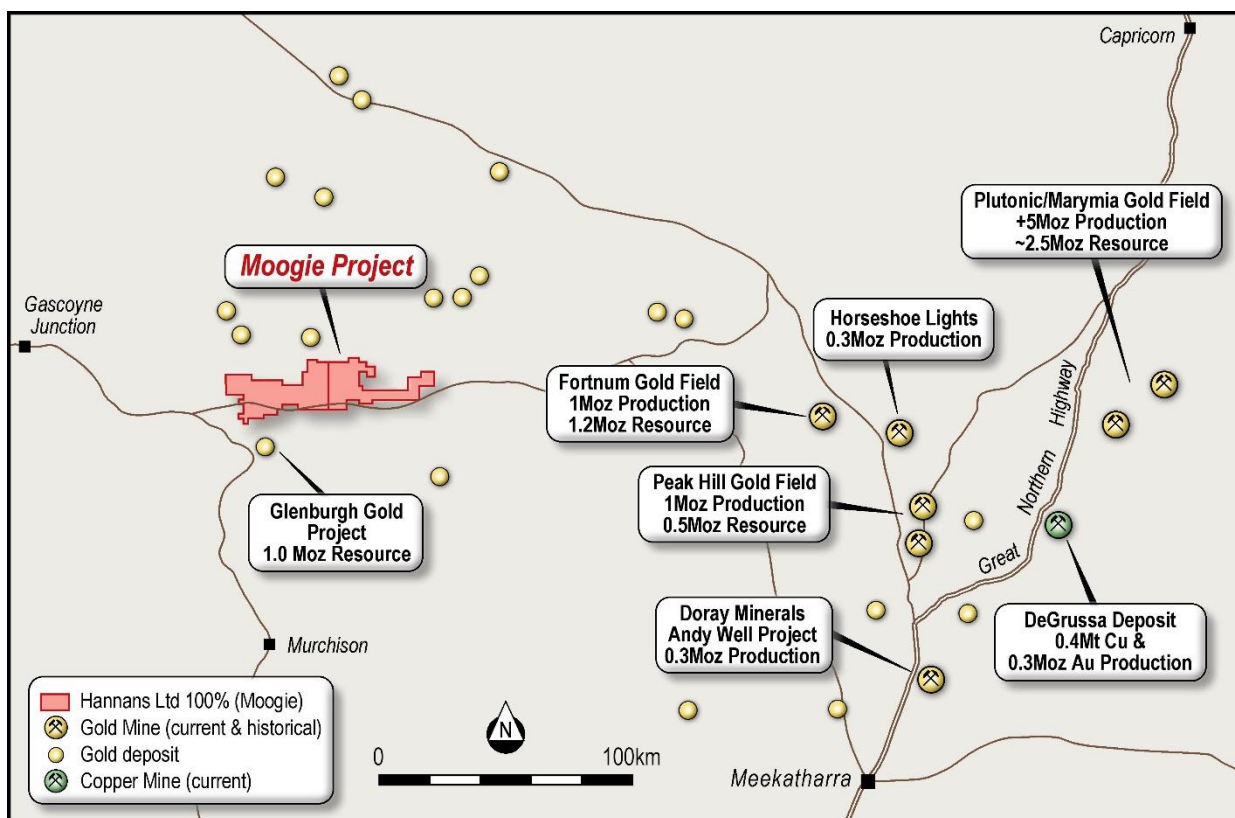


Figure 4: Regional location map showing Moogie ~ 260kms north-west of Meekatharra, the proximity of a number of current and historical mines and a major tenement position established by a wholly owned subsidiary of Independence Group NL (ASX:IGO) considered prospective for lithium.

⁸ The period from 2,500 million years ago (mya) to 541 mya.

⁹ 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.

¹⁰ Refer <https://www.gascoyneresources.com.au/gascoyne-projects/glenburgh-gold-project/>

¹¹ A left lateral, strike-slip fault, i.e. a sideways movement rather than up or down.

¹² A type of hydrothermal alteration, typically low temperature and producing clays like kaolin and smectite.

