HANNANS LIMITED

ACN 099 862 129

NOTICE OF GENERAL MEETING

TIME:	10.00am (WST)
DATE:	Thursday, 15 September 2016
PLACE:	The Kings Park Room (Level 1) Quest West Perth 54 Kings Park Road West Perth WA, Australia

This Notice of Meeting, the Explanatory Statement and accompanying Independent Expert's Report (which considers the proposed transaction the subject of Resolution 2 to be NOT FAIR BUT REASONABLE to non-associated Shareholders) should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9324 3388.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10.00am (WST) on Thursday, 15 September 2016 at:

The Kings Park Room (Level 1)
Quest West Perth, 54 Kings Park Road, West Perth WA, Australia

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (WST) on Tuesday, 13 September 2016.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

DEFINED TERMS

Capitalised terms in this Notice of Meeting and Explanatory Statement are defined either in the "Glossary" Section or where the relevant term is first used.

RESPONSIBILITY

This Notice of Meeting and Explanatory Statement has been prepared by the Company under the direction and oversight of its Directors.

OTHER LEGAL REQUIREMENTS - PROSPECTUS

Under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 1 of the Notice of Meeting constitutes an "offer" to transfer Shares in Critical Metals Ltd to Shareholders pursuant to the In-specie Distribution under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and no relief was obtained, the Company has prepared a prospectus that contains information in relation to Critical Metals (Prospectus).

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting. The Prospectus also allows Shareholders to sell their Shares in Critical Metals within the first 12 months after receiving them without further disclosure.

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 1 other than as disclosed in this Notice of Meeting and Explanatory Statement, the accompanying Prospectus and information that the Company has previously disclosed to Shareholders.

PURPOSE OF THIS DOCUMENT

The main purposes of this document are to:

(a) set out all information which the Company considers relevant to a Shareholder's decision on how to vote on the Resolutions; and

(b) explain the terms of the proposed In-specie Distribution, and the manner in which the In-specie Distribution will be implemented (if approved), and to provide such information as is prescribed or otherwise material to the decision of Shareholders whether or not to approve Resolution 1 to give effect to the In-specie Distribution. This document includes a statement of all the information known to the Company that is material to Shareholders in deciding how to vote on Resolution 1, as required by Section 256C(4) of the Corporations Act.

ASIC AND ASX

A final copy of this Notice of Meeting and Explanatory Statement has been lodged with ASIC and ASX, together with a copy of the Prospectus that accompanies this Notice of Meeting. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

FORWARD LOOKING STATEMENTS

Some of the statements appearing in this document may be in the nature of forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward-looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company and Critical Metals such as (without limitation) the status of exploration and mining applications and licences, liquidity risk, risks associated with the exploration or developmental stage of projects, funding risks, operational risks, changes to government fiscal, monetary and regulatory policies, regulatory approvals, the impact of actions of governments, the potential difficulties in enforcing agreements, protecting assets and increases in costs of transportation and shipping of international operations, alterations to resource estimates and exploration targets and the imprecise nature of resource and reserve statements, any circumstances adversely affecting areas in Scandinavia in which Critical Metals holds an interest, fluctuations in the production, volume and price of commodities, any imposition of significant obligations under environmental regulations, fluctuations in exchange rates, the fluctuating industry and commodity cycles, the impact of inflation on operating and development costs, taxation, regulatory issue and changes in law and accounting policies, the adverse impact of wars, terrorism, political, economic or natural disasters, impact of changes to interest rates, loss of key personnel and delays in obtaining or inability to obtain any necessary government approvals, the ability to service debt and raise future debt or equity capital, any increased competition, insurance and occupational health and safety. For more information on the risk factors facing Critical Metals, please refer to Schedule 4.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected.

None of the Company, Critical Metals nor any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this document reflect views held only as at the date of this document.

NO FINANCIAL PRODUCT ADVICE

This document does not constitute financial product or investment advice nor a recommendation in respect of the Critical Metals Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act in respect of the matters described in this document, Shareholders should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Neither the Company nor Critical Metals is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of Critical Metals Shares under the In-specie Distribution (whether the regime is provided for by law or otherwise).

NO INTERNET SITE IS PART OF THIS DOCUMENT

No internet site is part of this Notice of Meeting and Explanatory Statement. The Company maintains an internet site (www.hannansreward.com). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

RECOMMENDATIONS

Your Directors unanimously recommend the approval of the proposed Resolutions and encourage Shareholders to vote IN FAVOUR OF all of the Resolutions in the Notice.

Specific matters which have been considered by the Directors in reaching their recommendations on each Resolution are set out in the Explanatory Statement for each Resolution (where applicable).

INDICATIVE TIMETABLE

General Meeting	Thu, 15 Sep 2016
ASX informed of Shareholder approval	Thu, 15 Sep 2016
Record Date for In-specie Distribution*	Tues, 20 Sep 2016
In-specie Distribution of Critical Metals Shares*#	Tues, 27 Sep 2016
Issue of Hannans Shares to Neometals#	Thurs, 29 Sep 2016
Issue of Securities to Related Parties#	Fri, 11 Nov 2016

* These dates are indicative only and may change without notice. Refer to Section 1.3 for further details.

Subject to Hannans Shareholder approval.

GLOSSARY

$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

BDO or **Independent Expert** means BDO Corporate Finance (WA) Pty Ltd.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependent of the member or the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(e) a company the member controls; or

(f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Hannans** means Hannans Limited (ACN 099 862 129).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Critical Metals means Critical Metals Limited (a company which will be a wholly owned subsidiary of the Company at the date of the Meeting)

Critical Metals Share means a fully paid ordinary share in the capital of Critical Metals.

Critical Metals Shareholders means a holder of a Critical Metals Share.

Directors means the current directors of the Company.

Directors' Equity Plan has the meaning given in Section 1.1 of the Explanatory Statement.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

In-specie Distribution has the meaning given in section 1.1 of the Explanatory Statement.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Record Date means the record date detailed in the indicative timetable for the Spin-out set out in page 6 of the Notice.

Related Party Options has the meaning given in Section 1.1 of the Explanatory Statement.

Related Party Securities has the meaning given in Section 5.2 of the Explanatory Statement.

Related Party Shares has the meaning given in Section 1.1 of the Explanatory Statement.

Resolutions means the resolutions set out in the Notice.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Spin-out means the proposal to demerge the Scandinavian Resources Assets via the In-specie Distribution as further described in Section 1.1 of the Explanatory Statement.

Scandinavian Resources means Scandinavian Resources Pty Ltd (ACN 132 035 842).

Scandinavian Assets means the Swedish projects owned by Critical Metals (via its subsidiaries) which are described in Schedule 1.

Transaction has the same meaning given to that term in Section 1.2 of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

"That, for the purposes of Section 256B and 256C of the Corporations Act and for all other purposes:

(a) *the capital of the Company be reduced, without cancelling any Shares, by an amount equal to the market value (as assessed by the Directors) of 99,987,442 Critical Metals Shares with effect as at 5.00pm (WST) on the Record Date; and*

(b) *the reduction be satisfied by the Company distributing and transferring the 99,987,442 Critical Metals Shares to the Shareholders of the Company registered on the Record Date on a pro rata basis, to be effected in accordance with the Constitution, the ASX Listing Rules and as otherwise determined by the Directors, with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a Critical Metals Shareholder and be bound by its constitution,*

on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

2. RESOLUTION 2 – APPROVAL OF ISSUE OF SECURITIES TO NEOMETALS LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to the passing of Resolution 1, for the purposes of Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to:

(a) *620,833,333 Shares to Neometals Limited in consideration of the acquisition of 100% of the issued share capital of Reed Exploration Pty Ltd; and*

(b) *31,250,000 Shares upon the exercise of up to 31,250,000 Options held by Neometals as at the date of this Notice,*

on the terms and conditions set out in the Explanatory Statement, the effect of which will increase Neometals Limited's voting power in the Company from 6.38% to a potential maximum of 43.33%."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Neometals Limited and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this resolution to the non-associated Shareholders in the Company. The Independent Expert's Report is enclosed with this Notice of Meeting.

3. RESOLUTION 3 – ADOPTION OF DIRECTORS' EQUITY PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, Shareholders approve the adoption of the Directors' Equity Plan, and for the issue of Shares under the Directors' Equity Plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:
  (i) a member of the Key Management Personnel; or
  (ii) a Closely Related Party of such a member; and
(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair; and
(d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – ISSUE OF SECURITIES TO DAMIAN HICKS IN LIEU OF FEES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of $141,474 to Damian Hicks (or his nominee) together with free attaching Options on the basis of one Option for each Share issued, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Directors' Equity Plan, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:
  (i) a member of the Key Management Personnel; or
  (ii) a Closely Related Party of such a member; and
(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair; and
(d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ISSUE OF SECURITIES TO MARKUS BACHMANN IN LIEU OF FEES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of $48,563 to Markus Bachmann (or his nominee) together with free attaching Options on the basis of one Option for each Share issued, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Directors' Equity Plan, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:
  (i) a member of the Key Management Personnel; or
  (ii) a Closely Related Party of such a member; and
(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair; and
(d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF SECURITIES TO OLOF FORSLUND IN LIEU OF FEES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of $58,275 to Olof Forslund (or his nominee) together with free attaching Options on the basis of one Option for each Share issued, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Directors' Equity Plan, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:
  (i) a member of the Key Management Personnel; or
  (ii) a Closely Related Party of such a member; and
(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair; and
(d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – ISSUE OF SECURITIES TO JONATHAN MURRAY IN LIEU OF FEES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of $58,275 to Jonathan Murray (or his nominee) together with free attaching Options on the basis of one Option for each Share issued, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Directors' Equity Plan, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:
  (i) a member of the Key Management Personnel; or
  (ii) a Closely Related Party of such a member; and
(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair; and
(d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 8 – ISSUE OF SECURITIES TO IAN GREGORY IN LIEU OF FEES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of $74,219 to Ian Gregory (or his nominee) together with free attaching Options on the basis of one Option for each Share issued, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 9 – FORGIVENESS OF LOAN TO RELATED PARTY

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of section 208 of the Corporations Act and for all other purposes, approval is given for the Company to forgive an outstanding loan amount of $168,985 made by the Company to Damian Hicks, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Damian Hicks and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:
  (i) a member of the Key Management Personnel; or
  (ii) a Closely Related Party of such a member; and
(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair; and
(d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 26 July 2016

By order of the Board

DAMIAN HICKS
MANAGING DIRECTOR

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND AND OVERVIEW OF TRANSACTION

1.1 Background on Hannans Limited

Hannans was founded in February 2002 in Torbay, Western Australia by Dr Ernest Dechow, William L Hicks and Damian Hicks. Hannans' initial focus was exploring for precious and base metals in Western Australia and the Company assembled a portfolio of greenfields exploration projects in the Yilgarn and Pilbara regions of Western Australia and listed on ASX on 5 December 2003.

Since inception, Hannans has conducted extensive greenfields exploration campaigns incorporating disciplined and rigorous approaches to geology, geophysics and geochemistry throughout Western Australia for nickel, gold, iron and manganese.

In 2012, Hannans acquired ASX listed Scandinavian Resources, including its subsidiary companies Scandinavian Resources AB and Kiruna Iron AB. The purpose of the acquisition was to gain access to a portfolio of potential development projects including the Kiruna Iron Project in northern Sweden and the Pahtohavare copper-gold project in Sweden along with a portfolio of greenfields exploration projects.

1.2 Acquisition of Reed Exploration Pty Ltd

On 2 March 2016 Hannans entered into a binding terms sheet with Neometals Limited (**Neometals**) (**Term Sheet**). Pursuant to the Terms Sheet, the Company has agreed to acquire 100% of Reed Exploration Pty Ltd (**Reed Exploration**), a wholly-owned subsidiary of Neometals, in consideration for which Hannans will issue 620,833,333 Shares (**Consideration Shares**) to Neometals (**Transaction**). The Company entered into a formal share sale agreement with Neometals on 10 August 2016 (**Acquisition Agreement**).

The Transaction is conditional upon the satisfaction of the following conditions precedent:

(a) the Company receiving all necessary shareholder and regulatory approvals;

(b) Neometals completing due diligence on the Company to its satisfaction;

(c) the Company completing due diligence on Reed Exploration to its satisfaction;

(d) the Company completing the In-Specie Distribution (defined below and the subject of Resolution 1); and

(e) the execution of all other substantive agreements referred to in the Term Sheet.

Reed Exploration currently owns 80% of the Lake Johnston and Queen Victoria Rocks Projects and 80% of the non-gold rights at the Forrestania Project. Hannans currently owns 20% of the Lake Johnson, Queen Victoria Rocks and Forrestania Projects.

Following completion of the Transaction, the Company will own 100% of the Lake Johnston and Queen Victoria Rocks Projects, 100% of the non-gold mineral rights at the Forrestania Project, and 20% of the gold rights (free carried) at the Forrestania Project. At completion of the Transaction, Reed Exploration will have a cash balance of $1 million (less the costs of Reed Exploration's upcoming nickel exploration drilling, which will be capped at $250,000).

The Acquisition Agreement contains other terms considered standard for an agreement of this nature including those in relation to termination, warranties and confidentiality.

On completion of the Transaction, the Company intends to focus on nickel and gold exploration in Western Australia.

In connection with the Transaction:

(a) the Company will undertake an in-specie distribution (the **In-Specie Distribution**) to its shareholders of 100% of the shares in the Company's wholly owned subsidiary, Critical Metals Ltd (**Critical Metals**) (the subject of Resolution 1);

(b) following the completion of the In-Specie Distribution, Neometals and Critical Metals will enter into a Knowledge and Technical Assistance Agreement whereby the companies will jointly interrogate opportunities that may create value for Critical Metals and Neometals;

(c) Neometals will have the right under the Knowledge and Technical Assistance Agreement to be issued Shares in Critical Metals which will increase its holding up to a minimum of 13.5% of the issued capital of Critical Metals. Based on the proposed capital structure of Critical Metals, this would result in Neometals being issued approximately 8.24 million Critical Metals Shares post the In-specie Distribution;

(d) Neometals will have the right (but not the obligation) to subscribe for at least 20% of future capital raisings undertaken by Critical Metals and will have a 30 day pre-emptive right to match any third party offer to acquire an interest in Critical Metals' lithium project;

(e) the Company's board will be reconstituted to comprise of two representatives of the Company and one representative of Neometals;

(f) the Company's exploration activities will be managed by experienced geoscientists including Amanda Scott (Hannans' Exploration Manager), Richard Stuart and Gordon Kelly;

(g) the Company's directors and company secretary will convert the majority of their respective outstanding fees and salary into equity in the Company (the subject of Resolutions 5 to 9); and

(h) the Company will transfer ownership of service provider Corporate Board Services Pty Ltd (ACN 147 830 742) (**CBS**) to Mindy Ku and thereafter enter into an arm's length services agreement covering provision of corporate administration and financial management services on normal commercial terms;

(i) the Company raised a total of $1.49 million via the issue of Shares to sophisticated investors (**Placement**) and pursuant to the share purchase plan announced on 11 April 2016 (**Share Purchase Plan**) (together, the **Capital Raising**); and

(j) Neometals has subscribed for a total of 63,750,000 Shares and 31,250,000 Options pursuant to the Capital Raising, comprising:

- Shares in the Placement to the value of $250,000 at an issue price of $0.004 per Share, together with one (1) free attaching Option for every two Shares issued exercisable at $0.004 expiring on the date that is two (2) years from the date of issue; and
- 1,250,000 Shares pursuant to the Share Purchase Plan.

1.3 About Neometals Limited

Neometals Ltd (ASX: NMT, OTC: RDRUY) is a Western Australian minerals project developer which listed on the ASX On 10 July 2002.

The current board of directors of Neometals are:

- Steven Cole – Chairman;
- Christopher Reed – Managing Director and Chief Executive Officer;
- David Reed – Non-Executive Director;
- Doug Ritchie – Non-Executive Director; and

- Natalia Streltsova – Non-Executive Director.

In addition to Neometals' interest in Reed Exploration, Neometals' main projects include:

Mount Marion Lithium Operation - High-grade lithium project located 35km south west of Kalgoorlie in JV with Mineral Resources Limited (ASX: MIN) and one of China's largest lithium producers Jiangxi Ganfeng Lithium Co., Ltd (NMT 13.8% | MIN 43.1% | Ganfeng 43.1%).

Lithium Hydroxide Project - The Lithium Hydroxide project is a joint venture between Neometals (70%) and Mineral Resources (30%) which aims to operate at the lowest quartile costs for lithium hydroxide (LiOH).

Neometals is planning to capitalise on growth in the energy storage market by commercialising its proprietary process for producing high purity LiOH. The process route shows potential to operate at lowest quartile costs for LiOH.

Barrambie Titanium Project - The Barrambie deposit is one of the world's highest grade hard rock titanium deposits. Neometals is currently investigating the potential to use a proprietary acid leach process to produce high purity TiO2, V2O5 and Fe2O3.

Further information on Neometals is set out in Section 6 of the Independent Expert's Report.

1.4 In-specie distribution of Critical Metals Limited

The Company proposes to transfer Scandinavian Resources to a newly incorporated company, Critical Metals Limited (**Critical Metals**), and to distribute 100% of the issued capital of Critical Metals to Shareholders pursuant to the In-Specie Distribution the subject of Resolution 1.

Scandinavian Resources (via its subsidiaries Scandinavian Resources AB and Kiruna Iron AB) holds the following rights and obligations:

- free carried interest in the Pahtohavare copper-gold project (under joint venture with Lovisagruvan AB);
- Kiruna and Lannavaara iron projects;
- lithium exploration prospects, including the historic Varuträsk lithium deposit;
- precious and base metals exploration portfolio; and
- rights and obligations in relation to the Avalon matter, further details of which are set out in Schedule 4.

As described above in Section 1.2, the Transaction is conditional upon the Company undertaking the In-specie Distribution. Refer to Section 2 below for more information.

1.5 Capital structure

The capital structure of the Company following completion of the Transaction is summarised below.

	Shares	Options
Current	999,874,422	73,545,833
Shares to be issued pursuant to Acquisition Agreement	620,833,333	Nil
Total	1,620,707,755	73,545,833

Note 1 – subject to the passing of Resolutions 3 – 8, the Company proposes to issue Shares and Options to the Directors and Company Secretary in lieu of outstanding fees. Please refer to Sections 4, 5 and 1 of this Explanatory Statement for further details.

2. RESOLUTION 1 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION

2.1 Overview of the Spin-out

As described in Sections 1.2 and 1.4 above, the Company is proposing, subject to Shareholder approval, to demerge the Scandinavian Assets via its subsidiary company Critical Metals (**Spin-out**).

The Company's purpose of undertaking the Spin-out is to satisfy a condition precedent to the Transaction with Neometals and thereafter to achieve the following commercial objectives:

- to enable Hannans' management to focus on opportunities in Western Australia only in accordance with its updated strategy;
- to allow Hannans' management to concentrate on advancing its West Australian gold and nickel portfolio in particular its Forrestania Project (**Flagship Project**);
- to ensure Hannans' capital is allocated to exploration activities in Western Australia only thereby ensuring the most efficient expenditure of capital;
- to ensure Hannans' risk profile is reduced by operating in a jurisdiction in which the majority of the Company's directors, management, advisors and consultants are based;
- to create a separate entity with its own board and management team to focus on the future development of the Scandinavian Assets; and
- to provide separate funding channels for Critical Metals and the Scandinavian Assets and to make it easier to raise equity to fund the Scandinavian Assets.

The Spin-out is also considered to be an opportunity for Shareholders to realise maximum value from the Scandinavian Assets as it will allow the Company to divest these assets which it considers non-core to its future strategic objectives and incubate them in a dedicated company, Critical Metals, whilst focusing on its Flagship Project.

Subject to Shareholder approval of Resolution 1 and completion of the Transaction, it is intended that Critical Metals will have a minimum of $250,000 in clear funds and no debts which the Company expects will be sufficient to cover its administration expenditure obligations for twelve months following completion of the Spin-out. It is intended that the management team of Critical Metals will, upon completion of the in-specie distribution commence a process to examine its future funding options.

Provided approval is obtained from Shareholders at the Meeting for the Transaction and related matters, it is intended that the Spin-out will occur by Hannans distributing and transferring 100% of the shares in Critical Metals (**Critical Metals Shares**) in-specie to Hannans' Shareholders on a pro-rata basis (**In-specie Distribution**). See section 2.3 below for further details.

The In-specie Distribution will be effected by an equal reduction of Hannans' capital on a pro rata basis. Hannans' Shareholders will receive an in-specie return of capital by way of the distribution of Critical Metals Shares in proportion to the number of Hannans Shares held by them at the Record Date. Hannans Shareholders will thereby retain direct ownership of Hannans and will also receive direct ownership of Critical Metals. Structure diagrams of the proposed arrangements immediately before and after the de-merger are set out on the next page.