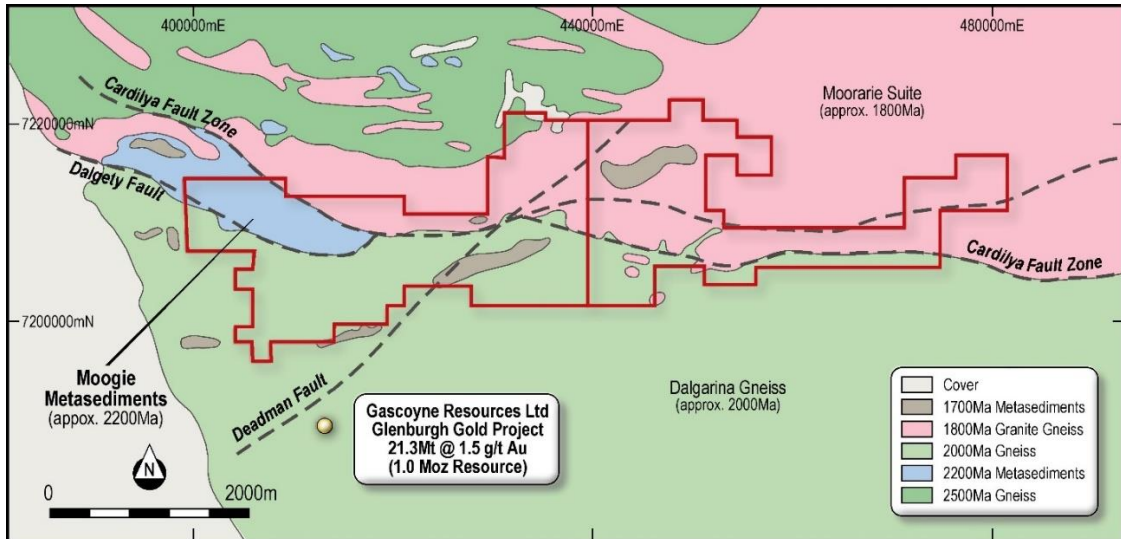


Figure 5: Project location map showing Hannans tenement applications E09/2373 and E09/2374 (outlined in red) and the intersection of the crustal scale Cardilya Fault with the Deadman Fault considered prospective for orogenic gold and or copper mineralisation and intrusion-related Ni-Cu-PGE mineralisation.



Photo Block 2: Geologist Nick Swanepoel and Dalgely Downs Station Manager Peter Matthews on the Deadman Fault (top left), Dalgely Downs Station hydration management system when the temperature topped 45 degrees (top right) and a summer thunderstorm heading south. Photograph taken looking west across the Moogie Project.

Fraser Range Nickel-Copper-Cobalt Project (Hannans 100%)

Several small exploration license applications were applied for by Hannans in the Fraser Range during the Quarter. The applications are located approximately 100km east of Norseman and 60kms south-west of the operating Nova nickel-copper-cobalt mine. Three applications are proximal to the Talbot nickel-copper-cobalt anomaly identified by Newcrest and followed up by Sirius Resources Ltd and IGO Ltd. Please refer to Figure 6 below for a regional location map.

Background

The applications were opportunistic. A review of historic exploration data will be undertaken by consulting geoscientists Newexco Exploration Services Pty Ltd prior to deciding whether the applications justify further exploration.