As well as the commercial objectives outlined above, it is expected the Spin-out will also:

(a) give Hannans and Critical Metals a better alignment of the management teams of both companies to achieve 100% focus on their respective projects;

(b) assist Hannans to unlock value for Hannans Shareholders, which the Board considers is not currently reflected in the Hannans Share price;

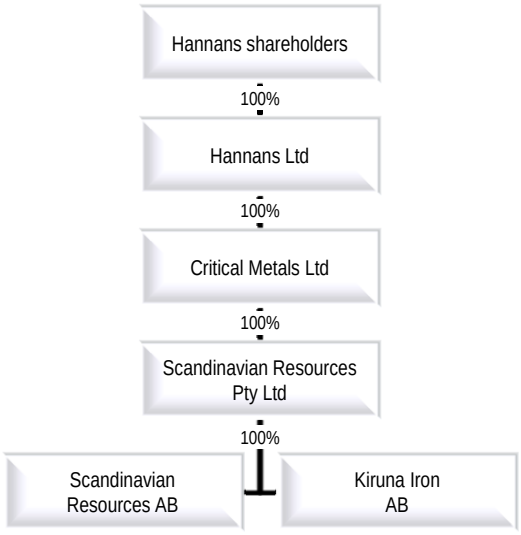
(c) reduce the diversity of Hannans' assets;

(d) increase the visibility and transparency of the Scandinavian Assets to Shareholders; and

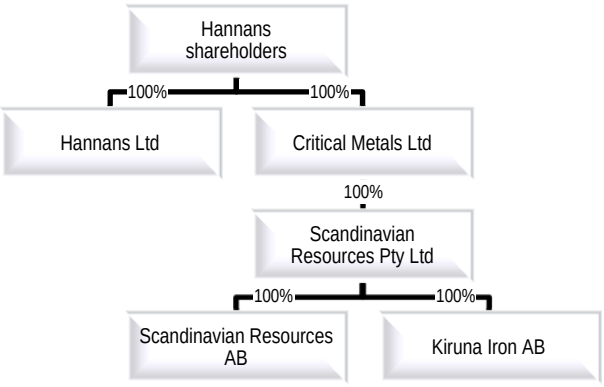
(e) provide Hannans' Shareholders with the opportunity to participate in the exploration upside of the Scandinavian Assets whilst also maintaining their investment exposure to the Flagship Project.

In the event Resolution 1 is passed and the Company completes the Spin-out, the corporate structure of Hannans and Critical Metals change as illustrated below:

STRUCTURE AS AT THE DATE OF THE MEETING



STRUCTURE FOLLOWING IN-SPECIE DISTRIBUTION



2.2 Realisation of the Spin-out

Subject to Shareholder approval, the Company proposes to achieve the realisation of shareholder value via the In-specie Distribution as described in Section 2.1 above. The Company believes that the Spin-out will allow Critical Metals the best opportunity to raise the funds required to advance exploration activities on the Scandinavian Assets, assess any further mining or advanced exploration asset acquisitions and fund its ongoing operational expenditure.

This is the Company's preferred course of action as the Board feels it will be the best means of realising the true value of the Scandinavian Assets, along with being the most suitable method of raising capital. This course of action will be entirely dependent upon the stability of the global economic environment in the short to medium term.

Critical Metals will initially operate as an unlisted public company and will initially be funded by existing minimum cash reserves of $250,000.

Critical Metals will then examine its funding options (which may include, on a without limitation basis, a listing on ASX at an appropriate time subject to the prevailing global economic conditions being sufficiently receptive). The Company notes and confirms, however, that there is no guarantee that Critical Metals will seek a listing on the ASX or any other securities exchange. The Critical Metals Board will seek to advance the Scandinavian Assets in the manner in which it considers to be in the best interests of Hannans and Critical Metals Shareholders at the relevant time and based on its ability to fund those intentions.

In the short term, Hannans is focused on advancing its Flagship Project and Critical Metals would be focused on exploration activities at the Scandinavian Assets.

Over the medium term, Critical Metals would be focused on delivering value to its shareholders through the continued exploration and development of the Scandinavian Assets and any additional assets that may be acquired at a future point in time.

2.3 Capital Reduction – General

Hannans seeks Shareholder approval under Resolution 1 to enable Hannans to reduce its capital by the distribution of specific assets to Shareholders, being 99,987,442 Critical Metals Shares.

The Corporations Act and the ASX Listing Rules set out the procedure and timing for a capital reduction. Refer to page 6 of this Notice for an indicative timetable in respect of the Spin-out.

The alteration to the Company's capital and the In-specie Distribution will become effective from the Record Date.

If the capital reduction proceeds, Shareholders will receive a pro rata entitlement to the 99,987,442 Critical Metals Shares and each Shareholder's name will be entered on the register of members of Critical Metals with each Hannans Shareholder having deemed to have consented to becoming a Critical Metals shareholder and being bound by its constitution.

A Hannans Shareholder's entitlement to Critical Metals Shares to be distributed is to be based on the number of Hannans Shares held at the Record Date.

Due to the outstanding Options on issue in Hannans and also because of the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice how many Hannans Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be.

Other than as shareholders of Hannans or as otherwise set out in this Explanatory Statement, none of the Directors have any interest in Resolution 1.

2.4 Pro forma financial position of Hannans and Critical Metals upon completion of the Spin-out

Set out in Schedule 2 is the statement of financial position of the Company as at 31 December 2015 together with the pro forma statement of financial position of the Company following completion of the Spin-out.

A pro forma statement of financial position for Critical Metals reflecting the proposed balance sheet of Critical Metals following completion of the Spin-out is set out in Schedule 3.

2.5 Advantages and Disadvantages of the Spin-out (assuming completion of the Spin-out and In-specie Distribution):

(a) Advantages

- The Spin-out is a condition precedent to the acquisition of Reed Exploration. Completion of the Spin-out will enable the Company to complete the Acquisition (subject to the terms of the Acquisition Agreement) which the Company expects will increase Shareholder value.
- All Shareholders will acquire a direct interest in the Scandinavian Assets through their individual pro-rata shareholdings in Critical Metals and will retain their current ownership interest in the capital of Hannans.

- Two companies primarily dedicated to exploring and developing assets in their respective jurisdictions may be able to extract additional value from them.
- The Company expects that the Spin-out will allow for an improved focus on the advancement of the Scandinavian Assets and enable a more transparent market value to be placed on the Scandinavian Assets, whilst the Company continues to develop its Flagship Projects.
- The Spin-out from Hannans will mean that both Hannans and Critical Metals will have a primary focus that will not be affected by events or occurrences relating to other projects.
- Future capital raising should be more achievable by each individual entity as the focus of the funding will be on either specifically, Hannans' remaining assets or the Scandinavian Assets held by Critical Metals.

(b) Disadvantages

- Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Critical Metals (e.g. brokerage costs).
- There may be a taxation consequence in respect of the distribution of the Critical Metals Shares to the Shareholders. Details of the possible general taxation effect of the transaction are set out in Section 2.20 of this Explanatory Statement.
- The costs relating to Critical Metals (some of which will initially be incurred by Hannans) will include, but are not limited to:
  (i) ongoing administrative and office expenses required for the day to day running of Critical Metals;
  (ii) legal fees incurred in the preparation of documentation giving effect to the Spin-out; and
  (iii) tax advice obtained in relation to taxation consequences of the Spin-out.

(c) There are a number of potential disadvantages arising from Critical Metals seeking further funding. These include, but are not limited to:
  (i) dilution of Critical Metals Shareholders' shareholdings via an equity raising; and
  (ii) potential change in control via a private equity raising or joint venture arrangement.

  However, as set out above in Section 1.1, Critical Metals has funding sufficient to cover its proposed administrative expenditure requirements for 12 months following completion of the Spin-out.

(d) Hannans, as a company whose Shares are quoted on ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Following realisation of the Spin-out and for so long as Critical Metals is sole funded and remains an unlisted entity, Critical Metals will not be obliged to provide the same level of disclosure to its shareholders in relation to its activities as Hannans is currently obliged to provide in respect of Critical Metals as its wholly owned subsidiary. Further, while Critical Metals remains an unlisted entity, shareholders of Critical Metals will not be afforded the shareholder protections provided by the ASX Listing Rules.

Assuming completion of the Spin-out, there will be two separate companies that will need to be funded and will incur costs rather than one company as is the case at present. This will lead to a duplication of costs to Shareholders in some instances (e.g. directors fees).

Unless and until Critical Metals becomes listed on a recognised securities exchange, the Critical Metals Shares will not have a liquid market and may be difficult to sell. There can be no assurance that Critical Metals will be listed on a recognised securities exchange or trade at a desired price.

As a result of the return of capital, Hannans will forego a sizeable percentage of the premium it might have received from a person seeking to acquire a controlling stake in Critical Metals and its Scandinavian Assets.

2.6 Failure to achieve completion of the Spin-out

Completion of the Spin-out is a condition precedent to the Acquisition. Accordingly, if the Spin-out is not completed, the Acquisition will not proceed unless this condition is waived by both Hannans and Neometals.

2.7 Background of the Scandinavian Assets

The Scandinavian Assets are situated in Sweden and comprise the following projects:

- Pahtohavare Copper-Gold Project;
- Kiruna Iron Project;
- Lannavaara Iron Project; and
- Skellefteå Lithium Permits.

A summary of these projects is set out in Schedule 1.

Further information regarding the Scandinavian Assets is set out in the Independent Expert Report.

2.8 Critical Metals Structure and Board

Critical Metals will be incorporated prior to the date of the Meeting. The Board of Critical Metals will comprise the following:

Mr Damian Hicks

Mr Hicks holds a Bachelor of Commerce (Accounting and Finance) from the University of Western Australia, is admitted as a Barrister and Solicitor of the Supreme Court of Western Australia, holds a Graduate Diploma in Applied Finance & Investment from FINSIA, a Graduate Diploma in Company Secretarial Practice from Chartered Secretaries Australia and is a Graduate of the Australian Institute of Company Directors.

Mr Markus Bachmann

Mr Bachmann graduated with Honours ("cum laude") from the University of Berne, Switzerland and began his corporate finance career in 1993.

In 2001, Mr Bachmann was Senior Portfolio Manager with Coronation Fund Managers in Cape Town when it was awarded the Standard & Poor's Award for Manager of the Best Performing Large Cap Equity Unit Trust in South Africa.

In 2003, Mr Bachmann was founding partner of Craton Capital (cratoncapital.com) and is the Chief Executive Officer. Craton Capital was awarded Fund Manager of the Year at the Mining Journal's "Outstanding Achievement Awards" announced in London during December 2010 for the Craton Capital Precious Metal Fund. The award is the most prestigious fund award in the mining industry. Mr. Bachmann brings an extensive network of contacts in Europe and Africa to the Board.

Mindy Ku

Mrs Ku, a member of CPA Australia, holds a Bachelor of Science in Computing from the University of Greenwich and has a diverse experience with more than 10 years' management, compliance and financial reporting experience, both in Australia and internationally. She works with ASX listed companies, public unlisted companies and private companies across multiple environments.

It is anticipated that further executive appointments may be made in the medium term.

2.9 Disclosure to ASX

Hannans, as an entity with Shares quoted on the Official List of the ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to Hannans may be obtained for a fee from, or inspected at, an office of the ASIC or can be accessed at the Company's ASX announcements platform.

2.10 Risk Factors

On successful completion of the Spin-out, Hannans' Shareholders will become shareholders in Critical Metals and should be aware of the general and specific risk factors which may affect Critical Metals and the value of its securities. These risk factors are set out in Schedule 4.

2.11 Effect of Proposed Capital Reduction on the Company

A pro-forma statement of financial position of Hannans is contained in Schedule 2 which shows the financial impact of the capital reduction and the Spin-out on the Company. Furthermore, the Company, being an ASX listed entity, is subject to the continuous disclosure requirements set out in Chapter 3 of the ASX Listing Rules. As such, the Company is required to lodge quarterly accounts detailing the Company's current financial position. Any use of funds by the Company will be detailed in these quarterly reports and any significant transactions will be disclosed to Shareholders.

2.12 Effect of Proposed Capital Reduction on Shareholders in Hannans

What will you receive?

If the Spin-out is implemented, eligible Shareholders will receive an in-specie return of capital by way of the distribution of Critical Metals Shares in proportion to the number of Hannans Shares held by them at the Record Date.

Shareholders are not required to contribute any payment for the Critical Metals Shares which they are entitled to receive under the Spin-out.

What is the impact on your shareholding in Hannans?

The number of Shares that you hold in Hannans will not change as a result of the Spin-out.

If the Spin-out is implemented, the value of your Shares in Hannans may be less than the value of the Hannans Shares held prior to the Spin-out being implemented. The size of any decrease cannot be predicted and will be dependent on the value ascribed to the Scandinavian Assets by an efficient securities exchange.

Do you have to do anything to receive your Critical Metals Shares?

If the Spin-out proceeds, you will automatically receive the Critical Metals Shares you are entitled to receive (unless you are an ineligible overseas Shareholder, in which case you will receive the proceeds–refer to Section 2.17(b) for further details), even if you vote against the Spin-out, or do not vote at all.

Will I be able to trade my Critical Metals Shares?

If the Spin-out is approved by Shareholders and is implemented, a holder of Critical Metals Shares will be able to sell their Critical Metals Shares in the future.

However, there may be a limited liquid market for the Critical Metals Shares until these Shares are listed on a recognised securities exchange. Please refer to Schedule 4 for further details on this risk.

What are the taxation implications of the Spin-out?

A general guide to the taxation implications of the Spin-out is set out in Section 2.20 of this Explanatory Statement. The description is expressed in terms of the Spin-out and is not intended to provide taxation advice in respect of particular circumstances of any Shareholder. Shareholders should obtain professional advice as to the taxation consequences of the Spin-out in their specific circumstances.

What will happen if Resolution 1 is not approved?

In the event that Shareholder approval of Resolution 1 is not obtained, the Spin-out will not proceed and the distribution of Critical Metals Shares to Hannans Shareholders will not occur.

As the completion of the Spin Out is a condition precedent to the Transaction, if Resolution 1 is not passed, the Transaction will not proceed unless the corresponding condition precedent is waived by Neometals and Hannans.

2.13 Additional important information for Hannans Shareholders

(a) The capital structure of Hannans as at the date of this Notice is:

Number of Shares	999,874,422
Number of Unquoted Options	• 12,016,668 unlisted Options exercisable at 0.8 cents on or before 20 November 2017 • 7,850,001 unlisted Options exercisable at 0.5 cents on or before 20 November 2018 • 12,016,664 unlisted Options exercisable on or before 20 November 2019 with the exercise price calculated from the VWAP for the 10 trading days after 20 November 2016, plus a premium of 50% • 31,250,000 unlisted Options exercisable at 0.4 cents on or before 10 March 2018 • 10,412,500 unlisted Options exercisable at 0.4 cents on or before 3 June 2018

(b) The proposed capital structure of Critical Metals will be:

Securities to be distributed pursuant to the In-Specie Distribution	
Number of Critical Metals Fully Paid Ordinary Shares	99,987,442
Number of Critical Metals Options	Nil

(c) the Record Date will be 20 September 2016;

(d) 99,987,442 Critical Metals Shares will be distributed on a pro-rata basis to all holders of ordinary shares in the capital of the Company on the Record Date (Return Shares) based on the number of Hannans Shares held by such holders at the Record Date. Due to the outstanding Options on issue in Hannans and also because of the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice how many Hannans Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be. At the date of this Notice, there are 999,874,422 Shares on issue in the Company. Assuming this same number of Shares was on issue at the Record Date, the formula for the In-specie Distribution would be approximately 1 Critical Metals Share for every 10 Hannans Shares held. Any fractions of entitlement will be rounded down to the next whole number;

(e) the return of capital will be effected by a pro-rata distribution of the Return Shares in-specie proportionately to all of the Company's Shareholders:

(i) registered as such as at 5.00pm (WST) on the Record Date; or

(ii) entitled to be registered as a Shareholder in the Company by virtue of a transfer of Shares executed before 5.00pm (WST) on the Record Date and lodged with the Company at that time.

2.14 Information concerning Hannans Shares

The rights attaching to the Shares in Hannans will not alter.

For the information of Shareholders, the highest and lowest recorded sale prices of the Company's Shares as traded on ASX during the 12 months immediately preceding the date of this Explanatory Statement, and the respective dates of those sales were:

Date	Highest Price	Date	Lowest Price
19/07/2016	$0.031	23/12/2015 to 16/02/2016	$0.002

The latest available closing price of the Hannans Shares on ASX prior to the date of this Notice was $0.024 on 25/07/2016.

2.15 Section 256C of the Corporations Act

The proposed reduction of capital by way of an in-specie distribution to Shareholders is an equal capital reduction.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if it:

(a) is fair and reasonable to Shareholders as a whole;

(b) does not materially prejudice the Company's ability to pay its creditors; and

(c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

The Directors believe that the Spin-out is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. This is because each Hannans Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Hannans Shareholder. The In-specie Distribution is on a pro rata basis, and the proportionate ownership interest of each Hannans Shareholder remains the same before and after the Spin-out.

The Directors note that the conclusion of the of the Independent Expert that the Transaction is not fair but reasonable relates to the Company's proposed acquisition of Reed Exploration pursuant to Resolution 2. Whilst the Spin-out is a condition precedent to the Company completing the acquisition of Reed Exploration, the Independent Expert makes no comment (and is not required to comment) on whether the Spin-out is fair and reasonable to Shareholders.

In accordance with the Corporations Act:

(a) the proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Hannans' Shareholders;

(b) this Explanatory Statement and accompanying Prospectus and previous ASX announcements set out all information known to Hannans that is material to the decision on how to vote on Resolution 1; and

(c) Hannans has lodged with ASIC a copy of this Notice of Meeting and accompanying Prospectus.

2.16 ASX Listing Rule 7.17

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The Spin-out satisfies the requirements of ASX Listing Rule 7.17 because the issue of Critical Metals Shares is being made to Hannans Shareholders on a pro rata basis, and there is no restriction on the number of Hannans Shares a Shareholder must hold before the entitlement to the Critical Metals Shares accrues.

2.17 Effect of Shareholder approval

(a) General

If Resolution 1 is approved, Hannans Shareholders (as at the Record Date) will receive a pro rata beneficial entitlement to Critical Metals Shares based on the number of Hannans Shares held at the Record Date. The reduction in Hannans' capital and the transfer and distribution of Critical Metals Shares will become effective from the Record Date (provided that the Company has not provided a notice to ASX stating that it does not intend to proceed with the reduction of capital contemplated by

Resolution 1). Any fractions of entitlement will be rounded down to the next whole number. Shares in Critical Metals are to be held subject to its constitution which is in standard form.

The actual dollar value of the proposed return of capital will be an amount equal to the value of the Critical Metals Shares transferred and distributed to be assessed by the Directors. Based on the expected balance sheet of Critical Metals at the date of the In-specie Distribution, Critical Metals is likely to have a book value in the order of $387,306.

The Board considers the proposed reduction of capital will have no material effect on the interests of Hannans Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the reduction set out in Section 2.5 above.

(b) Overseas Hannans Shareholders

The In-specie Distribution of the Critical Metals Shares to overseas Hannans Shareholders under the reduction of capital will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a Hannans Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on Hannans an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on Hannans an undue burden, the Critical Metals Shares to which the relevant Hannans Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by Hannans on their behalf, in order that Hannans will pay the relevant Shareholder a cash equivalent amount, or otherwise Hannans will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If Hannans elects to sell the Critical Metals Shares on a relevant Hannans Shareholder's behalf, Hannans will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the In-specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each Hannans Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

(c) Effect of In-specie Distribution on existing Options

In accordance with the terms of issue of each of the existing Options in Hannans outstanding as at the date Resolution 1 is passed and in accordance with ASX Listing Rule 7.22.3, the exercise price of each such outstanding Option in Hannans will be automatically reduced by the same amount as the amount returned in relation to each Hannans Share. There will be no early lapsing of any existing Hannans Options for any Hannans employee or director who holds such Options and who becomes employed by Critical Metals in lieu of Hannans.

2.18 Information on Critical Metals

In the period following Shareholder approval of the In-specie Distribution, Critical Metals will examine its funding options (which may include a separate listing on the ASX at an appropriate time). Critical Metals will keep its shareholders updated of this process.

The intention of Critical Metals will be to further explore the Scandinavian Assets for a resource that demonstrates the ability to be developed into an early production opportunity. Critical Metals will also assess other complementary opportunities that align with this development objective.

Critical Metals presently has no business operations other than by virtue of the proposed holding and proposed exploration of the Scandinavian Assets.

2.19 Information concerning Critical Metals Shares

Critical Metals Shares are not currently listed for quotation on any stock exchange.

A summary of the more significant rights that will attach to Critical Metals Shares is set out below. This summary is not

exhaustive and does not constitute a definitive statement of the rights and liabilities of the Critical Metals Shareholders. Full details of the rights attaching to the Critical Metals Shares are set out in Critical Metals' constitution, a copy of which is available on request following incorporation.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(d) Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(e) Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

2.20 Taxation

The following comments are based on the application of Australian taxation laws in force at the date of this Explanatory Statement.

Each Hannans Shareholder should seek and rely on their own professional taxation advice, specific to their particular circumstances, in relation to the taxation consequences of the Capital Reduction. Neither Hannans, nor any of its officers or advisers, accepts liability or responsibility with respect to such consequences or the reliance by any Hannans Shareholder on any part of the following summary or the comments.

There are taxation consequences in respect of the distribution of the Critical Metals Shares to Eligible Hannans Shareholders. Details of the general taxation effect of the Capital Reduction for Australian resident Eligible Hannans Shareholders are detailed below.

(i) tax implications to Eligible Hannans Shareholders regarding the receipt of future dividends and distributions from Critical Metals; and

(ii) tax implications of subsequent disposal by Eligible Hannans Shareholders of the Critical Metals Shares.

As taxation consequences vary depending on the individual circumstances of each Eligible Hannans Shareholder, the Hannans Directors recommend that each Eligible Hannans Shareholder obtains professional advice in relation to the taxation consequences of the Capital Reduction for the Eligible Hannans Shareholder, including the applicability and effect of local and foreign income and other tax laws in their particular circumstances.

The following comments are not tax advice and are intended as only a general guide to the Australian income tax implications discussed in this section, and not other Australian or foreign taxes or issues. They should not be a substitute for advice from an appropriate professional adviser and all Eligible Hannans Shareholders are strongly advised to obtain their own professional advice on the tax implications based on their own specific circumstances.

The comments summarise certain limited aspects of the Australian income tax consequences of the Capital Reduction from the perspective of individual and corporate Australian tax resident Eligible Hannans Shareholders who hold their Hannans Shares on capital account.

The comments are based on the law and practice of the tax authorities in Australia as at the date of this document. These are subject to change periodically as is their interpretation by the courts.

These comments do not apply to:

(a) Eligible Hannans Shareholders who hold their Hannans Shares as trading stock, under an employee share plan, as a financial arrangement, as revenue assets or otherwise on revenue account; and

(b) Eligible Hannans Shareholders who are not individual or corporate Shareholders.

The Company will be applying for a Class Ruling in relation to the Demerger Relief pursuant to the 1997 Act and the application of the integrity rule in section 45B of the Income Tax Assessment Act 1936 (Cth). The Company will release the result to the applicability of Demerger Relief in terms of Division 125 of the 1997 Act to Shareholders once it is made available

The Australian tax consequences pertaining to Shares in Hannans and associated with the return of capital (and the restructure in general), may in general terms be summarised as follows:

(a) the restructure may qualify for concessional tax treatment under the demerger provisions of Division 125 of the Income Tax Assessment Act 1997. In broad terms these provisions allow a roll-over when a capital gains tax ("CGT") event happens to original interests in a company

under a demerger and new or replacement interests are received in the demerged entity. Any capital gain or loss made from the CGT event happening to original interests is deferred. It should be noted that if the restructure qualifies for demerger roll-over relief and you do not choose the roll-over, normal CGT consequences will apply;

(b) if the restructure qualifies for demerger roll-over relief and you choose the roll-over, then the cost base and the reduced cost base of your Shares in Hannans and your new Shares in Critical Metals will be apportioned in accordance with the Directors assessment of value. If the restructure qualifies for demerger roll-over relief and you do not choose the roll-over, then the cost base and reduced cost base of your Shares in Hannans and your new Shares in Critical Metals will be worked out in the same way as if you had chosen the roll-over;

(c) the return of capital is to be made from Hannans share capital account. Accordingly, the return of capital should not be considered to be an assessable dividend. However, in some instances, a return of capital in the context of a demerger, may constitute a deemed unfranked dividend if the Commissioner of Taxation forms the opinion that Sections 45B and 45BA of the Income Tax Assessment Act 1936 (the Capital Streaming Rules) should apply to the transaction. Broadly, the Capital Streaming Rules will apply where shareholders are being provided capital benefits in substitution for dividends. The Capital Streaming Rules will apply if:

(i) there is a scheme under which a person is provided with a demerger benefit or capital benefit by the company;

(ii) under the scheme a taxpayer, who may or may not be the person provided with the demerger benefit or capital benefit, obtains a tax benefit; and

(iii) having regard to the relevant circumstances of the scheme, it would be concluded that the person, or one of the persons, who entered into or carried out the scheme or any part of the scheme did so for a purpose (whether or not the dominant purpose but not including an incidental purpose) of enabling a taxpayer to obtain a tax benefit

(d) should the CGT provisions apply to the return of capital, that is, the distribution does not qualify for roll-over relief, the broad CGT consequences are as follows:

(i) the consideration received on the return of capital will be treated as a reduction in the cost base or reduced cost base of your Shares in Hannans and, in the event that the value of the Critical Metals Shares exceeds the cost base of your Shares in Hannans, an assessable capital gain will arise;

(ii) where a taxable capital arises, the amount required to be included in your assessable income will be calculated on the following basis:

(A) where you held your Hannans Shares for less than twelve months, or you are a company, the full amount by which the value of the Critical Metals Shares exceeds your cost base of Shares in Hannans will be a capital gain; and

(B) where you held your Hannans Shares for more than twelve months and you are an individual, trust or superannuation fund you may be able to apply a discount to your capital gain. Individuals and trusts are able to apply a 50% discount to the capital gain, superannuation funds are able to apply a one third discount to the capital gain. It should be noted that corporate entities are not able to apply any discount to the capital gain.

(e) if you are a non-resident of Australia for taxation purposes you will not be eligible for demerger roll-over relief. Non-resident Shareholders will not be subject to capital gains tax unless either:

(i) the Shares in Hannans are held in connection with a business carried on by the Shareholders of Hannans through a permanent establishment in Australia; or

(ii) both of the following conditions are satisfied:

(A) the non-resident Company Shareholder together with their associates hold at least 10% of the Shares in Hannans either at the time of the in-specie distribution or for at least 12 months during the 24 months before the distribution; and

(B) at the time of the distribution, at least 50% or more of the market value of Hannans assets is attributable to taxable Australian real property. Taxable Australian real property broadly includes mining, quarrying or prospecting rights where the minerals, petroleum of quarry minerals are situated in Australia.

(f) non-resident Shareholders are advised to seek their own specific advice in this area;

(g) the taxation consequences to Hannans Shareholders (resident and non-resident) who may hold Shares in Hannans on revenue account or through a company or superannuation fund will depend on their specific circumstances and, accordingly, Shareholders such as banks, insurance companies, share traders and professional investors should seek their own specific advice;

(h) the in-specie distribution by Hannans of the Critical Metals Shares is an Input Taxed Supply as defined in Subdivision 40-A of the A New Tax System (Goods and Services Tax) Act 1999 (the GST Act). Alternatively, it is not a supply made in the course or furtherance of an enterprise that Hannans carries on;

(i) notwithstanding the alternative, the in-specie distribution will not be a taxable supply as defined in Subdivision 9-A of the GST Act and therefore there is no GST liability in respect of that distribution for Hannans; and

(j) for the Shareholders of Hannans in receipt of the distribution, it cannot be a creditable acquisition as defined in Division 11 of the GST Act. Therefore, they cannot claim an input tax credit (GST refund) in respect of the distribution.

2.21 Director's Interests

The table below sets out the number of securities in Hannans held by the Directors at the date of the Meeting and also the number of Critical Metals Shares they are likely to have an interest in if Resolution 1 is passed and implemented:

Director	Hannans Shares held as at the date of this Notice[1]	Maximum Number of Hannans Shares to be issued in lieu of fees[1]	Hannans Options held as at the date of this Notice[2]	Maximum Number of Hannans Options to be issued in lieu of fees[1]	Approximate Number of Critical Metals Shares each Director will receive[2]
Damian Hicks	6,000,001	35,368,500	Nil	35,368,500	600,000
Jonathan Murray	5,249,129	14,568,750	1,500,000	14,568,750	524,913
Markus Bachmann	58,582,353	12,140,625	1,500,000	12,140,625	5,858,235
Olof Forslund	Nil	14,568,750	1,500,000	14,568,750	Nil

[1] The Company proposes to issue Shares and Options to the Directors in lieu of outstanding fees pursuant to Resolutions 4 – 7. This table highlights the maximum number of shares that can be issued. The actual number of Shares to be issued will depend on the trading price of Hannans Shares following the meeting. Please refer to the Explanatory Memorandum for Resolutions 4 - 7 for further information. Note that the issue of Shares to the Directors will be completed after the Record Date for the In-specie Distribution and therefore the new Shares will not increase the Directors' holding in Critical Metals.

[2] Critical Metals Shares will be distributed to Shareholders approximately on the basis of one Critical Metals Share for every ten Hannans Shares held at the Record Date. This ratio may be affected to the extent any Options are exercised prior to the Record Date.

2.22 Directors' Recommendations

Your Directors unanimously recommend the approval of the Resolution 1 and encourage Shareholders to vote IN FAVOUR OF the Resolution 1.

In forming their unanimous recommendation in respect of Resolution 1, the Directors have carefully considered the following matters:

(a) Completion of the Spin-out is a condition precedent to the Transaction with Neometals.

(b) Shareholders will continue to retain an interest in the current percentage ownership interest in the capital of Hannans.

(c) The Spin-out should allow for a better focus on the advancement of the Scandinavian Assets and should enable a more transparent market value to be placed on the Scandinavian Assets, whilst Hannans continues to develop its West Australian gold and nickel projects.

(d) Future capital raising should be more achievable by each individual entity.

The Directors have also considered the following potential disadvantages:

(a) Shareholders may incur additional transaction costs.

(b) There may be taxation implications in respect of the distribution of the Critical Metals Shares to the Shareholders.

(c) There will be costs associated with Critical Metals, for example, ongoing administrative costs and costs associated with future capital raisings by Critical Metals.

Having regard to each of the above matters, the Directors consider that, on balance, the In-specie Distribution of Critical Metals Shares to Shareholders is in the best interests of Shareholders as the Directors believe that the Company will be able to provide greater value to the Shareholders through the Spin-off. In this regard, the Directors believe that Shareholders will be able to directly participate in the potential upside of the Scandinavian Assets which may not be realised without the Spin-off.

2.23 Taxation implications for the Company

The transfer of shares in Critical Metals from Hannans to the Hannans Shareholders in respect of the share capital reduction is not expected to have any CGT implications for Hannans where Demerger Relief is available.

2.24 Lodgement with the ASIC

The Company has lodged with the ASIC a copy of this Notice and Explanatory Statement in accordance with Section 256C(5) of the Corporations Act. The ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

If Resolution 1 is passed, the reduction of capital is required to take effect in accordance with a timetable approved by ASX. Please refer to page 3 at the front of this Notice for the proposed indicative timetable for completion of the Spin-out, which is subject to change by the Company and any requirements of the ASX Listing Rules and the Corporations Act.

2.25 Other Material Information

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 1 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in the Company) other than as disclosed in this Explanatory Statement and all relevant Schedules.

3. RESOLUTION 2 – APPROVAL OF ISSUE OF SECURITIES TO NEOMETALS LIMITED

3.1 General

Resolution 2 seeks Shareholder approval for the purpose of Item 7 of Section 611 of the Corporations Act to allow the Company to issue:

(a) 620,833,333 Shares (**Consideration Shares**) to Neometals in consideration of the acquisition of 100% of the issued shares in Reed Exploration Pty Ltd pursuant to the terms of the Acquisition Agreement; and

(b) up to 31,250,000 Shares to Neometals upon the exercise of all or part of the 31,250,000 Options held by Neometals as at the date of this Notice.

The issue of the Consideration Shares, when aggregated with the existing Shares held by Neometals, will result in Neometals voting power in the Company increasing from 6.38% up to a potential maximum of 42.24%.

If Neometals decided to exercise all of its 31,250,000 Options, its voting power would further increase up to a potential maximum of 43.33%.

The Corporations Act prohibits a person acquiring a relevant interest in a listed company which increases that person's (and his associate's) voting power in the company from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. Item 7 of Section 611 of the Corporations Act provides an exception to the general prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Accordingly, Resolution 2 seeks Shareholder approval for the purpose of Section 611 Item 7 and all other purposes to enable the Company to issue the Consideration Shares to Neometals, and to enable Neometals to exercise up to 31,250,000 Options currently held by Neometals.

Details of the Acquisition Agreement are provided at Section 1.2 above.

Pursuant to ASX Listing Rule 7.2 (Exception 16), Listing Rule 7.1 does not apply to an issue of securities approved for the purpose of Item 7 of Section 611 of the Corporations Act. Accordingly, if Shareholders approve the issue of securities pursuant to Resolution 2, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and the additional 10% annual capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

3.2 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by BDO annexed to this Explanatory Statement.

(a) Identity of the Acquirer and its Associates

It is proposed that Neometals will be issued the Consideration Shares in accordance with the terms of the Acquisition Agreement as set out in Section 1.2 of this Explanatory Memorandum. Neometals does not have any associates in relation to Hannans Limited for the purpose of Chapter 6 of the Corporations Act.

(b) Relevant Interest and Voting Power

(i) Relevant Interest

The relevant interests of Neometals and its associates in voting shares in the capital of the Company (both current, and following the issue of the Consideration Shares to Neometals as contemplated by this Notice, and following the exercise of Options held by Neometals as at the date of this Notice) are set out in the table below:

Party	Neometals
Capacity	Holder
Relevant Interest as at the date of this Notice of Meeting	63,750,000
Relevant Interest after the issue of the Consideration Shares	684,583,333
Relevant interest if Options exercised by Neometals	715,833,333

The Acquisition Agreement is the only relevant agreement between the Company and Neometals in relation to the Company.

Voting Power

The voting power of Neometals and its associates (both current, and following the issue of the Consideration Shares to Neometals as contemplated by this Notice, and following the exercise of Options held by Neometals as at the date of this Notice) is set out in the table at the next column:

Party	Neometals
Voting Power as at the date of this Notice of Meeting	6.38%
Voting Power after issue of Consideration Shares	42.24%
Voting power if Options exercised by Neometals	43.33%

Further details on the voting power of Neometals and its associates are set out in the Independent Expert's Report prepared by BDO.

(ii) Summary of increases

The maximum relevant interest that Neometals will hold after completion of the issue of the Consideration Shares and exercise of Neometals' Options is 715,833,333 Shares, and the maximum voting power that Neometals will hold is 43.33%. This represents a maximum increase in voting power of 36.95% (being the difference between 6.38% and 43.33%.

(iii) Assumptions

Note that the following assumptions have been made in calculating the above:

(A) the Company has 999,874,422 Shares (on issue as at the date of this Notice of Meeting;

(B) the Company does not issue any additional Shares;

(C) no existing Options are exercised (other than the 31,250,000 Options held by Neometals); and

(D) Neometals and its associates does not acquire any additional Shares.

(c) Reasons for the proposed issue of securities

As set out in Section 1.2 of this Explanatory Statement, the reason for the issue of 620,833,333 Shares to Neometals is as consideration for Hannans' purchase of Reed Exploration.

Up to an additional 31,250,000 Shares may be issued to Neometals upon the exercise by Neometals of all or part of the 31,250,000 Options held by Neometals as at the date of this Notice.

(d) Board appointment and other control implications of the Acquisition Agreement

Pursuant to the Acquisition Agreement, Neometals is entitled to nominate one person to be appointed to the Board of Hannans upon completion of the Acquisition.

Other than the resulting increase in voting power of Neometals' pursuant to the issue of Consideration Shares, and the right of Neometals' to appoint a representative to the Hannans Board, the Acquisition Agreement does not have any other implications for the control of, or influence over, the Board or affairs of the Company.

(e) Date of proposed issue of securities

The Consideration Shares the subject of Resolution 2 will be issued on a date after the Meeting to be determined by the Company and Neometals.

Any Shares issued upon the exercise of Options by Neometals will be issued in accordance with the terms of the Options. The Options expire on 10 March 2018.

(f) Material terms of proposed issue of securities

The Consideration Shares and any Shares issued upon the exercise of Options held by Neometals will be issued on the same terms as the Company's existing Shares.

(g) Neometals' Intentions

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Neometals:

(i) has no present intention of making any significant changes to the business of the Company;

(ii) has no present intention to inject further capital into the Company;

(iii) has no present intention of making changes regarding the future employment of the present employees of the Company;

(iv) does not intend to redeploy any fixed assets of the Company;

(v) does not intend to transfer any property between the Company and Neometals and its associates; and

(vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Neometals at the date of this Notice of Meeting.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(h) Interests and Recommendations of Directors

None of the current Board members have a material personal interest in the outcome of this Resolution.

(i) All of the Directors are of the opinion that the Acquisition Agreement is in the best interests of Shareholders and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 2. The Directors' recommendations are based on the reasons outlined in section 3.3 below.

(ii) The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to

allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.

(i) Capital Structure

A table showing the Company's current capital structure and the possible capital structure on completion of the Transaction, is set out in Section 1.5 above.

3.3 Advantages of the Issue – Resolution 2

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 2:

(a) the issue of the Consideration Shares to Neometals will enable the Company to complete the acquisition of Reed Exploration, which will result in the Company holding 100% of the Forrestania, Lake Johnston and Queen Victoria Rocks Projects for no cash outlay;

(b) the Transaction provides the Company with additional capital to continue to progress the Forrestania, Lake Johnston and Queen Victoria Projects; and

(c) the Directors believe that the Company and Critical Metals will benefit from fostering a strategic relationship with Neometals.

3.4 Disadvantages of the Issue – Resolution 2

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 2:

(a) the issue of the Consideration Shares to Neometals, and the issue of Shares upon the exercise of Options held by Neometals, will increase the voting power of Neometals from 6.38% to a potential maximum of 43.33% (assuming no other Shares are issued by the Company, and no other Options are exercised). This would reduce the voting power of non-associated Shareholders in aggregate from 93.62% to 56.67%; and

(b) the Independent Expert has assessed the Transaction as not fair but reasonable, although the pre and post Transaction values on a minority basis are broadly consistent.

3.5 Independent Expert's Report – Resolution 2

The Independent Expert's Report prepared by BDO (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the transactions contemplated by this Resolution are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by this Resolution are not fair but reasonable to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the key advantages and disadvantages of the transactions as noted by the Expert, the methodology of the valuation and the sources of information and assumptions made.

4. RESOLUTION 3 – ADOPTION OF DIRECTORS' EQUITY PLAN

4.1 Background

ASX Listing Rule 7.1 provides that a company must not, without prior approval of shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period, unless such an issue of securities falls within one of the exceptions set out in Listing Rule 7.2.

Exception 9(b) of Listing Rule 7.2 provides that equity securities may be issued under an employee incentive scheme that has been approved by shareholders for that purpose within the last three years.

The Company is seeking Shareholder approval to adopt the Hannans Limited Directors' Equity Plan (**Directors' Equity Plan**) under Exception 9(b) of Listing Rule 7.2 to allow the Company to issue Shares under the Directors' Equity Plan without limiting the ability of the Company to issue securities under Listing Rule 7.1.

The purpose of the Directors' Equity Plan is to give Directors of the Company an opportunity to subscribe for Shares in lieu of salary or Directors' fees, allowing the Company to retain cash reserves.

No Shares have previously been issued under the Directors' Equity Plan as this is the first time the Directors' Equity Plan is being approved.

Any future issues of Shares under the Directors' Equity Plan to a person referred to under ASX Listing Rule 10.14 will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 4 to 7 for the issue of Shares to its Directors pursuant to the Directors' Equity Plan.

4.2 Terms and conditions of Directors' Equity Plan

A summary of the terms and conditions of the Directors' Equity Plan is set out below:

(a) Participants in the Directors' Equity Plan

The Board may offer Shares to a Director of the Company or any Subsidiary, including Non-executive Directors (**Eligible Participant**).

Subject to Shareholder approval, the Board may offer to Eligible Participants the opportunity to subscribe for Securities in lieu of Directors' fees owing by the Company to the Eligible Participant and upon such additional terms and conditions as the Board determines.

An Eligible Participant will not be required to make any payment in return for the Securities as they will be issued in satisfaction of Directors' fees owing by the Company at the time of issue of the Securities.

(b) Limitations of Offers

If the Company makes an offer of Securities where:

(i) the total number of Securities the subject of that offer, exceeds the limit set out in ASIC Class Order 14/1000; or

(ii) the offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 14/1000,

the Company must comply with Chapter 6D of the Corporations Act at the time of that offer.

(c) Issue of Securities

Shares issued under the Directors' Equity Plan will rank equally in all respects with the then issued class of fully paid ordinary shares of the Company.

Options issued under the Directors' Equity Plan (if any) will be issued on terms to be determined by the Directors.

The issue of Securities under the Directors' Equity Plan will be deemed to satisfy the relevant fees or salary owing by the Company to the Eligible Participant.

Securities issued to an Eligible Participant under the Directors' Equity Plan will have no restrictions on their transfer.

(d) Deemed issue price of Securities

The Securities issued pursuant to the Directors' Equity Plan will be issued for nil cash consideration as they will be issued in satisfaction of fees and salary owing by the Company to the Eligible Participant. Shares issued will be deemed to have an issue price as determined by the Board at the time of issue of the Shares.

(e) Shareholder Approval

All Securities issued pursuant to the Directors' Equity Plan will be subject to prior Shareholder approval under the Listing Rules and the Corporations Act (if required).

(f) Amendments

Subject to the Listing Rules, the Board may at any time by resolution amend all or any of the provisions of the Directors' Equity Plan, or the terms or conditions of any Securities issued under the Directors' Equity Plan, provided that as soon as reasonably practicable after making any amendment, the Board gives notice in writing of that amendment to any Eligible Participant affected by the amendment.

(g) Non-residents of Australia

The Board may adopt additional rules of the Directors' Equity Plan applicable in any jurisdiction outside Australia under which rights offered under the Directors' Equity Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Eligible Participant or to the Company in relation to the rights. Any additional rule must conform to the basic principles of the Directors' Equity Plan.

4.3 Shareholder Approval under Resolution 3

If Resolution 3 is passed, the Company will have the ability to issue Securities to Eligible Participants under the Directors' Equity Plan over a period of 3 years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

The main terms of the Directors' Equity Plan are summarised above and a full copy of the Plan is available for inspection at the Company's registered office until the date of the Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 3, as the Directors' Equity Plan gives the Company the flexibility to retain its cash reserves during the current uncertain economic and financial environment. The Directors' Equity Plan will also give Eligible Participants the opportunity to share in any success of the Company, which will likely encourage them in carrying out their respective roles for the Company.

5. RESOLUTIONS 4 TO 7 – ISSUE OF SECURITIES TO DIRECTORS IN LIEU OF FEES

5.1 General

In an effort to assist the Company with managing its cash flow during the last three years the Board agreed to defer their fees and salary entitlements.

The Non-Executive Directors agreed to defer receipt of fees for the provision of professional services provided to the Company during the period 1 January 2014 to 30 June 2016. Non-executive director fees were reduced to $12,000 per annum each as from 1 July 2015 and will remain at that level until 30 June 2017.

The Managing Director deferred a portion of his salary during the period 1 April 2013 to 31 March 2015. The Managing Director's salary was reduced to $120,000 per annum on 1 July 2015 and will remain at that level until 30 June 2017.

In order to conserve Company funds, each of the Directors has agreed to participate in the Directors' Equity Plan and be issued Securities in lieu of the majority of their outstanding Directors' fees, subject to Shareholder approval.

Resolutions 4 to 7 seek Shareholder approval for the Company to issue the Participating Directors an aggregate of $306,586 worth of Shares (**Related Party Shares**) in lieu of Directors' fees accrued for the periods as set out in Section 5.3 below, together with one free attaching Option for each Share issued (**Related Party Options**).

The Related Party Shares will be deemed to have an issue price equal to the volume weighted average sale price of Shares sold on ASX during the 40 trading days after the date of the Meeting.