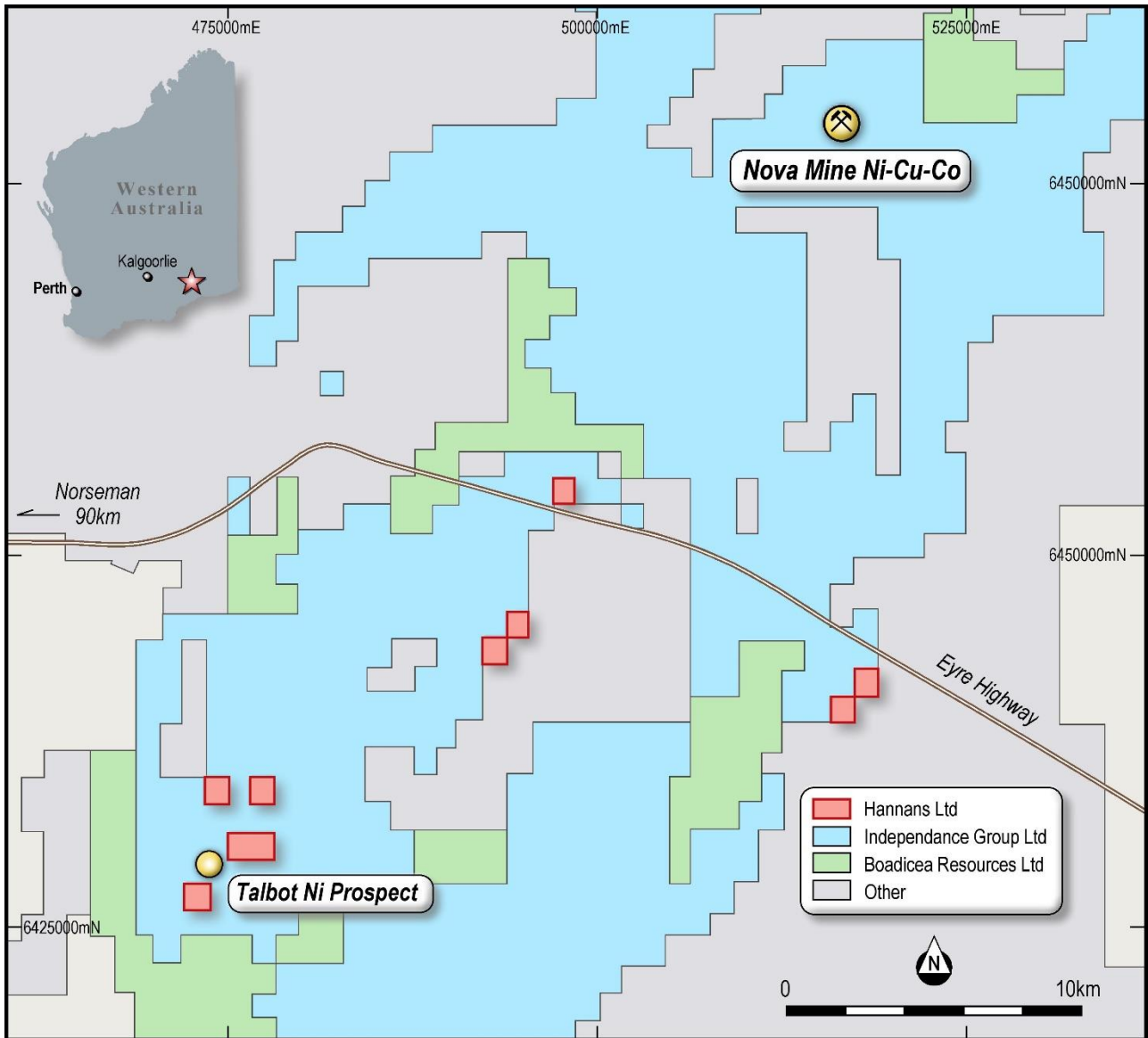


Figure 6: Regional location map showing Hannans recent tenement applications in red relative to tenements owned by Independence Group Ltd and Bodicea Resources Ltd. The location of the producing Nova nickel-copper-cobalt mine is also shown.

Forrestania Gold (Hannans 20% Free-Carried)

Joint venture partner Classic Minerals Ltd (ASX:CLZ) announced an updated mineral resource for Lady Ada 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.

Hannans owns a 20% free-carried interest in the FGP¹³ 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.