Shareholder approval under Resolutions 4 to 7 is subject to Shareholders first approving Resolution 3 for the adoption of the Directors' Equity Plan. If Shareholder approval is not obtained under Resolution 3, then the Chairman proposes to strike Resolutions 4 to 7 from Shareholder consideration at the Meeting.

5.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Shares and Related Party Options (together, the **Related Party Securities**) constitutes giving a financial benefit and Messrs Hicks, Murray, Bachmann and Forslund are related parties of the Company by virtue of being Directors.

Whilst the exception set out in section 211 of the Corporations Act may apply as the Company believes the proposed issue of the Related Party Securities constitutes reasonable remuneration, the Directors consider it prudent to seek Shareholder approval for the issue of Related Party Securities to the Directors for the purpose of section 208 of the Corporations Act.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

5.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.14)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Related Party Securities:

(a) the related parties are Messrs Hicks, Murray, Bachmann and Forslund and they are related parties by virtue of being Directors;

(b) the amount of Directors' fees to be satisfied by the issue of the Related Party Securities is set out below:

Related Party	Deferral Period	Amount
Damian Hicks	April 2013 to June 2014 (15 months)	$141,474
Jonathan Murray	January 2014 to June 2015 (18 Months)	$58,275
Markus Bachmann	April 2014 to June 2015 (15 Months)	$48,563
Olof Forslund	January 2014 to June 2015 (18 Months)	$58,275

(c) the number of Related Party Shares to be issued to each Director will be determined by dividing the amount of the Director's fees that the Company has agreed to satisfy by way of issue of Shares to the Director by the deemed issue price of the Related Party Shares calculated in accordance with paragraph (m) below, provided that the maximum number of Related Party Shares to be issued to the Directors pursuant to Resolutions 4 to 7 shall be as follows:

Related Party	Maximum Number of Related Party Shares[1]	Maximum Number of Related Party Options[2]
Damian Hicks	35,368,500	35,368,500
Jonathan Murray	14,568,750	14,568,750
Markus Bachmann	12,140,625	12,140,625
Olof Forslund	14,568,750	14,568,750

[1] The maximum number of Related Party Shares has been calculated using a deemed Share issue price of $0.004, which is the same issue price as Shares issued to sophisticated investors pursuant to recent capital raisings. The actual number of Related Party Shares to be issued will be calculated by dividing the value of the deferred Directors' fees by the volume weighted average price of Shares over the 40 trading days after the day of the Meeting (capped at the maximum number of Shares shown in the table above).

[2] One free attaching Related Party Option per Share issued.

(d) the value of the maximum number of Related Party Securities that could potentially be issued to the Directors pursuant to Resolutions 4 to 7 (being the nature of the financial benefit being provided) is set out below, and the valuation methodology is contained in Schedule 6;

Related Party	Value of Maximum Number of Related Party Shares[1]	Value of Maximum Number of Related Party Options[2]	Value of Maximum Number of Related Party Securities
Damian Hicks	$141,474	$651,382	$792,856
Jonathan Murray	$58,275	$268,313	$326,588
Markus Bachmann	$48,563	$223,594	$272,157
Olof Forslund	$58,275	$268,313	$326,588

[1] The value of the Related Party Shares will be equal to the outstanding directors' fee.

[2] Black & Scholes option model was used based on the assumptions shown in Schedule 6.

(e) a voting exclusion statement is included in the Notice in connection with Resolutions 4 to 7;

(f) no securities have previously been issued under the Directors' Equity Plan as it is being put up for approval at this Meeting;

(g) the Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(h) the Related Party Options will be issued on the terms set out in Schedule 5;

(i) all current Directors of the Company are eligible to participate in the Directors' Equity Plan. This includes Messrs Hicks, Murray, Bachmann and Forslund;

(j) no loan has been provided to any of the Directors in relation to the issue of the Related Party Securities;

(k) the Related Party Securities will be issued no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Securities will be issued on one date;

(l) the Related Party Securities will be issued for nil cash consideration as they will be issued in satisfaction of outstanding Directors' fees. Accordingly no funds will be raised as they are being issued in lieu of outstanding directors' fees;

(m) the deemed issue price of the Related Party Shares will be the volume weighted average sale price of Shares sold on ASX during the 40 trading days after the date of the Meeting. The Related Party Options will be issued as free attaching Options on the basis of one Related Party Option for every one Related Party Share issued;

(n) the relevant interests of the Directors in securities of the Company are set out below:

Related Party	Hannans Shares held as at the date of this Notice	Hannans Options held as at the date of this Notice
Damian Hicks	6,000,001	Nil
Jonathan Murray	5,249,129	1,500,000[1]
Marcus Bachmann	58,582,353	1,500,000[1]
Olof Forslund	Nil	1,500,000[1]

[1] One third of these Options are exercisable at $0.008 each, on or before 20 November 2017; one third of these Options are exercisable at $0.005 each on or before 20 November 2018; one third of these Options are exercisable at a 50% premium to the VWAP for the 10 trading days after 20 November 2016, on or before 20 November 2019.

(o) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Damian Hicks	$120,000	$120,000
Jonathan Murray	$12,000	$12,000
Markus Bachmann	$12,000	$12,000
Olof Forslund	$12,000	$12,000

(p) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set in Section 2.14 of this Explanatory Statement;

(q) if the maximum permitted number of Related Party Securities are issued to the Directors, a total of 76,646,625 Shares and 76,646,625 Options would be issued. This will increase the number of Shares on issue from 1,620,707,755 to 1,774,001,005 (assuming that the Related Party Shares are issued, Related Party Options are issued and exercised, the Consideration Shares have been issued, and that no other Shares have been issued or Options exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 9.46%, comprising 4.36% by Damian Hicks, 1.80% by Jonathan Murray, 1.50% by Markus Bachmann and 1.80% by Olof Forslund;

(r) the primary purpose of the grant of the Related Party Securities to the Directors is in satisfaction of outstanding directors' fees owing to the Directors for the periods set out in Section (b) above;

(s) the Directors believe that the following non-exhaustive list of advantages may be material to a Shareholder's decision on how to vote on Resolutions 4 to 7:

(i) the issue of the Related Party Shares will satisfy the accrued amounts recorded in the annual financial reports since 2014;

(ii) the issue of the Related Party Shares allows the Company to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors; and

(iii) the issue of the Related Party Options is a reasonable and appropriate non-cash method of compensating the Directors for:

(A) the risk they were prepared to accept that their fees may not have been paid without any compromise to the level of focus, dedication and time they gave to guiding the Company through a very difficult period which has ultimately benefited all Shareholders;

(B) the support they have provided the Company by continuing to fulfil their role without compensation over a long period of time;

(C) the support they provided to the Company by not demanding payment which would have forced the Company into expensive and dilutive capital raisings at different times over the last two and half years;

(D) the significant delay in paying the fees;

(E) the low fee they have agreed to accept for the performance of their directorships despite the liabilities attached to the role of being a director in a listed public company; and

(F) the fact that the exercise price of the Related Party Options is a 50% premium to the deemed issue price of the Related Party Shares; and further that

(G) the exercise of the Related Party Options will result in funds being injected into the Company.

(t) Mr Hicks declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that Mr Hicks is to be granted Related Party Securities in the Company should Resolution 5 be passed. Mr Hicks declines to make a recommendation to Shareholders in relation to Resolutions 5, 6 and 7 as these Resolutions relate to the remuneration of other Directors;

(u) Mr Bachmann declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that Mr Bachmann is to be granted Related Party Securities in the Company should Resolution 4 be passed. Mr Bachmann declines to make a recommendation to Shareholders in relation to Resolutions 4, 6 and 7, as these Resolutions relate to the remuneration of other Directors;

(v) Mr Forslund declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that Mr Forslund is to be granted Related Party Securities in the Company should Resolution 6 be passed. Mr Forslund declines to make a recommendation to Shareholders in relation to Resolutions 4, 5 and 7, as these Resolutions relate to the remuneration of other Directors;

(w) Mr Murray declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that Mr Murray is to be granted Related Party Securities in the Company should Resolution 7 be passed. Mr Murray declines to make a recommendation to Shareholders in relation to Resolutions 4, 5 and 6, as these Resolutions relate to the remuneration of other Directors; and

(x) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 to 7.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Securities to the Directors as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Securities to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 8 – ISSUE OF SECURITIES TO IAN GREGORY

6.1 General

The Company Secretary, Mr Ian Gregory, has not been paid in full for services provided to the Company during the period 1 January 2006 to 30 June 2016. The total amount of outstanding fees owing to Mr Gregory is $74,219. The Company proposes to satisfy the outstanding fees via the issue of Shares and Options.

Accordingly, Resolution 8 seeks Shareholder approval for the Company to issue Shares to the value of $74,219 to Ian Gregory in satisfaction of outstanding company secretarial fees owing to Mr Gregory, together with one free attaching Option for each Share issued.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 8 will be to allow the Company to issue the Shares and Options to Mr Gregory during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of Gregory Shares:

(a) the number of Shares to be issued to Mr Gregory will be determined by dividing $74,219 by the volume weighted average sale price of Shares sold on ASX during the 40 trading days after the date of the Meeting. The Options will be issued on the basis of one free attaching Option for every Share issued;

(b) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;

(c) the Shares and Options will be issued for nil cash consideration in satisfaction of fees owed to Mr Gregory for company secretarial services provided to the Company. Accordingly, no funds will be raised from the issue;

(d) the Shares and Options will be issued to Mr Gregory, who is not a related party of the Company;

(e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

(f) the Options will be issued on the terms set out in Schedule 5.

7. RESOLUTION 9 – FORGIVENESS OF LOAN TO RELATED PARTY

7.1 General

On 31 March 2010, the Company made a loan of $300,000 to the Managing Director, Damian Hicks, which was used to convert 1.5 million Hannans Options exercisable at $0.20 per option into Hannans Shares. Loan repayments (principal and interest) were made by Damian Hicks up to 31 March 2013. The Company agreed to suspend the requirement to make repayments on the loan (principal and interest) until the Managing Director's salary and entitlements were paid in full. The outstanding amount of the loan is currently $168,985.

The Company has agreed, subject to obtaining Shareholder approval, to forgive the outstanding amount of the loan on the basis that:

(a) the Managing Director has agreed to continue in the role of executive director on a salary package equivalent to that he received in 2004/2005. The Managing Director's salary was reduced to $120,000 per annum on 1 July

2015, and will remain at that level until 30 June 2017, unless otherwise approved in writing by the entire Board;

(b) the Managing Director has agreed to continue in the role of executive director without the employment benefits provided for in his original employment agreement such as annual indexation of salary, provision of motor vehicle and payment of insurance premiums (all of which would, if provided by the Company require additional cash payments and the payment of fringe benefits tax (FBT));

(c) the Managing Director has not required payment of his contracted salary and benefits for the last three years which if demanded would have required the Company into expensive and dilutive capital raisings at different times;

(d) despite not being remunerated in accordance with his employment contract, the Managing Director has continued to work full time for the Company, including relocating overseas for two years; and

(e) the Managing Director has managed the Company through a very difficult time for all junior resources companies.

7.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The forgiveness of the outstanding loan requires the Company to obtain Shareholder approval because:

(a) forgiveness of the outstanding loan constitutes giving a financial benefit; and

(b) as a Director, Mr Hicks is a related party of the Company.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act may not apply in the current circumstances. Accordingly, Shareholder approval is sought for the forgiveness of the loan.

7.3 Technical information required by Chapter 2E of the Corporations Act

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed forgiveness of the loan:

(a) the related party is Mr Damian Hicks and he is a related party by virtue of being a Director;

(b) the value of the benefit to the related party is $168,985, being the total amount outstanding on the loan to be forgiven;

(c) the conditions of the loan forgiveness are as follows:

(i) the outstanding amount of the loan (including principal and interest) shall be forgiven immediately upon receipt of Shareholder approval;

(ii) for accounting purposes, the loan forgiveness shall be apportioned by the Company over the next five years, resulting in a FBT liability to the Company of approximately $16,000 per year for the next five years;

(d) the relevant interests of the related party in securities of the Company as at the date of this Notice are set out below:

Related Party	Damian Hicks
Hannans Shares held as at the date of this Notice	6,000,001
Hannans Options held as at the date of this Notice	Nil

[1] In addition, the Company has agreed, subject to Shareholder approval, to issue Shares to the value of $141,474 to Mr Hicks in lieu of payment of outstanding Director's fees owing to Mr Hicks together with free attaching Options on a one-for-one basis (up to a maximum of 35,368,500 Shares and 35,368,500 Options). The deemed issue price of the Shares shall be the volume weighted sale price of Shares on ASX in the 40 trading days after the date of the Meeting. The Shares shall be issued together with one free attaching Option for every Share issued. Please refer to Section 1 of this Explanatory Statement for further details.

(e) the remuneration and emoluments from the Company to the related party for the previous financial year and the proposed remuneration and emoluments for the current financial year are set in the next column:

Related Party	Damian Hicks
Current Financial Year	$120,000
Previous Financial Year	$120,000

(f) the Directors other than Damian Hicks recommend that Shareholders vote in favour of Resolution 9 as they consider that the forgiveness of the loan is a reasonable and appropriate method to compensate Mr Hicks for the support provided to the Company as outlined in Section 1.1 above;

(g) Damian Hicks declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution;

(h) the Directors consider that in forgiving the loan upon the terms proposed the following opportunity costs to the Company and benefits foregone by the Company may occur:

(i) the outstanding amount of the loan being $168,985 plus interest will not be repaid to the Company; and

(ii) the Company will incur a FBT liability of approximately $81,000, to be apportioned equally over the next five years;

(i) in forming their recommendations, each Director considered the experience of Mr Hicks, the existing and proposed contribution of Mr Hicks to the Company and the current market practices when determining the proposed loan forgiveness; and

(j) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 9.

8. ENQUIRIES

Shareholders are requested to contact Mrs Mindy Ku, Finance & Compliance Manager or Mr Ian Gregory, company secretary, on (+ 61 8) 9324 3388 if they have any queries in respect of the matters set out in this Notice.

SCHEDULE 1 – SCANDINAVIAN ASSETS

1. OVERVIEW

The Scandinavian Assets held by Critical Metals (via its subsidiary, Scandinavian Resources, and the subsidiaries of Scandinavian Resources) comprise 19 Exploration Permits located in Sweden, as described below:

Pahtohavare Copper-Gold Project:

Permit type	Permit Name
Permits with mineral resource estimates:	Pahtohavare

Kiruna Iron Project:

Permit type	Permit Name
Permits with mineral resource estimates:	Rakkurijoki
	Vieto
	Renhagen
	Harrejaure
	Ekströmsberg
Permits having exploration targets with potential grade-tonnage ranges:	Lakkujärvi
	Tjåorika
	Paljasjärvi

Lannavaara Iron Project

Permit type	Permit Name
Permits with early state exploration targets:	Piedjastjåkko
	Lannavaara

Skellefteå Permits

Permit type	Permit Name
Permits with early stage exploration targets:	Tvärliden Number 1
	Varuträsk Number 1
	Vorrmyran Number 1
	Klöverfors Number 1
	Nide Number 1
	Hällberg Number 1
	Hällberg Number 2

Further information on each of these projects is set out below.

2. PAHTOHAVARE COPPER-GOLD PROJECT

2.1 Overview

Hannans has a free-carried joint venture interest in the Pahtohavare Copper-Gold Project located in northern Sweden, eight kilometres south-west of the full-service mining town of Kiruna, approximately 1,200 kilometres north of Stockholm. Kiruna is in close proximity to major infrastructure including sealed roads, power and open access railway. The Pahtohavare project consists of three deposits, Central, Southern and South Eastern. In March 2015, Hannans entered into a joint venture with Lovisagruvan AB which conducted preliminary test work and drilling in August 2015. On 24 November 2015, the Company announced that the joint venture had progressed to the second stage, which will see Lovisagruvan AB prepare and lodge an exploitation concession application for the central deposit, in addition to providing Hannans' wholly owned subsidiary Kiruna Iron AB with a $475,000 interest free working capital facility.

2.2 JORC Resource Estimate

In August 2013 Hannans released a maiden JORC Mineral Resource Estimate for the Pahtohavare Project. The estimate was undertaken to reconcile historic pre-mining resource calculations and post-mining close-out reports. The JORC Mineral Resource Estimate was completed by independent consultants, SRK Consulting Sweden AB (SRK) in accordance with the principles of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (JORC 2012). (Hyperlink to ASX Announcement dated 31st January 2014)

Copper mineralisation wireframes were generated using a 0.4% Cu cut-off to produce a block model. SRK subsequently undertook a Whittle analysis and high-level evaluation of possible underground mining scenarios on the block model in order to determine the potential for eventual economic extraction from open pit and underground mining methods. The open pit JORC Inferred Mineral Resource is restricted to all material falling within a Whittle pit shell, and above a CuEq1 cut-off grade of 0.56% for oxide material, and 0.43% for sulphide material. The underground JORC Inferred Mineral Resource is restricted to all sulphide material underneath the Whittle shell above a CuEq1 cut-off grade of 1.48%. The Whittle analysis and optimisation for the mineralisation at Pahtohavare produces a JORC Inferred Mineral Resource of 2.3Mt @ 1.74% Cu, 0.6g/t Au, 2.31% CuEq[1].

Table 1: JORC Inferred Resource-Pahtohavare Project

Area	Resource Category	Mt	Cu (%)	Au (g/t)	Cu Eq (%)	Mining Scenario	Material
Central	Inferred	1.4	1.8	0.6	2.4	Open Cut	Oxide
Southeast	Inferred	0.8	1.7	0.5	2.1	Open Cut + Underground	Sulphide
South	Inferred	0.1	1.3	0.6	1.9	Underground	Sulphide
COMBINED	Inferred	2.3	1.7	0.6	2.3		

2.3 JORC Exploration Target

In addition to the JORC Inferred Mineral Resource, SRK also generated a JORC Exploration Target (see Table 2 below) for the Eastern Mineralisation. This is a result of the historic drilling being on a sparse and variable grid, and due to lack of historic drill core re-assaying. SRK estimated grades and tonnages to provide an analysis of the potential. As a result, SRK has delineated an Exploration Target of between 2-4Mt of material grading between 0.3-0.7% Cu (with negligible Au grades) for the Eastern area, based on blocks within the digitised mineralisation wireframes, but not reported above a cut-off grade. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. Based on the copper equivalent cut-off grades used to report the Resources in the Resource statement, only a minor portion of the currently outlined Eastern area would be above the cut-off grade used for Resource reporting. However, this material may have elevated Zn and Pb grades, which were not taken into account during the Resource estimation process.

Table 2: JORC Exploration Target-Pahtohavare[1]

Area	Category	Mt	Cu (%)
Eastern	JORC Exploration Target	2 - 4	0.3 - 0.7

2.4 Planned Activities

Lovisagruvan AB is currently preparing to lodge an Exploitation Concession Application over the Central Deposit and anticipates lodging the required documentation with the Swedish Mining Inspectorate by the end of 2016.

2.5 Further information

Further information on the Pahtohavare Project is set out in section 3.3.7 of the report entitled "Valuation of Mineral Assets Held by Hannans Reward" prepared by SRK Consulting (**Valuation Report**) and contained in the Independent Expert Report.

3. KIRUNA IRON PROJECT

3.1 Overview

Hannans has a 100% interest in the Kiruna Iron Project which comprises a number of different iron deposits. The Company's assets in the Kiruna area are located within a radius of approximately 50km from Kiruna town centre. Kiruna is well positioned with regard to key project infrastructure including overhead power, sealed roads and heavy gauge rail that connects to export ports.

3.2 Resource Statement – Kiruna Iron Project

The global resource estimate for the Kiruna Iron Project currently stands at 203Mt @ 43.1%Fe.

JORC Compliant Indicated Mineral Resource Table:

Prospect	Mt	Fe (%)	P (%)	S (%)
Ekströmsberg	30.4	52.0	Unavailable	Unavailable
TOTAL	30.4	52.0		

JORC Inferred Resources:

Prospect	Mt	Fe (%)	P (%)	S (%)
Rakkurijoki	74.5	39.7	0.28	0.89
Vieto	14	35.7	0.14	1.46
Renhagen	26.3	32.14	0.21	0.03
Harrejaure	16.2	43.4	0.04	0.01
Ekströmsberg	41.6	52	Unavailable	Unavailable
TOTAL	172.6	41.5		

JORC Compliant Exploration Target Table[1]:

Prospect	Tonnage Range (Mt)	Grade Range (Fe%)
Laukkujärvi	4 - 8	30 - 35
Tjåorika	15 - 30	45 - 55
TOTAL	19 - 38	38 - 45

Note 1 – The potential quantity and grade of the exploration targets given above are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

3.3 Further information

Further information on the Kiruna Iron Project, including the mineral resource statements referred to above, is set out in Sections 3.3.1 to 3.3.6, and 3.4.1 and 3.4.3 of the Valuation Report.

4. LANNAVAARA IRON PROJECT

4.1 Overview

Hannans has a 100% interest in the Lannavaara Iron Project located over 80 kilometres by road from the nearest open access heavy gauge, railhead at Svappavaara. The main deposit Paljasjärvi, comprises a 3½ kilometre long magnetic anomaly, which Hannans completed initial metallurgical test work on in 2012. Significant additional drilling is required to define deposits and ultimately establish a JORC compliant mineral resource estimate.

The current magnetite iron deposits (Paljasjärvi) that comprise the Lannavaara Iron Project are located approximately 80km, by road, to the nearest open access, heavy gauge, railhead at Svappavaara. The Lannavaara Iron Project currently has a combined Exploration Target of 40-60Mt @ 30-40% Fe.

4.2 Exploration target for the Lannavaara Iron Project

Exploration Targets for the Lannavaara Iron Project, Sweden[1].

Prospect	Tonnage Range (Mt)	Grade Range (Fe%)
Paljasjärvi	40 - 60	30 - 40
TOTAL	40 - 60	30 - 40

Note 1 – The potential quantity and grade of the exploration targets given above are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

4.3 Further information

Further information on the Lannavaara Iron Project is set out Section 3.4.2 of the Valuation Report.

5. SKELLEFTEÅ PERMITS

5.1 Overview

Hannans (via a subsidiary of Critical Metals) has lodged a number of 100% owned applications for exploration permits over a historic lithium mine and tenure prospective for pegmatite-hosted lithium mineralisation in the Skellefteå - Boliden district of northern Sweden.

A high level review indicates that Sweden (and Scandinavia more generally) is optimally positioned to benefit from the surge in demand for Technology Metals due to: Sweden's proximity to the European market for high technology devices; Sweden's universities conducting world leading research and development into Li-Ion (lithium-ion) battery technology; the designation of lithium (within a broad group) as a critical metal by the European Union; and an abundant supply of fresh water and low power costs (hydro and wind) for processing hard rock lithium bearing minerals cost effectively.

Hannans first exploration permit application covers Sweden's most well-known lithium occurrence, the Varuträsk pegmatite located near Skellefteå, Västerbotten, Sweden. Lithium was mined at Varuträsk by Boliden during the period 1936-46 through open cut and underground mining and is known to host lithium and caesium minerals, and also has occurrences of niobium minerals. During 1983-84 Swedish Geological AB completed mapping, moraine sampling, trenching and diamond drilling at Varuträsk which resulted in the identification of a new pegmatite lens located approximately 1km north of the previously mined pegmatite. The full potential of the original pegmatite and the additional lens discovered in 1983-84 remains unanswered. Varuträsk and its surrounding area clearly warrant further exploration for economic deposits of lithium and caesium minerals.

Hannans' remaining exploration permit applications cover a number of mapped pegmatites and Skellefteå-type granites prospective for lithium and caesium bearing minerals. Subject to grant Hannans will commence historical data review and validation of all prospects during the next field season.

5.2 Further information

Further information on the early stage lithium projects in the Skellefteå area is set out Section 3.6 of the Valuation Report.

6. JORC COMPETENT PERSON'S STATEMENT

Pahtohavare Cooper-Gold Project

The information in this document that relates to exploration results for the Pahtohavare Project 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 consulting geologist and is Hannans' Exploration Manager. 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.

The information in this document that relates to the Pahtohavare Mineral Resource and Exploration Target is based on information compiled by Mr Benjamin Parsons, a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy (Membership No. 222568). Benjamin Parsons is a full time employee of SRK Consulting, and has no interest in, and is entirely independent of Hannans Limited. Benjamin Parsons has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in JORC 2012. Benjamin Parsons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this document that relates to the Pahtohavare Mineral Resource and Exploration Target is based on information compiled by Mr Johan Bradley, a Competent Person who is a Chartered Geologist with the Geological Society of London (Membership No. 1014008), and a European Geologist (EurGeol). Johan Bradley is a full time employee of SRK Consulting, and has no interest in, and is entirely independent of Hannans Limited. Johan Bradley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in JORC 2012. Johan Bradley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Note all Resource Estimates, Exploration Target Estimates and Exploration Results within this report pertaining to the Pahtohavare Project have been prepared and reported under the 2012 JORC Code. The company confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

Kiruna Iron Project

The mineral resource estimate for Rakkurijoki and Rakkurijärvi is effective from 13th January 2012 and has been prepared by Mr Thomas Lindholm, MSc of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a Fellow of the Australasian Institute of Mining and Metallurgy (Membership No. 230476). Mineral resources for Rakkurijoki and Rakkurijärvi have been prepared and categorised for reporting purposes by Mr Lindholm, following the guidelines of the JORC Code. Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The mineral resource estimate for Puoltsa is effective from 13 January 2012 and has been prepared by Mr Thomas Lindholm, MSc of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a Fellow of the Australasian Institute of Mining and Metallurgy (Membership No. 230476). The mineral resource of Puoltsa has been prepared and categorised for reporting purposes by Mr Lindholm, following the guidelines of the JORC Code. Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The mineral resource estimate for Ekströmsberg is effective from 22 July 2011 and has been prepared by Dr Christopher Wheatley of Behre Dolbear International Ltd, UK, acting as an independent "Competent Person". Dr Wheatley is a member of the Institute of Materials Minerals and Mining (Membership No. 450553). The mineral resource of Ekströmsberg has been prepared and categorised for reporting purposes by Dr Wheatley, following the guidelines of the JORC Code. Dr Wheatley is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Dr Wheatley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The mineral resource estimate for Vieto is effective from 26 July 2011 and has been prepared by Mr Geoffrey Reed of Minarco-MineConsult acting as an independent "Competent Person". Mr Geoffrey Reed is a Member of the Australasian Institute of Mining and Metallurgy (CP) (Membership No. 205422). The mineral resource of Vieto has been prepared and categorised for reporting purposes by Mr Reed, following the guidelines of the JORC Code. Mr Reed is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Reed consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The mineral resource estimate for Renhagen and Harrejaure is effective from 13 January 2012 and has been prepared by Mr Geoffrey Reed of Minarco-MineConsult acting as an independent "Competent Person". Mr Geoffrey Reed is a Member of the Australasian Institute of Mining and Metallurgy (CP) (Membership No. 205422). Mineral resources of Renhagen and Harrejaure have been prepared and categorised for reporting purposes by Mr Reed, following the guidelines of the JORC Code. Mr Reed is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Reed consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this document that relates to JORC Exploration Targets is based on information reviewed by Mr Thomas Lindholm of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a member of the Australasian Institute of Mining and Metallurgy (Membership No. 230476). Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this document that relates to exploration results for the Rakkuri Iron Project 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 consulting geologist and is Hannans' Exploration Manager. 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.

Lannavaara Iron Project

The information in this document that relates to JORC Exploration Targets for the Lannavaara Project is based on information reviewed by Mr Thomas Lindholm of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a member of the Australasian Institute of Mining and Metallurgy (Member 230476). Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Note all Kiruna Iron Project Resource Estimates and Exploration Target Estimates have been prepared and reported under the 2004 JORC Code. The company confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

The unaudited historical and pro-forma consolidated statement of financial position does not take into account the proposed issue of Shares and Options to the Directors and Company Secretary in lieu of outstanding fees (refer to Sections 5 and 6 for further information).	(Un-audited) 31 May 2016 Hannans Consolidated Group $	(Unaudited) 31 May 2016 Pro-forma after in-specie distribution $
Current assets		
Cash and cash equivalents	1,728,051	1,470,696
Trade and other receivables	146,710	126,775
Other current assets	23,607	8,098
Total current assets	1,898,368	1,605,569
Non–current assets		
Property, plant and equipment	14,740	14,740
Other non-current assets	285,169	274,985
Capitalised mineral exploration and evaluation expenditure	1,381,416	–
Total non–current assets	1,681,325	289,725
TOTAL ASSETS	3,579,693	1,895,294
Current liabilities		
Trade and other payables	1,813,176	652,726
Provisions	158,516	156,334
Other financial liabilities	248,080	–
Total current liabilities	2,219,772	809,060
Non–current liabilities		
Provisions	8,834	8,834
Total non–current liabilities	8,834	8,834
TOTAL LIABILITIES	2,228,606	817,894
NET ASSETS	1,351,087	1,077,400
Equity		
Issued capital	46,273,499	46,273,499
Reserves	(173,620)	108,272
Accumulated losses	(44,748,792)	(45,304,371)
TOTAL EQUITY	1,351,087	1,077,400

	(Unaudited) 31 May 2016 Hannans Pro-forma after in-specie distribution $	Note	(Unaudited) 31 May 2016 Reed Exploration Pty Ltd (REX) + Pro forma adjustments $	Unaudited 31 May 2016 Pro-forma after in-specie distribution & acquisition of REX *(resolution 1)* $
Current assets				
Cash and cash equivalents	1,470,696	(a)	1,000,000	2,470,696
Trade and other receivables	126,775		–	126,775
Other current assets	8,098		–	8,098
Total current assets	1,605,569		1,000,000	2,605,569
Non–current assets				
Property, plant and equipment	14,740		–	14,740
Other non-current assets	274,985		–	274,985
Capitalised mineral exploration and evaluation expenditure	–		58,261	10,175,000
		(c)	10,116,739	
Total non–current assets	289,725		10,175,000	10,464,725
TOTAL ASSETS	1,895,294		11,175,000	13,070,294
Current liabilities				
Trade and other payables	652,726	(a)	–	652,726
Provisions	156,334		–	156,334
Other financial liabilities	–		–	–
Total current liabilities	809,060		–	809,060
Non–current liabilities				
Provisions	8,834		–	8,834
Total non–current liabilities	8,834		–	8,834
TOTAL LIABILITIES	817,894		–	817,894
NET ASSETS	1,077,400		–	12,252,400
Equity				
Issued capital	46,273,499	(b)	11,175,000	57,448,499
Reserves	108,272		–	108,272
Accumulated losses	(45,304,371)		–	(45,304,371)
TOTAL EQUITY	1,077,400		11,175,000	12,252,400

NOTE:

(a) Pursuant to the agreement with Neometals Ltd, Reed Exploration Pty Ltd will have a cash balance of $1 million (less the costs of Reed Exploration's upcoming nickel exploration drilling, which will be capped at $250,000) with no liabilities at completion of the Transaction.

(b) Consideration of 620,833,333 ordinary Hannans shares deemed issued price at 1.8 cents per share.

(c) Preliminary assessment of acquisition gives rise to goodwill of $10.1 million. The assessment is subject to change based on Hannans issue price at the date of the Meeting.

Pursuant to the Neometals Term Sheet, Critical Metals will be funded by existing cash reserves of $250,000.

	Note	(Un-audited) 31 May 2016 Critical Metals Consolidated Group $	(Unaudited) 31 May 2016 Pro-forma Critical Metals Consolidated Group on demerge $
Current assets			
Cash and cash equivalents	(a)	121,199	250,000
Trade and other receivables		3,259	3,259
Other current assets		15,932	15,932
Total current assets		140,390	269,191
Non–current assets			
Capitalised mineral exploration and evaluation expenditure		1,381,416	1,381,416
Total non–current assets		1,381,416	1,381,416
TOTAL ASSETS		1,521,806	1,650,607
Current liabilities			
Trade and other payables	(a)(b)	1,140,463	1,000,000
Provisions	(c)	15,221	15,221
Other financial liabilities	(d)	248,079	248,079
Total current liabilities		1,403,763	1,263,300
Non–current liabilities			
Other financial liabilities		1	1
Total non–current liabilities		1	1
TOTAL LIABILITIES		1,403,764	1,263,301
NET ASSETS		118,042	387,306
Equity			
Issued capital		2	2
Reserves		(281,891)	(281,891)
Retained earnings		399,931	669,195
TOTAL EQUITY		118,042	387,306

NOTE:

(a) Pursuant to the agreement with Neometals Ltd, Critical Metals will be funded by existing cash reserved of $250,000 and no debts.

(b) The balance $1 million relates to the rights and obligations in relation to the Avalon matter, further details of which are set out in Schedule 4. This is a contingent liability which may be settled via cash or a project of equivalent value in the event that the matter is resolved in favour of Avalon.

(c) Annual leave of relevant employees accrued as part of the Swedish employment requirement.

(d) On 24 November 2015, the Company announced that its joint venture partner, LOVI formally notified the Company of its decision to proceed to stage 2 of its joint venture. As part of this commitment LOVI provided the Company with a SEK 3 million interest free working capital facility. The Company received the first instalment of SEK 1.5 million, equivalent of $248,080.

SCHEDULE 4 – KEY RISK FACTORS FACING CRITICAL METALS

The business, assets and operations of Critical Metals will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by Critical Metals or by investors in Critical Metals. These risk factors, and others not specifically referred to below, may in the future materially affect the financial performance of Critical metals and the value of the Critical Metals Shares. Therefore, the Critical Metals Shares carry no guarantee with respect to the payment of dividends, returns of capital or the value of those shares.

Risk	Description
Low liquidity	Unless and until Critical Metals becomes listed on a recognised securities exchange, the Critical Metals Shares will not have a liquid market and may be difficult to sell. There can be no assurance that Critical Metals will be listed on a recognised securities exchange or trade at a desired price.
Failure of Critical Metals to raise capital and/or list on a recognised securities exchange	There is a risk that Critical Metals may fail to raise sufficient capital to develop the Scandinavian Assets in the future. The current downturn in commodity prices and general instability and uncertainty in the global economic environment means that equity funding may be difficult to obtain and the directors may form the view that any fundraising activities should be deferred until the global economic environment stabilises. Further, the directors may deem that listing Critical Metals on a recognised securities exchange may not be appropriate and that other forms of funding should be sought. There is no guarantee that these private future funding sources or opportunities to invest directly in the Scandinavian Assets will eventuate. As detailed in the Hannans' Annual report 2015 Lovisagruvan AB provided Kiruna Iron AB with a working capital facility to the value of SEK 3 million. Kiruna Iron AB has drawn down the sum of SEK 1.5 million and this amount is repayable on or before 28 January 2017. Any additional future equity financing will dilute existing shareholders and any debt financing, if available, may involve restrictions on Critical Metals' operating activities and business strategy. If Critical Metals is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations or scale back its business plans or exploration programmes, as the case may be, or forfeit rights to some or all of its projects which could have a material adverse effect on Critical Metals' activities and the value of Critical Metals Shares.
Exploration and Development Success	The Scandinavian Assets are prospective and are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. Notwithstanding the experience, knowledge and careful evaluation Critical Metals brings to exploration of the Scandinavian Assets, there is no assurance that a significant mineral resource will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the potential resource deposits are not economically recoverable or may otherwise preclude Critical Metals from successfully exploiting the resource. The exploration costs of Critical Metals will be based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect Critical Metals' viability. The prospects of Critical Metals should be considered in the light of the risks, expenses and difficulties frequently encountered by resource exploration companies in their early stage of development, which typically have a high level of inherent uncertainty.
Resource estimates	Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Critical Metals encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and this may adversely affect the viability of future operations and value of Critical Metals Shares.
Status of Scandinavian Assets	All permits in which Critical Metals holds an interest or may acquire either by application, sale and purchase or farm-in are regulated by the applicable mining and exploration legislation. There is no guarantee that applications will be granted as applied for (although Critical Metals has no reason to believe that tenements will not be granted in due course). Various conditions may also be imposed as a condition of grant. Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

Risk	Description
Operations	The operations of Critical Metals may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.
Environmental and other regulatory risks	Critical Metals' operations are and will be subject to environmental regulation. Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance and assessments of proposed projects. Environmental regulations could impact on the viability of Critical Metals' projects. Critical Metals may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it was not responsible. It is Critical Metals' intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.
Economic conditions	General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Critical Metals exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that the Scandinavian Assets may have to be surrendered or not renewed. General economic conditions may also affect the value of Critical Metals Shares and its valuation regardless of its actual performance.
Litigation	Critical Metals and its subsidiaries are exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further Critical Metals and its subsidiaries may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on Critical Metals' operations, financial performance and financial position. As at the date of this Notice, Kiruna Iron AB (which will be a subsidiary of Critical Metals) is a party to legal proceedings in the Supreme Court of Western Australia between Avalon Minerals Ltd, Hannans and Kiruna Iron AB. As detailed in Hannans Annual Report 2015 the directors have elected to recognise a contingent $1 million liability pursuant to an agreement entered into with Avalon Minerals Ltd in 2013. On 8 June 2016 Avalon Minerals Ltd served Hannans with a writ claiming $1 million pursuant to an agreement between Hannans, its wholly owned subsidiary Kiruna Iron AB, Avalon Minerals Limited and its wholly owned subsidiary Avalon Minerals Adak AB. On 4 July 2016 Hannans filed and served Avalon with a defence and Counterclaim for $9 million and a Summary Judgement Application in respect of Avalon's claim. The Summary Judgement Application is expected to be heard in September or October 2016. These matters are referred to as the 'Avalon Matter'. Pursuant to the agreement entered into between Hannans and Neometals the rights and obligations associated with the Avalon Matter will be retained by Kiruna Iron AB. If the In-Specie Distribution is approved by Hannans Shareholders, the rights and obligations of the Avalon Matter will be retained by Kiruna Iron AB, a wholly owned subsidiary of Critical Metals. There is no certainty that this matter will be resolved promptly or in favour of Hannans or Kiruna Iron AB.

SCHEDULE 5 – TERMS OF OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be equal to 150% of the volume weighted average sale price of Shares on ASX over the 40 trading days after the date of the Meeting (**Exercise Price**)

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date which is 4 years after the date of the Meeting (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Unquoted

The Company will not apply for quotation of the Options on ASX.

(n) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 6 – VALUATION OF RELATED PARTY SECURITIES

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 4 to 8 have been valued by internal management.

Single Option values

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	13 July 2016
Market price of Shares	2 cents* as at 12 July 2016
Exercise price (Market price + 50% premium)	3 cents*
Expiry date (length of time from issue)	4 years
Risk free interest rate	1.66%
Volatility	183.1%
Indicative value per Related Party Option	1.8417 cents
Total Value of Related Party Options	$1,753,323
Mr Damian Hicks	$651,382
Mr Jonathan Murray	$268,313
Mr Markus Bachmann	$223,594
Mr Kjell Olof Forslund	$268,313
Mr Ian Gregory	$341,721

** The actual deemed exercise price will be the volume weighted average price of Shares over the 40 trading days after the day of the Meeting + 50% premium. Based on historical and current market trends, the Company has taken the assumption that the current market price + 50% premium is the best estimate of the exercise price.*

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

HANNANS LIMITED
ACN 099 862 129

PROXY FORM

GENERAL MEETING | Thursday, 15 September 2016

I/We _____

of: _____

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name: _____

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00am, on 15 September 2016 at The Kings Park Room (Level 1), Quest West Perth, 54 Kings Park Road, West Perth WA, Australia, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 3 – 7 and 9 (except where I/we have indicated a different voting intention below) even though Resolutions 3 – 7 and 9 are connected directly or indirectly with the remuneration of a member of the key management personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Approval for an equal reduction of capital and in-specie distribution	☐	☐	☐
Resolution 2	Approval of issue of securities to Neometals Limited	☐	☐	☐
Resolution 3	Adoption of Directors' Equity Plan	☐	☐	☐
Resolution 4	Issue of securities to Damian Hicks in lieu of fees	☐	☐	☐
Resolution 5	Issue of securities to Markus Bachmann in lieu of fees	☐	☐	☐
Resolution 6	Issue of securities to Olof Forslund in lieu of fees	☐	☐	☐
Resolution 7	Issue of securities to Jonathan Murray in lieu of fees	☐	☐	☐
Resolution 8	Issue of securities to Ian Gregory in lieu of fees	☐	☐	☐
Resolution 9	Forgiveness of loan to related party	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director/Company Secretary	Director	Director/Company Secretary

Date: _____

Contact name: _____ Contact ph (daytime): _____

E-mail address: _____ Consent for contact by e-mail in relation to this Proxy Form: YES ☐ NO ☐

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. (Appointing a proxy): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. (Direction to vote): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (Signing instructions):

   - (Individual): Where the holding is in one name, the Shareholder must sign.
   - (Joint holding): Where the holding is in more than one name, all of the Shareholders should sign.
   - (Power of attorney): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
   - (Companies): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

4. (Attending the Meeting): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

5. (Return of Proxy Form): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

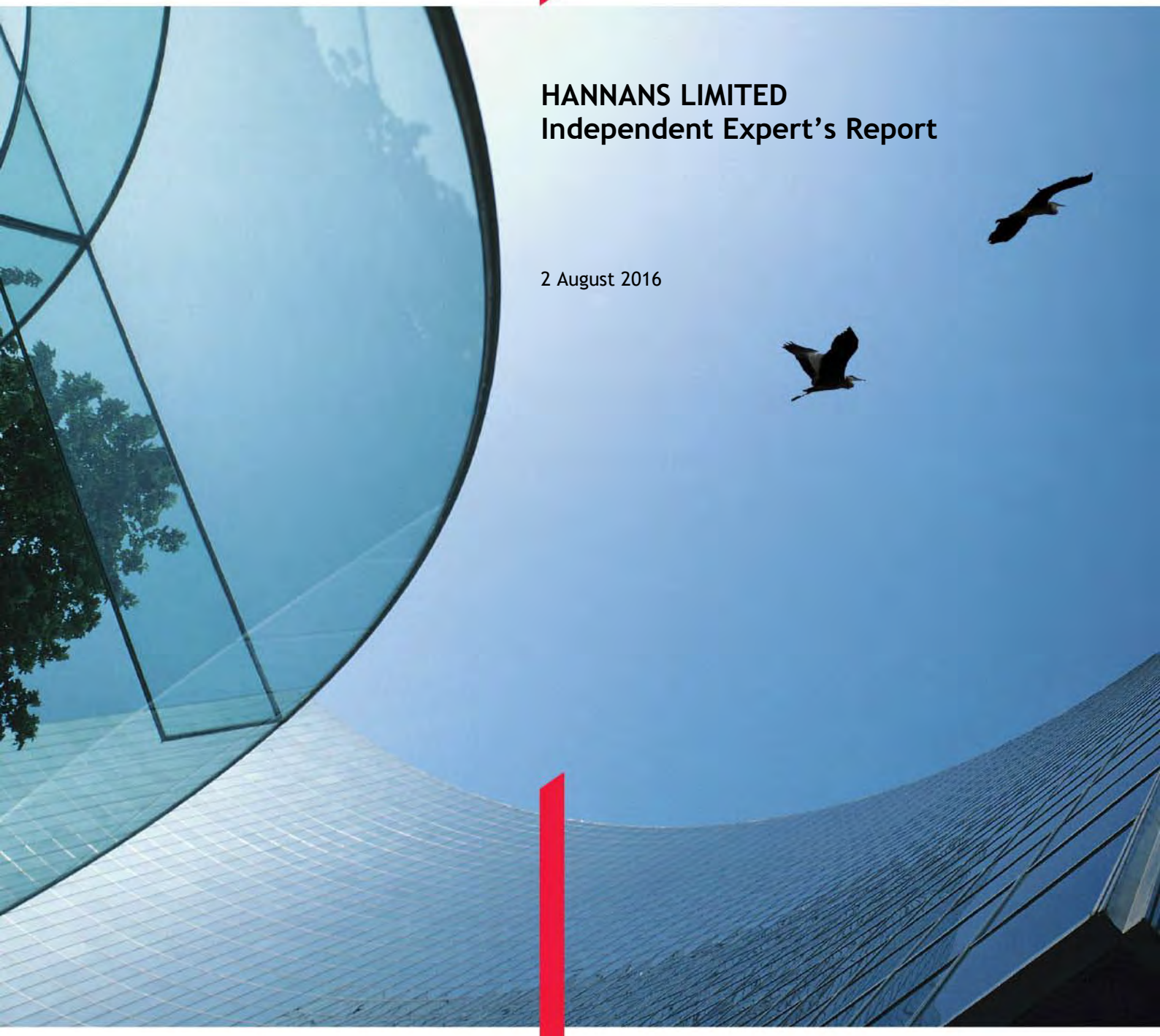
   (a) post to Hannans Limited, PO Box 1227, West Perth, WA, 6872; or

   (b) facsimile to the Company on facsimile number +61 8 9324 3366; or

   (c) email to the Company at admin@hannansreward.com,

   so that it is received not less than 48 hours prior to commencement of the Meeting.