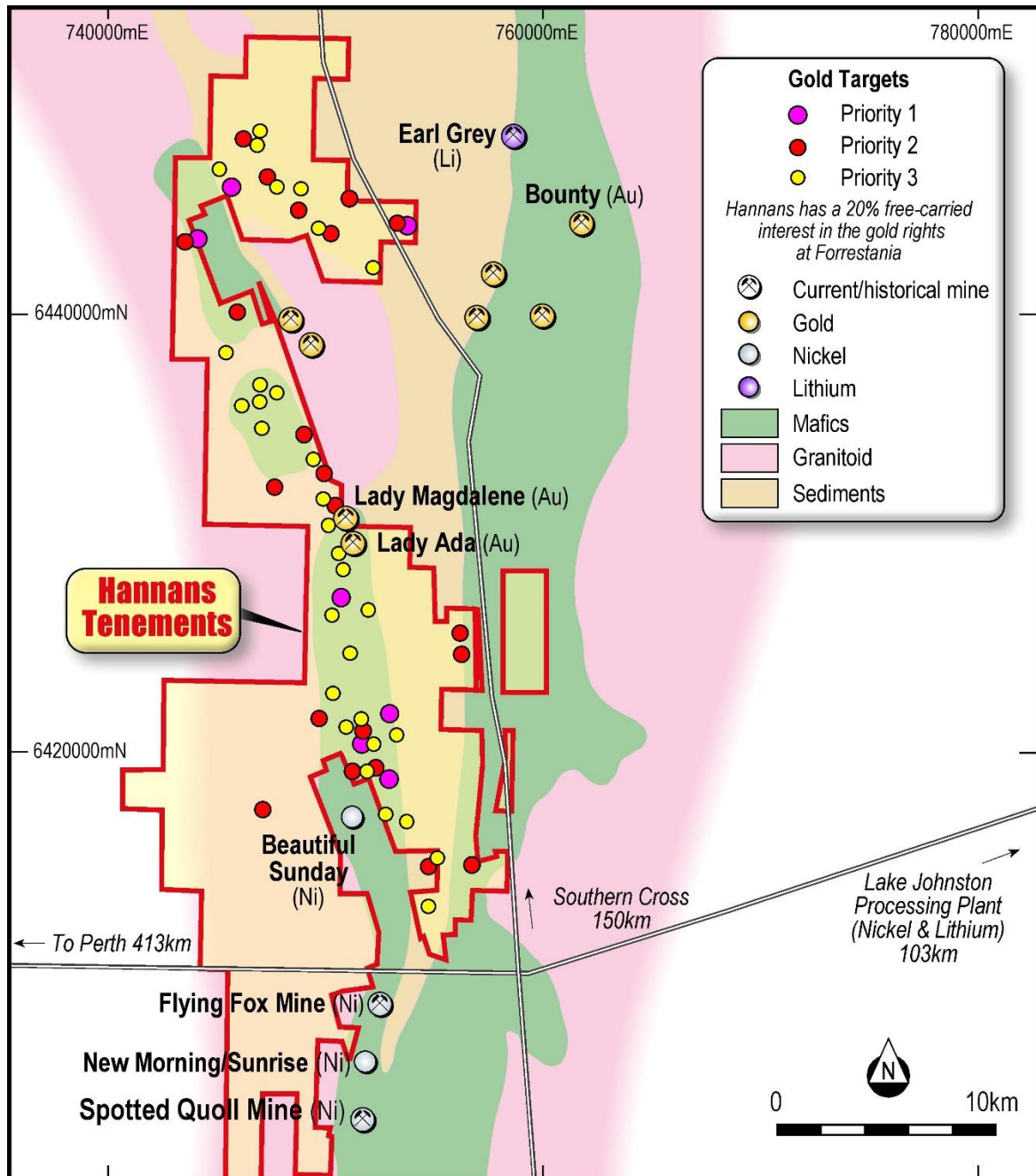


Figure 7: Forrestania Gold Project (FGP) location map showing the range of priority gold targets identified by previous explorers. Hannans holds a 20% free-carries interest in the gold rights at the FGP.

¹³ Please refer to the ASX releases made by Classic Minerals Ltd dated 2 May 2017, 18 December 2019 and 21 January 2020 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 Ltd¹⁴. Earl Grey will underpin a world-class long-life integrated lithium project.¹⁵ Hannans' exploration goal at Mt Holland is to discover a lithium deposit comparable to Earl Grey.

Background

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 deposits¹⁶ and there are large areas of prospective tenure within the Hannans' project that remain unexplored. 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 pegmatites.¹⁷

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.

Exploration

Hannans has completed seven drilling programs at Mt Holland and aims to test its best lithium target with one reverse circulation (RC) drill hole at the end of the nickel drilling campaign planned for the current Quarter. All government approvals have been received for the drilling. If warranted further holes will be drilled in due course. A recent review of all lithium exploration completed by Hannans has generated new target areas that will also be investigated in the field in the future.