   Proxy Forms received later than this time will be invalid.



HANNANS LIMITED
Independent Expert's Report

2 August 2016

BDO

Financial Services Guide

2 August 2016

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (‘**we**’ or ‘**us**’ or ‘**ours**’ as appropriate) has been engaged by Hannans Limited (‘**Hannans**‘) to provide an independent expert’s report on the proposal to acquire Reed Exploration Pty Ltd, a wholly owned subsidiary of Neometals Limited. Our report will also cover the proposed demerge of Scandinavian Resources Pty Ltd. You will be provided with a copy of our report as a retail client because you are a shareholder of Hannans.

Financial Services Guide
In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (‘**FSG**’). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments
BDO Corporate Finance (WA) Pty Ltd completed valuation work for Hannans in 2015 which was not related to this Transaction. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement was $27,500.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Hannans for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (‘**FOS**’). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out on page 1 of the accompanying report.

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Australia

2 August 2016

The Directors
Hannans Limited
6 Outram Street
WEST PERTH WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 4 March 2016, Hannans Limited ('**Hannans**' or '**the Company**') announced that it had entered into a binding term sheet with Neometals Limited ('**Neometals**') whereby the Company will acquire the entire issued capital of Neometals' wholly-owned subsidiary Reed Exploration Pty Ltd ('**Reed Exploration**'). In addition to the acquisition, the Company proposes to transfer its unlisted subsidiary Scandinavian Resources Pty Ltd ('**SCR**') to a newly incorporated company Critical Metals Ltd ('**Critical Metals**') and to distribute 100% of the issued capital of Critical Metals to Hannans shareholders on a pro-rata basis (1:10) via an in-specie distribution.

As consideration for the acquisition of Reed Exploration, Hannans will issue 620,833,333 fully paid ordinary shares to Neometals at a deemed issue price of $0.003 per share ('**Consideration Shares**').

In addition to the issue of the Consideration Shares, Neometals has subscribed for $0.25 million in a placement by Hannans at an issue price of $0.004 per share, together with one free attaching option for every two shares issued ('**Neometals Placement**'). A further $0.33 million has been raised from sophisticated investors under the same terms as the Neometals Placement above ('**Sophisticated Investor Placement**'). Additionally, Hannans completed a Share Purchase Plan to raise $1.1 million at an issue price of $0.012, being 80% of the volume weighted trading price ('**VWAP**') of shares over the five trading days prior to (and including) the closing date of this capital raising ('**Capital Raising**').

As such, this IER is required pursuant to item 7 of section 611 of the Corporations Act 2001 (Cth) ('**the Act**') as Neometals will hold in excess of 20% of the issued capital of Hannans.

The proposed issue of Consideration Shares and other resolutions which are contained in the accompanying notice of meeting are collectively referred to as '**the Transaction**'.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Hannans have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Transaction is fair and reasonable to the non-associated shareholders of Hannans ('**Shareholders**').

Our Report is prepared pursuant to section 611 of the Act and is to be included in the Notice of Meeting for Hannans in order to assist the Shareholders in their decision whether to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 74 'Acquisitions Approved by Members' ('**RG 74**'), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of a Hannans share (including SCR) prior to the Transaction on a control basis compares to the value of a Hannans share plus the value of a proportionate share in Critical Metals retained by Shareholders for every share held following the Transaction on a minority interest basis;
- The likelihood of a superior alternative offer being available to Hannans;
- Whether a premium for control is being offered in relation to the issue of Hannans shares and whether this is appropriate;
- Other factors which we consider to be relevant to Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Transaction is not fair but reasonable to Shareholders.

In our opinion, the Transaction is not fair because the value of a share in Hannans prior to the Transaction on a control basis is greater than the sum of the value of a share in Hannans following the Transaction on a minority basis (excluding SCR) and the value of a proportionate share retained in Critical Metals following the Transaction on a minority basis. However, we consider the Transaction to be reasonable because the advantages of the Transaction to Shareholders are greater than the disadvantages. In particular, the Transaction provides the Company with full control of the Forrestania, Lake Johnston and Queen Victoria Rocks Projects and provides Shareholders with the opportunity to participate in the full upside of these projects. Additionally, the Transaction provides a cash injection which can be used to develop these assets. Also, Shareholders may benefit from the spinoff of Critical Metals, as there is a possibility that it could be listed in the future. We also note that the pre-Transaction minority interest value of a Hannans share is broadly consistent with the total minority interest value retained by Shareholders following the Transaction.

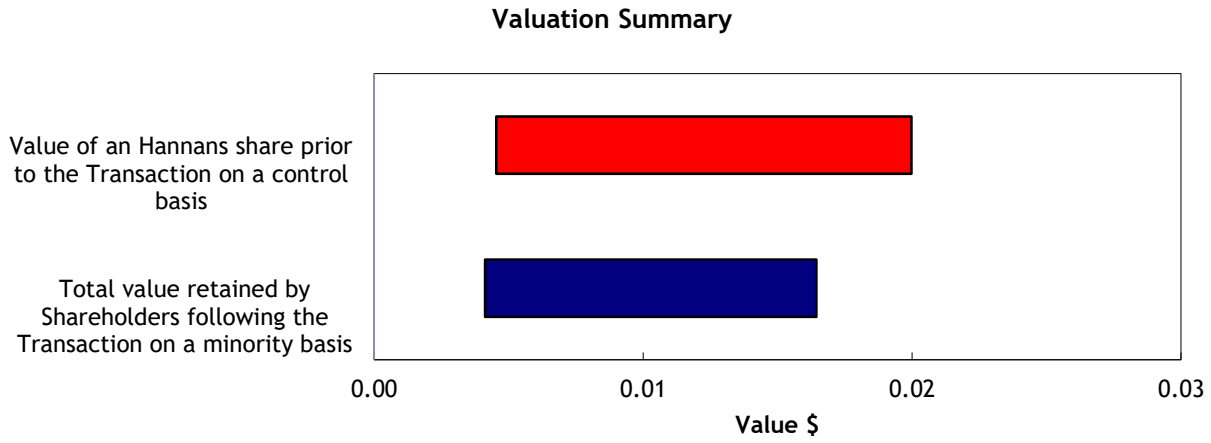
2.4 Fairness

In section 14 we determined that the value of a share in Hannans prior to the Transaction (including the value of SCR) on a control basis is greater than the value of a Hannans share following the Transaction and the value of a proportionate share in Critical Metals, on a minority basis, as set out below.

	Ref	Low $	Preferred $	High $
Value of a share in Hannans prior to the Transaction on a control basis	**11.3**	**0.005**	**0.014**	**0.020**
Value of a share in Hannans following the Transaction (excluding SCR) on a minority basis	12	0.002	0.003	0.003
Value per proportionate share retained in Critical Metals following the Transaction on a minority basis	13	0.002	0.009	0.013
Total value retained by Shareholders following the Transaction on a minority basis		**0.004**	**0.012**	**0.016**

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Transaction is not fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 15 of this report, in terms of both

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
15.1.1	The pre and post Transaction values on a minority basis are broadly consistent	15.2.1	The Transaction is not fair
15.1.2	Shareholders have the potential to participate in the full upside of the Forrestania, Lake Johnston and Queen Victoria Rocks Projects	15.2.2	Dilution of existing Shareholders' interests
15.1.3	Hannans obtains full control of the Forrestania, Lake Johnston and Queen Victoria Rocks Projects	15.2.3	Demerger will result in Shareholders holding shares in an unlisted company
15.1.4	The Transaction provides the Company with additional capital to continue to progress the Forrestania, Lake Johnston and Queen Victoria Rocks Projects	15.2.4	Loss of synergies and increased operating costs for Critical Metals
15.1.5	Hannans and Critical Metals may benefit from furthering a strategic relationship with Neometals	15.2.5	Neometals will obtain the right to participate in future capital raisings therefore giving it exposure to the upside of Critical Metals
15.1.6	Cleaner balance sheet which may be more attractive for potential investors or acquirers		
15.1.7	Development of Critical Metals' projects may be fast tracked with a management team focused solely on the Scandinavian assets		
15.1.8	Shareholders may benefit from a future listing of Critical Metals		
15.1.9	The Company is acquiring Reed Exploration for no cash outlay		

Other key matters we have considered include:

Section	Description
15.3	Alternative proposal
15.4	Practical level of control
15.5	Potential decline in share price

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

As at the date of our Report, Neometals holds 6.38% of Hannans' issued capital. If the Transaction proceeds, Neometals will have a relevant interest of, at a minimum 42.24% and a maximum of 43.33%, taking its shareholding over the 20% control threshold.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Hannans, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Hannans have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

Given that the Transaction includes the demerger of SCR, in determining the basis of our evaluation and opinion, we have had regard to the views expressed by ASIC in RG 111.35 and RG 111.36 which suggests:

In the case of a demerger, if there is not;

- a change in underlying economic interests of security holders;
- a change of control; or
- selective treatment of different security holders;

then the issue of 'value' may be of secondary importance.

An expert should provide an opinion as to whether the advantages of the demerger outweigh the disadvantages. The demerger of SCR is conditional upon the completion of the acquisition of Reed Exploration, which as outlined above is a control transaction and therefore is analysed on a basis consistent with a takeover bid. Therefore, on the basis that we are opining on the Transaction as a whole, we consider the acquisition of Reed Exploration and the issue of Consideration Shares to constitute a change of control, and have therefore treated the issue of 'value' as of primary importance. We have still considered the advantages and disadvantages of the Transaction (including the demerger of SCR) in our assessment of the reasonableness of the Transaction.

An expert may choose to consider whether the value of the demerged entities is greater than or less than the value of the original entity.

RG 111.38 states that in a demerger, security holders will typically have to balance issues such as the benefits of a greater focus afforded to the demerged entities against increased costs and reduction in diversified earnings streams.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Hannans share prior to the Transaction (including SCR) on a control basis and the value of a Hannans share (excluding SCR) and a share in Critical Metals following the Transaction on a minority basis (fairness – see Section 14 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 15 'Is the Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' (**'APES 225'**).

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

On 4 March 2016, Hannans announced that it had entered into a binding term sheet with Neometals whereby the Company will acquire the entire issued capital of Neometals' wholly-owned subsidiary Reed Exploration and also transfer its unlisted subsidiary SCR to a newly incorporated company called Critical Metals. The Company will distribute 100% of the issued capital of Critical Metals to Hannans shareholders on a pro-rata basis (1:10) via an in-specie distribution.

Acquisition of Reed Exploration

Hannans currently has a 20% free-carried interest in all the mineral rights at the Forrestania, Lake Johnston and Queen Victoria Rocks projects in Western Australia. The remaining 80% at Lake Johnston and Queen Victoria Rocks is held by Reed Exploration. At Forrestania, Reed Exploration sold its 80% interest in gold rights to an unrelated third party in 2015 but retains an 80% interest in all non-gold mineral rights. Therefore, following the Transaction the Company will own 100% of the Lake Johnston and Queen Victoria projects, 100% of the non-gold mineral rights at the Forrestania project and 20% of the gold rights (free carried) at the Forrestania project.

Pursuant to the agreement, on acquisition Reed Exploration will hold $1 million of cash less the costs of Reed Exploration's upcoming nickel exploration drilling which will be capped at $250,000.

As consideration for the acquisition of Reed Exploration, Hannans will issue Neometals 620,833,333 fully paid ordinary shares in the Company. In addition to the issue of the Consideration Shares, Neometals has subscribed for $0.25 million of shares at an issue price of $0.004 per share in a placement by Hannans that was completed on 11 March 2016. As part of the Neometals Placement, Neometals received one free attaching option, exercisable at $0.004 within two years, for every two shares subscribed.

Capital raisings completed as conditions precedent of the Transaction

On 11 March 2016, Hannans issued 62.5 million shares at $0.004 per share to raise $250,000 and 31.25 million options exercisable at $0.004 exercisable within two years.

On 23 May 2016, the Company announced that it had completed a Sophisticated Investor Placement where it raised a further $0.33 million under the same terms of the Neometals Placement by issuing 83.325 million shares to unrelated sophisticated investors of the Company.

Additionally, Hannans completed the Capital Raising, by way of a share purchase plan which raised $1.1 million at an issue price of $0.012, being 80% of the VWAP of shares over the five trading days prior to (and including) the closing date of the Capital Raising.

In-specie distribution

A condition precedent to the Transaction is the transfer of the Company's unlisted subsidiary SCR to a newly incorporated company called Critical Metals. The transfer will be implemented by way of a pro-rata issue of shares to Hannans shareholders on a one for ten basis, whereby shareholders will receive one Critical Metals share for every ten Hannans shares held. Prior to the Transaction, Neometals holds 6.38% of Hannans' issued capital. In addition to its pro-rata entitlement to shares in Critical Metals, Neometals will receive shares issued which will increase its holding up to a minimum of 13.5% of the issued capital of Critical Metals. Based on our analysis, this minimum holding condition will result in Neometals receiving an additional 8.24 million shares. Upon completion of the transfer, Hannans agrees to ensure Critical Metals has no less than $250,000 in cash and no debts.

Pursuant to the Transaction, Neometals will also have the right but not the obligation to subscribe for at least 20% of future capital raisings undertaken by Critical Metals and will have a 30 day pre-emptive right to match any third party offer to acquire an interest in Critical Metals' lithium projects.

Other events following completion of the Transaction

In addition to the above, Hannans directors and company secretary will convert the majority of outstanding fees, salary and leave entitlements owing to them into Hannans shares and options if approved by shareholders. Given that the Transaction is not conditional on these resolutions being approved, we have not adjusted for the conversion of these accrued fees. Further information on the conversion of these accrued director and company secretary fees to shares can be found in the Notice of Meeting, which this Report accompanies.

Hannans' Board of Directors will also be reconfigured to comprise of two representatives of Hannans and one representative from Neometals.

Proposed Capital Structure

The proposed capital structure of the Company following completion of the Transaction is set out below:

Capital structure of Hannans	Existing Shareholders	Neometals	Total
Number of shares on issue at the date of this Report	**936,124,422**	**63,750,000**	**999,874,422**
% holdings as at the date of this Report	*93.62%*	*6.38%*	*100.00%*
Issue of Consideration Shares	-	620,833,333	620,833,333
Number of shares on issue following the Transaction	**936,124,422**	**684,583,333**	**1,620,707,755**
% holdings following the Transaction	*57.76%*	*42.24%*	*100.00%*
Diluted			
Exercise of free attaching options	-	31,250,000	31,250,000
Number of shares on issue following the Transaction (diluted)	**936,124,422**	**715,833,333**	**1,651,957,755**
% holdings post Transaction (diluted)	*56.67%*	*43.33%*	*100.00%*

The above table shows that if the Transaction is approved, existing Shareholders will go from holding 93.62% of the Company's issued capital to holding approximately 56.67% following the Transaction. Following the issue of Consideration Shares, Neometals will hold 42.24% of the Company's issued capital. Hannans is seeking approval for Neometals to increase its holding up to 43.33% assuming that Neometals exercises its options and no other options are exercised. In assessing the value of a share prior to and following the Transaction, we have assumed the existing options on issue will not be exercised prior to the transfer of SCR. This approach assumes Neometals will rationally seek to maximise the number of Critical Metals shares issued to them as part of the minimum holding condition by not exercising the options until after the transfer occurs.

As outlined above, the maximum interest that Neometals will obtain in Hannans following completion of the Transaction will be 43.33%.

5. Profile of Hannans

5.1 History and Overview

Hannans is a precious and base metal exploration company that was founded in February 2002 in Torbay, Western Australia and officially listed on the ASX on 5 December 2003. The current Board of Directors comprises the following members:

- Damian Hicks – Managing Director;
- Olof Forslund – Non-Executive Director;
- Markus Bachmann – Non-Executive Director; and
- Jonathan Murray – Non-Executive Director.

Since its inception, the Company has at various times held a portfolio that includes nickel, gold, copper, iron and manganese exploration projects throughout Norway, Sweden and Australia. In August 2012, Hannans acquired ASX listed Scandinavian Resources Limited including its subsidiaries Scandinavian Resources AB and Kiruna Iron AB. The primary purpose of the acquisition was to gain access to the Kiruna Iron Project in northern Sweden and a portfolio of copper-gold projects in Sweden and Norway. Hannans

focused its exploration efforts on its newly acquired iron ore portfolio, however due to depressed iron ore prices very limited work was completed during the year ended 30 June 2015. Subsequently Hannans has redirected exploration expenditure towards other commodities, in particular its copper-gold in Sweden. Hannans interest in West Australian precious and base metals projects were all free carried through to decision to mine.

5.2 Recent corporate events

On 27 March 2015 Hannans announced that it had entered into a joint venture with Swedish mining company Lovisagruvan AB (**'LOVI'**) over the Pahtohavare Copper-Gold Project (**'Pahtohavare'**). Historically LOVI has operated zinc and lead underground mines in the south of Sweden, which have an estimated remaining life of 15 years. LOVI will focus on assessing the potential to mine copper close to the surface at Pahtohavare with a secondary focus on exploring high grade copper at depth.

LOVI can earn a 51% interest in Pahtohavare by lodging an exploitation concession application and environmental permit for the oxide deposit within approximately 18 months of signing this agreement, and providing an interest free working capital facility up to SEK 4,000,000 on normal commercial terms. It can also earn a 75% interest in Pahtohavare by delivering a feasibility study within four months of grant of an exploitation concession and an environmental permit. The study must be capable of being used to access funding to contribute to development and mining.

During the June Quarter 2015, Hannans' wholly owned subsidiary Kiruna Iron AB and its joint venture partners Boliden AB and Tasman Metals Inc agreed to end their respective iron ore exploration joint venture agreements with Hannans due to concerns regarding the current iron ore price environment and consequently, the ability for the projects to generate adequate return on investment.

On 2 July 2015 Hannans advised it had entered an agreement to sell its West Australian exploration database to Reed, a wholly owned subsidiary of Neometals. Consideration for the agreement was a 20% interest in the tenements and a free-carried interest through to decision to mine. Upon a decision to mine being made, Hannans may elect to contribute to expenditure and maintain its 20% interest or convert to a 2% net smelter royalty.

On 9 October 2015 Hannans received a refund notice from Avalon Minerals Limited (**'Avalon'**) for an initial payment of $1 million on the basis that the Discovery Zone exploitation concession application had not been granted within the timeframe stipulated in the heads of agreement (**'HOA'**). The payment related to a binding HOA entered into with Avalon on 2 May 2013, in which Avalon acquired the Discovery Zone copper iron deposit. On 8 October 2013 Avalon made an initial payment of $1 million to Hannans however, the HOA stipulated that if the Discovery Exploitation Concession was not granted within two years after the first payment, then Hannans would be required to refund the payment and the remaining balance would cease to be outstanding. We note that there is no requirement for there to be a cash payment made to Avalon as the Company may discharge the liability by transferring a project of equivalent value.

On 21 October 2015, Hannans was informed that the Discovery Zone exploitation concession application had been dismissed by the Mining Inspectorate of Sweden and that Avalon could no longer transfer the application back to Hannans as required by the HOA. Hannans has reserved its rights and has requested Avalon provide a written explanation of the circumstances that lead to the dismissal.

On 24 November 2015 Hannans announced that LOVI had notified Hannans that it will proceed to Stage 2 of the Pahtohavare Joint Venture. In January 2016, Kiruna Iron AB borrowed $237,000 pursuant to the joint venture agreement.

On 14 January 2016, Avalon advised Hannans that it would commence court action to recover the $1 million paid to Hannans pursuant to the HOA. Hannans has reserved its rights in connection to the HOA.

On 4 March 2016 Hannans advised that it entered into a strategic collaboration with Neometals. This provides for Hannans' unlisted subsidiary Scandinavian Resources and Neometals to enter into a lithium knowledge and technical assistance agreement to identify lithium opportunities throughout Europe.

On 8 June 2016, Avalon served Hannans with a Writ of Summons for $1 million. Following this, on 4 July 2016 Hannans filed a Defence in relation to the Writ and a Counterclaim for $9 million and a Summary Judgement Application in relation to Avalon's Writ.

5.3 Key Projects

Pahtohavare Copper-Gold Project

The Pahtohavare Copper-Gold Project was founded in 1984 and is located in northern Sweden, eight kilometres south-west of the full-service mining town of Kiruna, approximately 1,200 kilometres north of Stockholm, Sweden. Kiruna is in close proximity to major infrastructure including sealed roads, power and open access railway. The Pahtohavare project consists of three deposits, Central, Southern and South Eastern. In March 2015, Hannans entered into a joint venture with LOVI who conducted preliminary test work and drilling in August 2015. On 24 November 2015, the Company announced that the joint venture had progressed to the second stage, which will see LOVI prepare and lodge an exploitation concession application for the central deposit, in addition to providing Hannans' wholly owned subsidiary Kiruna Iron AB with a $475,000 interest free working capital facility.

Rakkurijoki Iron Project

The Rakkurijoki iron project is located five kilometres from the mining town of Kiruna. Rakkurijoki is well positioned with regard to key project infrastructure including overhead power, sealed roads and heavy gauge rail that connects to export ports.

In February 2013 a positive scoping study assessing the viability of an open pit mining operation was completed and found the deposit had the potential to produce iron product over a 12 year mine life.

Lannavaara Iron Project

The Lannavaara Iron Project (**'Lannavaara'**) is a project in the conceptual stages of exploiting a large magnetite iron resource located over 80 kilometres by road from the nearest open access heavy gauge, railhead at Svappavaara. The main deposit Paljasjarvi, comprises a 3.5 kilometre long magnetic anomaly, which Hannans completed initial metallurgical test work on in 2012. Significant additional drilling is required to define deposits and ultimately establish a JORC compliant mineral resource estimate. Furthermore, significant infrastructure scoping studies and solutions must take place in order to support any kind of mining scenario at Lannavaara in the future.

Exploration Portfolio

Hannans also has a 100% interest in the Altavaara Copper-Gold Prospect in Norrbotten, Sweden.

Hannans has also lodged a number of applications for exploration permits over a historic lithium mine and tenure prospective for pegmatite-hosted lithium mineralisation in the Skelleftea – Boliden district of northern Sweden.

Further details of Hannans' mining exploration projects can be found in Appendix Three and Appendix Four.

5.4 Profile of SCR

SCR is a wholly owned subsidiary of Hannans. In 2012 Hannans acquired SCR along with its subsidiary companies Scandinavian Resources AB and Kiruna Iron AB. Hannans undertook the acquisition with the goal of gaining access to the Kiruna Iron Project based in northern Sweden, along with the portfolio of copper-gold projects in Sweden and Norway.

SCR holds the following rights and obligations:

- Free carried interest in the Pahtohavare copper-gold project (joint venture with LOVI);
- Rakkurijoki and Lannavaara iron projects (advanced and greenfields);
- Lithium exploration prospects, including the Varutrask lithium mine (greenfields);
- Precious and base metals exploration portfolio; and
- Rights and obligations in relation to the Avalon matter (described in further detail in section 5.2).

5.5 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31-Dec-15 $	Audited as at 30-Jun-15 $	Audited as at 30-Jun-14 $
CURRENT ASSETS			
Cash and cash equivalents	399,926	345,497	695,163
Trade and other receivables	101,624	76,590	708,297
Other financial assets	621	5,526	3,191
TOTAL CURRENT ASSETS	502,171	427,613	1,406,651
NON CURRENT ASSETS			
Other receivables	104,869	154,275	236,852
Property, plant and equipment	14,222	29,681	59,693
Other financial assets	168,985	168,985	255,728
Exploration and evaluation expenditure	1,358,145	1,356,340	29,688,557
TOTAL NON CURRENT ASSETS	1,646,221	1,709,281	30,240,830
TOTAL ASSETS	2,148,392	2,136,894	31,647,481
CURRENT LIABILITIES			
Trade and other payables	1,821,603	1,737,519	1,975,709
Provisions	188,329	244,585	186,077
Income tax payable	-	-	625
Other financial liabilities	250,422	2,884	4,596
TOTAL CURRENT LIABILITIES	2,260,354	1,984,988	2,167,007
NON CURRENT LIABILITIES			
Provisions	8,236	78,343	287,806
Other financial liabilities	-	-	2,882
TOTAL NON CURRENT LIABILITIES	8,236	78,343	290,688
TOTAL LIABILITIES	2,268,590	2,063,331	2,457,695
NET ASSETS	(120,198)	73,563	29,189,786
EQUITY			
Contributed equity	44,577,512	44,577,512	44,577,512
Reserves	(154,008)	(237,970)	(242,150)
Accumulated losses	(44,543,702)	(44,265,979)	(15,145,576)
TOTAL EQUITY	(120,198)	73,563	29,189,786

Source: Hannans' reviewed financial statement for the half year ended 31 December 2015 and Hannans' audited financial statements for the years ended 30 June 2014, 30 June 2015.

Commentary on Statement of Financial Position

We note that Hannans' auditor issued an emphasis of matter in the financial report for the half year ended 31 December 2015. The auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern and whether it can realise its assets and extinguish it liabilities, in the normal course of business, at the amounts stated in the financial report.

We note the following in relation to Hannans' Statement of Financial Position:

- Cash and cash equivalents declined significantly over the period from 30 June 2014 to 31 December 2015. The decrease in cash and cash equivalents from $695,163 as at 30 June 2014 to $345,497 as at 30 June 2015 was primarily caused by payments to suppliers and employees of $878,136, which were partially offset by receipt of an exclusive due diligence fee of $559,4980. For the period from 30 June 2015 to 31 December 2015, cash and cash equivalents increased from

$345,497 to $399,926. This increase was mainly due to proceeds from borrowings of $250,000 and receipts of other income of $149,215, which was partially offset by payments to suppliers and employees of $370,519.

- Non-current other financial assets of $168,985 as at 31 December 2015 relates to a loan to director Mr Hicks. The board approved a loan for $300,000 at 6% per annum repayable before 31 March 2015. The loan repayment date has been extended by two years to 31 March 2017 and the Company has decided to suspend interest charged, principal repayments and interest payments while Mr Hicks' salary is deferred.
- Exploration and evaluation expenditure reduced from $29,688,557 as at 30 June 2014 to $1,356,340 as at 30 June 2015. The fall was attributable to Hannans recognising impairment losses in respect to capitalised exploration and evaluation to the extent of $28,275,372 during the year ended 30 June 2015. The impairment arose as a result of the decrease in valuations being attributed to mining companies globally and the relinquishment of permits. Exploration and evaluation increased to $1,358,145 at 31 December 2015, on account of capitalised exploration expenditure, largely offset by impairment costs of $123,656 as a result of relinquishment of permits.
- Current and non-current provisions relate to employee benefits and rent of unoccupied space, which was recognised on the basis that Hannans occupies and subleases part of its Perth office premises.
- Current other financial liabilities of $250,422 as at 31 December 2015 relates to an unsecured loan of $250,000 with an unrelated third party. The loan was fully repaid on 1 February 2016.

5.6 Historical Statement of Financial Performance and Comprehensive Income

Statement of Comprehensive Income	Reviewed for the half year ended 31-Dec-15 $	Audited for the year ended 30-Jun-15 $	Audited for the year ended 30-Jun-14 $
Revenue	-	50,630	150,925
Other income	272,098	452,691	901,348
Gain on disposal of shares	-	-	9,750
Employee and contractors expenses	(190,248)	(595,601)	(547,809)
Depreciation expense	(15,461)	(28,680)	(36,026)
Consultants expenses	(95,401)	(7,704)	(213,992)
Interest expense	(1,301)	(2,337)	(3,000)
Occupancy expenses	(22,934)	(92,702)	(616,789)
Marketing expenses	(4,297)	(5,853)	(11,700)
Exploration and evaluation expenses	(26,488)	(387,160)	(534,311)
Impairment of exploration and evaluation expenses	(123,656)	(28,275,372)	-
Transfer of available for sale revaluation reserve	-	(26,875)	-
Other expenses	(70,035)	(201,440)	(235,439)
Loss from continuing operations before income tax	(277,723)	(29,120,403)	(1,137,043)
Income tax benefit/(expense)	-	-	121,719
Loss from continuing operations after income tax	**(277,723)**	**(29,120,403)**	**(1,015,324)**
Foreign currency translation differences	51,070	(100,410)	(148,619)
Net change in fair value of available-for-sale financial assets	-	2,335	895
Net change in fair value of available-for-sale financial assets reclassified to profit and loss	-	26,875	(7,800)
Total comprehensive loss for the year	**(226,653)**	**(29,191,603)**	**(1,170,848)**

Source: Hannans' reviewed financial statement for the half year ended 31 December 2015 and Hannans' audited financial statements for the years ended 30 June 2014, 30 June 2015.

Commentary on Statement of Comprehensive Income

We note the following in relation to Hannans' Statement of Comprehensive Income:

- Included in other income is prospect transaction fees of $717,899 for the year ended 30 June 2014 and $335,263 for the year ended 30 June 2015 which relate to a heads of agreement entered on 27 February 2015, for a non-refundable US Dollar ('**US$**')1 million signing fee with a third party. This provided the third party with the exclusive right to undertake due diligence on the deposits over a six month period. The signing fee was amortised over the exclusive rights period and appropriately apportioned between the financial years.
- Other income for the years ended 30 June 2014 and 30 June 2015 and the half year ended 31 December 2015 primarily comprised rental income from the sublease arrangement at the Company's Perth office premises.
- Employee and contractor expenses have declined from $595,601 for the year ended 30 June 2015 to $190,248 for the half year ended 31 December 2015, which is a result of Hannans' reduced expenditure on exploration and evaluation.
- Occupancy expenses decreased from $616,789 for the year ended 30 June 2014 to $92,702 for the year ended 30 June 2015. The company was leasing approximately 90% of its office space, the remainder was subleased. Consequently, the provision for rent was revised to ($160,062) for the year ended 30 June 2015, which contributed to occupancy expenses decreasing to $92,702.

- Exploration and evaluation expenses have declined significantly from the period 30 June 2014 to 31 December 2015. The decrease in exploration and evaluation expenditure can be attributed to Hannans' strategic decision to cease exploration activities in Norway and close its Norwegian subsidiary. Furthermore, the Company divested its greenfield exploration in Western Australia via a joint venture and tenement surrender.
- Exploration and evaluation expenses decreased from $534,311 for the year ended 30 June 2014 to $387,160 for the year ended 30 June 2015. This was mainly a result of Hannans' strategic decision to cease exploration activities in Norway and close its Norwegian subsidiary. Furthermore, the Company divested its greenfield exploration in Western Australia via a joint venture and tenement surrender. Exploration and evaluation expenditure was cut further to $26,488 for the half year ended 31 December 2015 due to Hannans' decision to reduce their Australian and Sweden portfolio.
- Impairment of exploration and evaluation expenses was $28,275,372 for the year ended 30 June 2015 as a result of a decrease in valuations being attributed to exploration and mining companies globally and the potential withdrawal from vendor agreements to acquire permits, relinquishments of licences and applications for exemptions of minimum expenditure requirements. Impairment of exploration and evaluation was $123,656 for the period ended 31 December 2015 as a result of the relinquishment of permits.

5.7 Capital Structure

The share structure of Hannans as at 20 July 2016 is outlined below:

	Number
Total ordinary shares on issue	999,874,422
Top 20 shareholders	536,485,737
Top 20 shareholders - % of shares on issue	53.66%

Source: Share registry information

The range of shares held in Hannans as at 20 July 2016 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	92	26,051	0.00%
1,001 - 5,000	222	766,381	0.08%
5,001 - 10,000	210	1,774,024	0.18%
10,001 - 100,000	777	36,180,451	3.62%
100,001 - and over	677	961,127,515	96.12%
TOTAL	**1,978**	**999,874,422**	**100.00%**

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 20 July 2016 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Equity & Royalty Investments	120,000,003	12.00%
MCA Nominees Pty Ltd	83,303,333	8.33%
JP Morgan Nominees Australia Limited	68,326,836	6.83%
Gold Mines of Kalgoorlie Pty Ltd	63,750,000	6.38%
Mr Bruce Drummond & Mrs Judith Drummond	27,000,000	2.70%
Subtotal	362,380,172	36.24%
Others	637,494,250	63.76%
Total ordinary shares on Issue	**999,874,422**	**100.00%**

Source: Share registry information

The most significant option holders of Hannans as at 20 July 2016 are outlined below:

Current Options on Issue	Number
Unlisted options exercisable at $0.008 expiring 20 November 2017	12,016,668
Unlisted options exercisable at $0.005 expiring 20 November 2018	7,850,001
Unlisted options exercisable at a 50% premium to the 10 day VWAP after 20 November 2016, expiring 20 November 2019	12,016,664
Unlisted options exercisable at $0.004 expiring 10 March 2018	31,250,000
Unlisted options exercisable at $0.004 expiring 3 June 2018	10,412,500
TOTAL	**73,545,833**

Source: Share registry information

6. Profile of Neometals

6.1 History

Neometals is a Western Australian based minerals project developer which officially listed on the ASX on 10 July 2002. The current board of directors of Neometals are:

- Steven Cole – Chairman;
- Christopher Reed – Managing Director and Chief Executive Officer;
- David Reed – Non-Executive Director;
- Doug Ritchie – Non-Executive Director; and
- Natalia Streltsova – Non-Executive Director.

Neometals' main projects include the Mount Marion Lithium Project, the Lithium Hydroxide Project and the Barrambie Titanium Project. Through its wholly owned subsidiary Reed, it also holds an 80% interest in the Forrestania, Lake Johnston and Queen Victoria Rocks projects, which are detailed in section 7 of our Report. Neometals' main projects are set out below.

6.2 Projects

Mt Marion Lithium Project

Neometals currently holds a 13.8% interest in the Mt Marion Lithium project together with Mineral Resources Ltd (**'Mineral Resources'**) (43.1%) and Jiangxi Ganfeng Lithium Co., Ltd (**'Ganfeng'**) (43.1%). The project is located about 40km south west of Kalgoorlie, Western Australia.

In October 2009, Neometals signed a farm-in agreement which gave it 100% ownership of the project, with Mineral Resources funding all development costs along with building, owning and operating the processing facility to earn 40% of net profit from the project.

During February 2011 an agreement was made between Neometals and Mineral Resources so that rather than having the right to 40% of net profit, Mineral Resources would hold a 30% ownership of the project.

In September 2015 Neometals, Mineral Resources and Ganfeng came to an agreement which resulted in Gangfeng taking 25% interest in the Mt Marion mine along with an agreement to a life-of-mine offtake. In December 2015 construction on the project commenced.

On 3 February 2016, Neometals announced that Ganfeng requested to accelerate the exercise of its option to acquire an additional 18.1% of Mt Marion Lithium project for US$27.15 million. As such, Genfeng's interest in the Mt Marion Lithium project increased from 25% to 43.1%.

On 3 June 2016, Mineral Resources announced that it had also agreed to exercise its option to increase its holding in the Mt Marion Lithium project from 30% to 43.1% for a US$19.65 million payment.

Lithium Hydroxide Project (Eli Process)

The Lithium Hydroxide project is a joint venture between Neometals (70%) and Mineral Resources (30%) which aims to operate at the lowest quartile costs for lithium hydroxide. The patented Eli Process seeks to see low cost battery grade lithium products produced from spodumene concentrate, derived from the Mt Marion Project.

The Eli Process involves converting spodumene concentrate into a high purity lithium chloride solution, which then uses electrolysis to produce high purity lithium hydroxide and lithium carbonate. Both of these products are used in the lithium ion battery industry.

Neometals released the results of its feasibility study on 11 July 2016. The feasibility study confirmed that the Lithium Hydroxide project is technically feasible and economically viable. As such, the aim of the project going forward is to complete an integrated pilot plant test program before committing to a detailed design and construction of a full scale plant.

Barrambie Titanium Project

Barrambie is wholly owned by Neometals and is located in Sandstone, Western Australia. The project is one of the world's largest high grade titanium deposits.

7. Profile of Reed

7.1 History

Reed is a wholly owned subsidiary of Neometals. Reed's interests in its projects are set out below:

- 80% interest in all rights (excluding gold) at Forrestania;
- 80% interest in all mineral rights at Lake Johnson; and
- 80% interest in all mineral rights at Queen Victoria Rocks.

Forrestania Project

The Forrestania project is located 120km south of the Southern Cross and 80km east of Hyden in Western Australia, on the western side of the Forrestania Greenstone Belt. The project consists of five granted exploration licences and two prospecting licences.

Lake Johnston Project

The Lake Johnson project is situated approximately 100km southwest of Norseman in Western Australia within the Lake Johnston Greenstone Belt. The project consists of one granted exploration licence, which is prospective for both gold and nickel.

Queen Victoria Rocks Project

The Queen Victoria Rocks project is located around 50km southwest of Coolgardie in Western Australia over the Archaean greenstone lithologies, consisting of one granted exploration licence. The project is prospective for nickel mineralisation and is at an average to advanced exploration stage.

Refer to Appendix Three for additional information on the Forrestania, Lake Johnston and Queen Victoria Rocks projects.

8. Economic analysis

Global outlook

The global economy has continued to grow, albeit at a slower rate than what was expected. Conditions have become challenging for a number of emerging market economies, while many advanced economies have improved over the past year. China's growth rate continued to slow down over the first part of the year, although recent activities by Chinese policymakers tend to favour the short-term economic outlook. Britain's recent exit from the European Union has caused increased uncertainty in global financial markets, with the long term effect of this yet to be known.

Australia

The Australian economy seems to be continuing to rebalance off the end of the mining investment boom. Throughout 2015, overall GDP growth seemed to pick up, along with an increasingly healthy labour market. Continual growth is expected in Australia throughout 2016, however at a more moderate pace. Labour market signs have been mixed of late, but support the continued expansion of employment in the short term. The inflation rate remains low in Australia and given the low growth in labour costs, this is expected to continue for some time. With the Australian economy continuing its rebalance and with slow domestic growth throughout the country, Hannans may find market conditions difficult.

Commodities

Commodity prices have increased recently, however they are still much lower than that of a few years ago, with terms of trade remaining much lower than it has been in recent years. Prices tend to rely on demand, in particular from the Chinese industrial sector, along with the response to changes in supply. Due to low oil prices, producers of bulk commodities have in general been reducing their cost of production, as oil is an important input for the transportation of these commodities. However, the ability for these producers to continue to reduce their costs is limited and may lead to firms exiting the market. Low trade from the Australian economy will lead to tough market conditions for Hannans, along with weak global commodity prices. This may be partially offset by the uncertainty created in global financial markets by Britain's exit from the European Union, which has had a positive impact on gold prices. Hannans are likely to benefit from the increased gold prices.

Financial markets

The financial markets have seemed to improve after experiencing high levels of volatility over the past few months. The uncertainty about the global economic outlook and policy settings tend to have participants concerned. However, funding costs for high-quality borrowers remain low and monetary policy around the globe remains loose.

Interest rates

Credit is recording moderate growth overall. Low interest rates are acting to support borrowing, spending and domestic demand. Growth in lending to the housing market has broadly been steady over recent months. Dwelling prices continue to remain steady in Sydney and Melbourne, and have remained quiet in other cities around the country.

Australian Dollar

The lower exchange rate has assisted exporters by making domestically produced goods cheaper for foreign buyers. A weak Australian dollar is likely to attract foreign investment in Australian assets, which will assist Hannans in their operations.

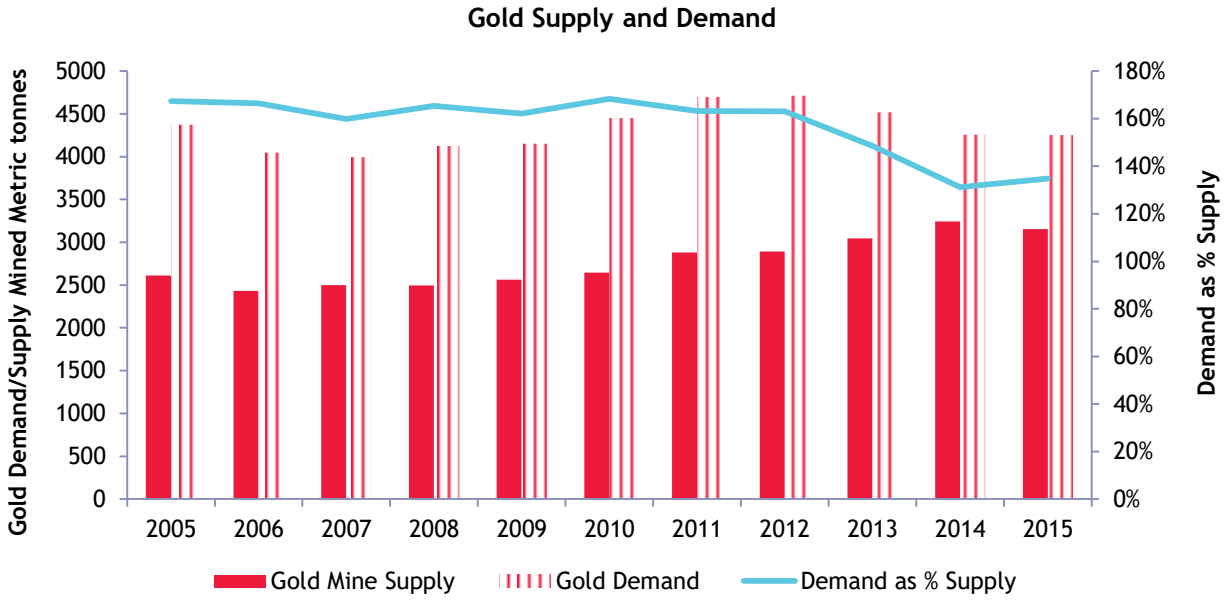
Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision 3 May 2016 & 7 June 2016*

9. Industry analysis

9.1 Gold

Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by mine production, gold recycling and central bank selling.