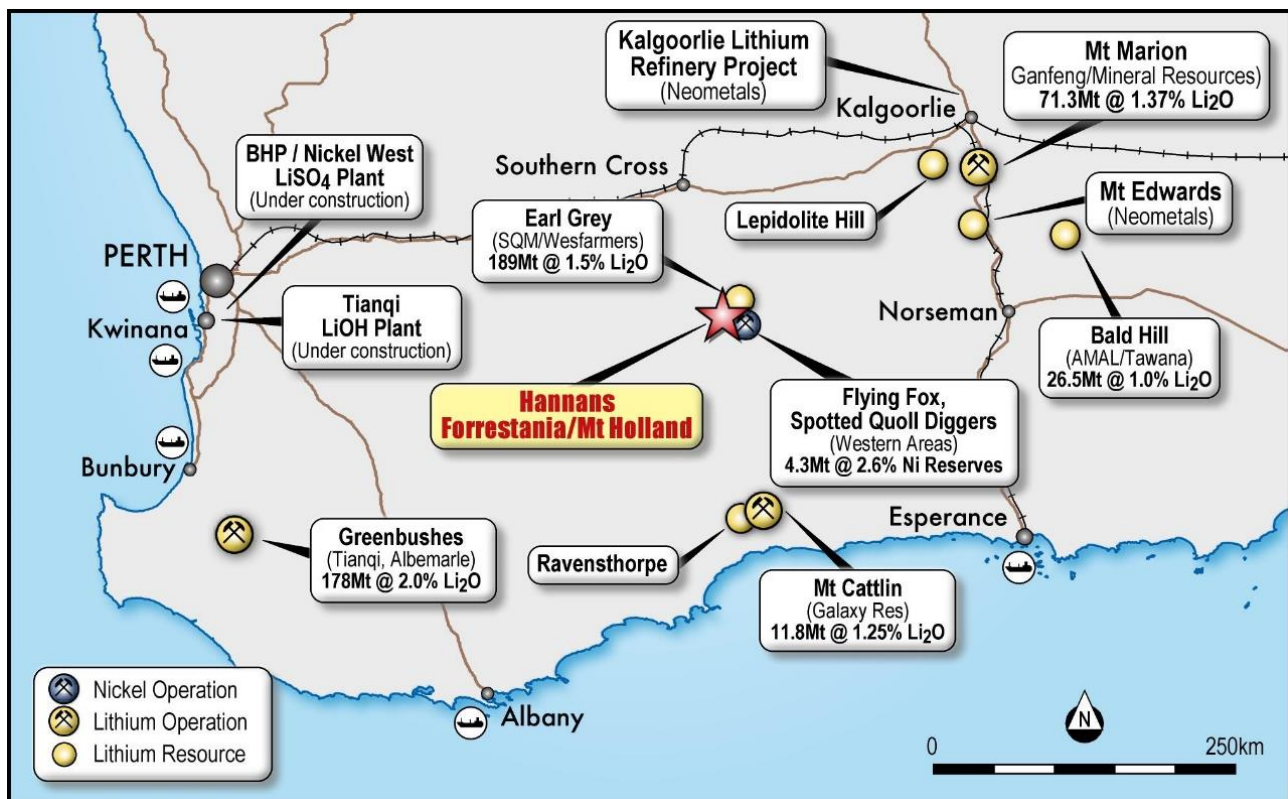


Figure 8: Regional location map showing Hannans Mt Holland Lithium Project and major lithium deposits, mines and processing facilities. Source: Company web sites

¹⁴ Subject to the successful takeover of Kidman Resources Ltd.

¹⁵ Refer kidmanresources.com.au

¹⁶ Owned by Kidman Resources and SQM, not Hannans.

¹⁷ The host to the lithium mineralisation.

ASX ANNOUNCEMENTS FOR 3rd QUARTER 2019/2020

Date	Announcement
18/03/2020	Forrestania Nickel Update
13/03/2020	Half Year Financial Report
31/01/2020	2 nd Quarter Activities Report
31/01/2020	2 nd Quarter Cashflow Report
28/01/2020	Forrestania Gold Resource Update
10/01/2020	Company Update
09/01/2020	Forrestania Nickel Drilling

Table 1: ASX Announcements between the period 1 January 2020 to 31 March 2020

Authorised on behalf of Hannans by Damian Hicks, Executive Director.

- END -

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 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 3 rd Quarter 2019/2020		Note	Tenement number	Interest 3 rd Quarter 2019/2020		Note
	Start	End			Start	End	
HR FORRESTANIA PTY LTD ¹							
Location: Forrestania, Australia							
E77/2460	100%	100%					
REED EXPLORATION PTY LTD ²							
Location: Queen Victoria Rocks, Australia							
E15/1416	100%	100%					
Location: Forrestania, Australia							
E77/2207-I	100%	100%	2	E77/2488	100%	100%	
E77/2219-I	100%	100%	2	E77/2489	100%	100%	
E77/2220-I	100%	100%	2	E77/2498	100%	100%	
E77/2239-I	100%	100%	2	E77/2546	100%	100%	
E77/2303	100%	100%	2	E77/2610	0%	100%	
P77/4290	100%	100%	2	P77/4534	0%	100%	
P77/4291	100%	100%	2				

Note:

- 1 HR Forrestania Pty Ltd (HRF) is a wholly owned subsidiary of Hannans Ltd. HRF is the registered holder of the tenements.
- 2 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: Fraser Range, Australia
E77/2579	E63/2016
Location: Moogie, Australia	E63/2020
E09/2373	E63/2021
E09/2374	E63/2022
	E63/2023
	E63/2024
	E63/2025
	E63/2026
	E69/3780
	E69/3781

RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Tenement number	Interest 3 rd Quarter 2019/2020		Note
	Start	End	
REED EXPLORATION PTY LTD			
Location: Forrestania, Australia			
E77/2545	100%	0%	