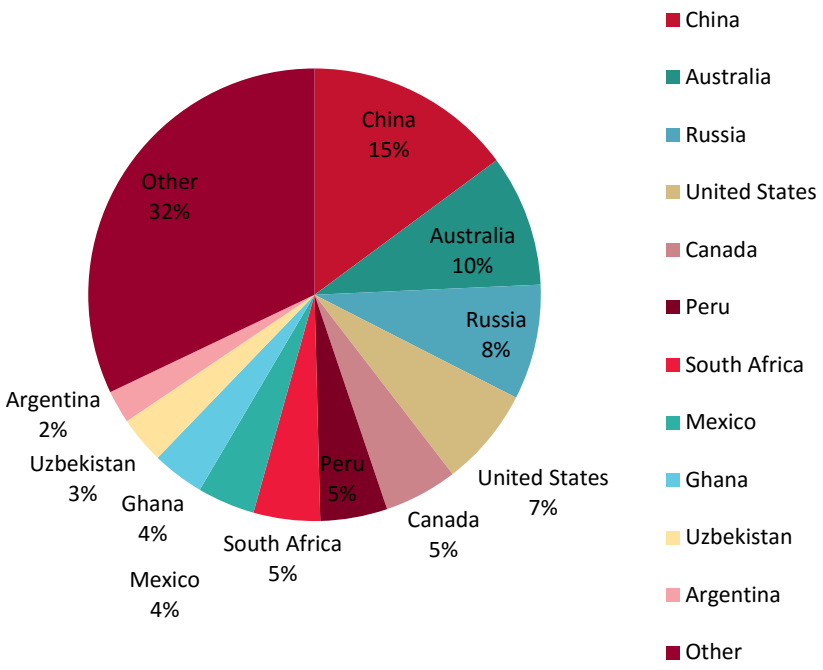
As illustrated in the chart below, gold mine production was approximately 3,155t in 2015 and gold consumption was 4,252t. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during recent years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand as a percentage of total gold supply has reached a high of 168% in 2010.



Source: Bloomberg and BDO analysis

Until the late 1980's, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented with production dominated by China, Australia, Russia and the United States.

Global Gold Production - 2015

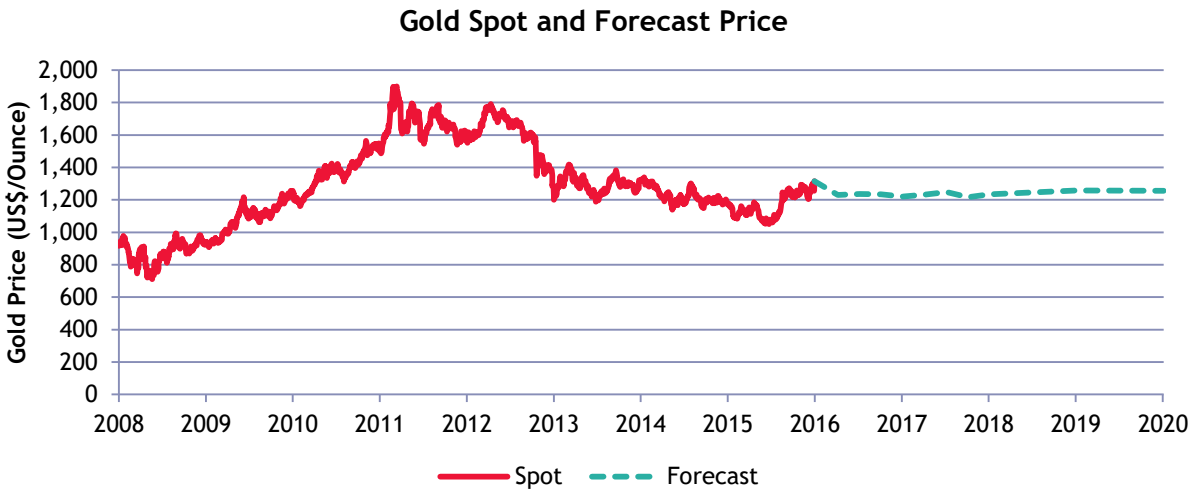


Source: Bloomberg and BDO analysis

9.2 Gold Prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The softening of gold prices from 2013 to 2015 is reflective of the recovery of global economic conditions. The value of gold peaked at US$1,900 per ounce on September 2011. This peak was largely caused by the debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold.

Prices contracted in December 2011 reaching a low of US$1,545 per ounce followed by a recovery in 2012, reaching US$1,790 per ounce on 4 October 2012. Gold prices were on a steady decline over 2013 and 2014. More recently, gold prices from January 2015 through to December 2015 have averaged US$1,160 per ounce, ranging from a low of US$1,051 per ounce on 17 December 2015 to a high of US$1,302 per ounce on 22 January 2015. Since then, the gold price has benefited from global uncertainty, along with Britain's exit from the European Union. This has seen the price of gold reach its highest levels in almost two years, with the price of gold at 24 June 2016 being US$1,316 per ounce.



Source: Bloomberg, Consensus Economics and BDO analysis

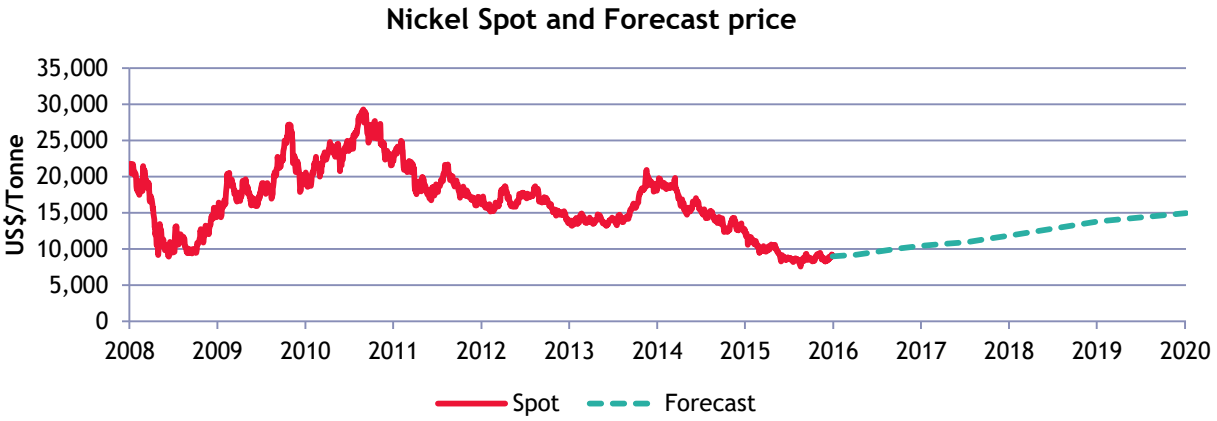
According to Consensus Economics, gold prices are forecast to decrease slightly in the short to medium term, after having climbed 22% in the year to date. It is forecast that the gold price will remain steady in the long term to be approximately US$1,225 per ounce by 2020.

8.2 Nickel

The success of the nickel mining industry in Australia is dependent upon the prices of nickel ores, the exchange rate between the United States Dollar and the Australian Dollar, nickel ore production and general demand and supply for the metal. Nickel is primarily used in the manufacturing of stainless steel products. Stainless steel accounts for nearly two-thirds of the consumption of nickel worldwide. There are expected to be two main drivers for the demand of stainless steel and hence nickel through to 2019-20. The first is government spending on infrastructure such as road and rail networks, which is heavily dependent on stainless steel during construction. The second is consumer durable spending on steel-intensive products such as white goods and TVs, underpinned by growing wealth and increasing urbanisation.

Nickel Prices

The global demand for nickel is currently being driven by the economic conditions in China, which currently accounts for approximately 41% of total nickel consumption. Demand from China is expected to rise over the next five years alongside other developing countries, such as India. The figure below describes the fluctuations in nickel spot prices from June 2008 through to June 2016 and Consensus forecasts for nickel prices through to 2020.



Source: Bloomberg and Consensus Economics

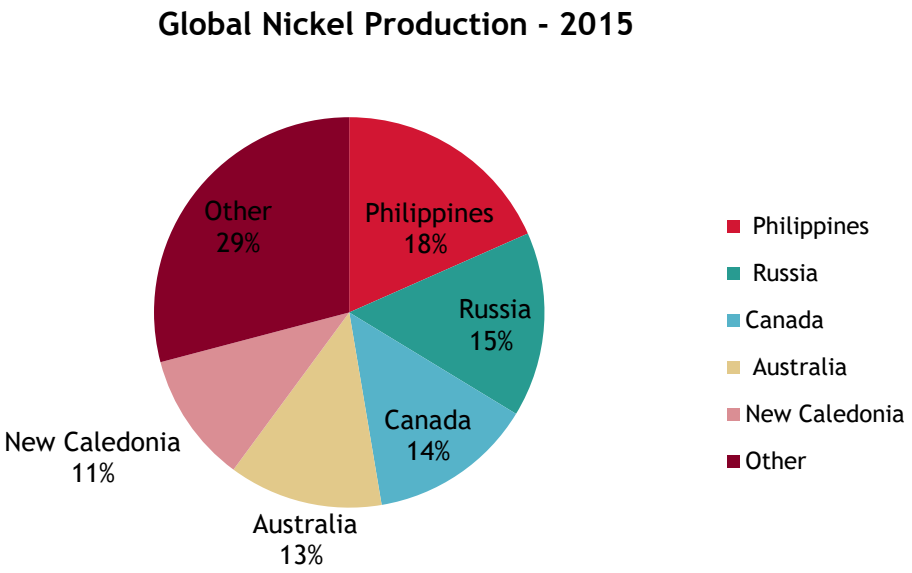
The figure above illustrates that nickel prices did not respond well during the economic recession that occurred as a result of the global financial crisis. Since then, there has been a general improvement in the health of the economy, which has seen the demand for nickel as well as prices increase. However, over recent times the Nickel price has decreased 39% over the period from 1 January 2015 to 24 June 2016. The continued recovery and firming global economic activity is expected to set the scene for higher nickel prices through to 2020 and as Consensus Economics forecast indicates, the price of nickel is expected to increase to approximately US$14,965 per tonne by 2020.

Production and Usage

Although global output of nickel is expected to be sufficient to meet demand, more production will come from higher cost lateritic ore, creating a floor for nickel prices. In addition, Australian producers will benefit from the expected continued slide of the local currency against the US Dollar.

Nickel can be found in two different geological states, nickel sulphide and nickel laterite. The latter is associated with more complex mining processes and is therefore generally mined at newer mining sites. In Australia, approximately 80% of Nickel is mined from its nickel sulphide geological state.

In 2015, total world production for nickel decreased to 1.72 million metric tonnes from approximately 1.9 million metric tonnes in 2014. For Australia specifically, nickel production decreased from 244,500 metric tonnes in 2014 to 220,000 metric tonnes in 2015. As a result of this decrease, Australia is now the fourth largest producer in the world in comparison to being the third largest in the 2014. The global nickel production by country in 2015 is reflected in the figure below.



Source: Bloomberg and BDO Analysis

10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('**FME**')
- Discounted cash flow ('**DCF**')
- Quoted market price basis ('**QMP**')
- Net asset value ('**NAV**')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

10.1 Valuation of a Hannans share prior to the Transaction

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Hannans' shares we have chosen to employ the following methodologies:

- NAV on a going concern basis as our primary valuation methodology; and
- QMP approach as our secondary valuation methodology.

We have chosen these methodologies for the following reasons:

- Being an exploration company, the core value of Hannans is in the exploration assets it holds. We have instructed Ravensgate International Pty Ltd ATF Ravensgate Unit Trust ('**Ravensgate**') to value the Forrestania Project, the Lake Johnston Project and the Queen Victoria Rocks Project and have engaged SRK Consulting (Sweden) AB ('**SRK**') to value the Scandinavian assets held by SCR, the wholly owned subsidiary of Hannans. We have considered Ravensgate and SRK's market valuation in the context of the Company's other assets and liabilities on a NAV basis. These reports have been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015('**VALMIN Code**'). The valuation reports prepared by Ravensgate and SRK can be found in Appendix 3 and Appendix 4 respectively.
- The QMP method is a relevant methodology to consider as Hannans' shares are traded on the ASX. This means that there is a regulated and observable market where the Company's shares can be traded. However, in order for QMP to be considered an appropriate methodology, as per RG 111.69(d) we have considered whether there is a liquid active market for the shares as well as accounted for the fact that the QMP only reflects a minority interest value.
- Hannans has no foreseeable future net cash inflows, therefore the application of the DCF valuation approach is not appropriate. Under RG111, it is considered that it is only appropriate to use a DCF where Reserves are present. Hannans are yet to delineate reserves.
- The FME approach is inappropriate given the Company is not currently generating any income from its mining assets and as such there are no historical earnings that could be used to represent future maintainable earnings.

10.2 Valuation of Hannans following the Transaction

In our assessment of the value of a Hannans share following the Transaction, we have adopted the sum-of-parts approach which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods.

The Post-Transaction value of Hannans consists of the following components:

- The value of Hannans prior to the Transaction using the NAV methodology (excluding the value of SCR);
- The acquisition of Reed Exploration using the NAV methodology;
- The transfer of SCR to Critical Metals using the NAV methodology; and
- The application of a minority interest discount.

We have chosen these methodologies for the following reasons:

- We have chosen the NAV methodology to value Hannans prior to the Transaction as the value of Hannans' (pre-Transaction) assets and liabilities includes the fair market value of the mining exploration projects currently held by Hannans, for which we have commissioned and relied on Ravensgate and SRK to provide an independent valuation of the mineral resources and exploration potential. These reports can be found in Appendix 3 and Appendix 4.
- We have used the NAV methodology to value the net assets of Reed Exploration being acquired because Reed Exploration's core value lies in the exploration assets it holds. We have instructed Ravensgate to provide a valuation of the Forrestania, Lake Johnston and Queen Victoria Rocks projects. We have considered this market valuation in the context of the other assets and liabilities of Reed Exploration using the NAV methodology.
- We have instructed SRK to provide a valuation of the Scandinavian assets held by SCR. We have considered this valuation in the context of the other assets and liabilities held by SCR following the Transaction.
- As outlined in section 10.1, we do not consider FME or DCF methodologies appropriate to value Hannans, Reed Exploration or SCR as none of the entities have a reliable history of earnings derived from mining assets, nor do we consider there to be reasonable grounds to utilise a DCF methodology given that as at the date of our Report only resources have been declared for Hannans' mining exploration projects.

11. Valuation of Hannans prior to the Transaction

11.1 Net Asset Valuation of Hannans

The value of Hannans' assets on a going concern basis is reflected in our valuation below:

NAV prior to the Transaction	Ref	Reviewed as at 31-Dec-15 $	Low value $	Preferred value $	High value $
CURRENT ASSETS					
Cash and cash equivalents	11.1.1	399,926	1,873,887	1,873,887	1,873,887
Trade and other receivables		101,624	101,624	101,624	101,624
Other financial assets		621	621	621	621
TOTAL CURRENT ASSETS		502,171	1,976,132	1,976,132	1,976,132
NON CURRENT ASSETS					
Other receivables		104,869	104,869	104,869	104,869
Property, plant and equipment		14,222	14,222	14,222	14,222
Other financial assets	11.1.2	168,985	50,000	50,000	50,000
Exploration and evaluation expenditure	11.1.3	1,358,145	4,744,000	14,243,000	20,175,000
TOTAL NON CURRENT ASSETS		1,646,221	4,913,091	14,412,091	20,344,091
TOTAL ASSETS		2,148,392	6,889,223	16,388,223	22,320,223
CURRENT LIABILITIES					
Trade and other payables	11.1.4	1,821,603	1,821,603	1,821,603	1,821,603
Provisions		188,329	188,329	188,329	188,329
Other financial liabilities	11.1.5	250,422	328,172	328,172	328,172
TOTAL CURRENT LIABILITIES		2,260,354	2,338,104	2,338,104	2,338,104
NON CURRENT LIABILITIES					
Provisions		8,236	8,236	8,236	8,236
TOTAL NON CURRENT LIABILITIES		8,236	8,236	8,236	8,236
TOTAL LIABILITIES		2,268,590	2,346,340	2,346,340	2,346,340
NET ASSETS		(120,198)	4,542,883	14,041,883	19,973,883
Number of shares on issue	11.1.6		999,874,422	999,874,422	999,874,422
NAV per share ($)			**0.005**	**0.014**	**0.020**

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of Hannans since 31 December 2015 other than the adjustments set out below. The table above indicates the net asset value of a Hannans share prior to the Transaction is between $0.005 and $0.020, with a preferred value of $0.014.

The following adjustments were made to the net assets of Hannans as at 31 December 2015 in arriving at our valuation.

11.1.1. Cash and cash equivalents

The material adjustments to cash and cash equivalents since 31 December 2015 are set out below.

Cash and cash equivalents	Note	$
Reviewed balance at 31 December 2015		399,926
LOVI working capital facility	a	246,750
Repayment of loan	b	(250,000)
Errawarra Resources Limited loan	c	(50,000)
Neometals Placement at $0.004	d	250,000
Capital Raising	e	1,100,000
Sophisticated Investor Placement	f	393,300
Exploration expenditure	g	(57,472)
Other operating costs	h	(304,450)
Actual cash and cash equivalents at 31 May 2016		**1,728,054**
Exercise of options	i	145,833
Adjusted cash and cash equivalents		**1,873,887**

Note a) LOVI working capital facility

On 24 November 2015, the Company announced that its joint venture partner, LOVI formally notified the Company of its decision to proceed to stage 2 of its joint venture. As part of this commitment LOVI provided the Company with a SEK 3 million interest free working capital facility. The Company received the first instalment of SEK 1.5 million, equivalent of $246,750 converted at an exchange rate of 1SEK:A$0.1645.

Note b) Repayment of loan

On 1 February 2016, the Company repaid the unsecured loan of $250,000 which it received on 17 November 2015 from an unrelated party on commercial terms.

Note c) Loan to Errawarra Resources Limited

The Company provided Errawarra Resources Limited ('**Errawarra**') with a secured loan which was drawn down in $25,000 increments on 10 February 2016 and 9 March 2016.

Note d) Placement to Neometals

The Neometals Placement was completed on 11 March 2016, where the Company raised $250,000 by way of issuing 62.5 million shares at $0.004, with one free attaching option for every two shares subscribed, which are exercisable at $0.004 within two years from issue.

Note e) Capital Raising

On 23 May 2016, the Company announced that it had completed the Capital Raising whereby it raised $1.1 million through a share purchase plan at an issue price of $0.012 per share.

Note f) Sophisticated Investor Placement

On 23 May 2016, Hannans announced that it had completed the Sophisticated Investor Placement on the same terms as the Neometals Placement as set out in note d.

Note g) Exploration expenditure

Management confirm that the Company has spent $57,472 on exploration expenditure between 31 December 2015 and 31 May 2016.

Note h) Other operating costs

Based on the cash at bank balance at 31 May 2016, and the other adjustments to cash and cash equivalents set out in note a through g, we estimate the Company has spent approximately $304,450 on general operating expenditure between 31 December 2015 and 31 May 2016.

Note i) Exercise of options

On 24 June 2016, the Company announced that 6.25 million options were exercised at $0.004, raising $25,000.

Management advise that on 12 July 2016, the Company received $100,000 on the exercise of 25 million options which were exercisable at $0.004.

The Company also advised that on or around 20 July 2016, a further 4,166,667 options were exercised at $0.005 per option which raised $20,833.

11.1.2. Other financial assets

As outlined in section 11.1.1 above, the Company loaned $50,000 to Errawarra, which we have reflected in the adjusted value of other financial assets.

Other financial assets	$
Reviewed balance at 31 December 2015	168,985
Loan to Errawarra	50,000
Less: Loan to Mr Damian Hicks forgiven	(168,985)
Adjusted other financial assets	50,000

11.1.3. Exploration and evaluation expenditure

We instructed Ravensgate to provide an independent market valuation of the Forrestania Project, the Lake Johnston Project and the Queen Victoria Rocks Project. The market valuation of these projects are set out in the table below.

Mineral Asset Valuation	Mineral asset	Interest	Low value $m	Preferred value $m	High value $m
Forrestania	Exploration Area	20%	0.414	0.564	0.715
Lake Johnston	Exploration Area	20%	0.003	0.007	0.010
Queen Victoria Rocks	Exploration Area	20%	0.075	0.101	0.126
Total			**0.493**	**0.672**	**0.851**

Source: Independent Valuation Report prepared by Ravensgate

We note that the above total values have been presented as per the report prepared by Ravensgate and are subject to rounding.

We have also instructed SRK to value the Scandinavian assets held by SCR, which is consolidated into the value of Hannans prior to the Transaction. The value of these assets as assessed by SRK are set out below.

Mineral Asset Valuation	Exploration Stage	Low value US$m	Preferred value US$m	High value US$m
Piedjastjakko	Early Stage	-	0.07	0.19
Lannavaara nr 8	Early Stage	0.04	0.08	0.21
Tjaorika	Exploration Targets	0.09	0.17	0.86
Laukkujarvi	Exploration Targets	0.05	0.09	0.62
Paljasjarvi/Sautusjarvi	Exploration Targets	0.52	0.75	1.86
Renhagen	Mineral Resource	0.27	0.60	0.60
Harrejaure	Mineral Resource	0.34	0.50	0.50
Ekstromsberg	Mineral Resource	1.17	3.57	3.57
Rakkurijoki	Mineral Resource	0.49	2.82	3.76
Pahtohavare	Mineral Resource	0.11	1.16	1.75
Vieto	Mineral Resource	0.08	0.36	0.48
Total		**3.17**	**10.12**	**14.41**

Source: Independent Valuation Report prepared by SRK

We note that the above total values have been presented as per the report prepared by SRK and are subject to rounding.

We also note that SRK has prepared a technical valuation. However, in assessing this technical value SRK has relied on the comparable transactions method. We do not consider there to be any factors which would cause this technical value to materially differ from the market value, which has been confirmed by SRK. Therefore, we have relied on the above values as a market value.

The table above indicates a range of values between US$3.17 million and US$14.41 million, with a preferred value of US$10.12 million.

We have converted these US Dollar values to Australian Dollars at an exchange rate of 1A$:US$0.7457 based on the exchange rate sourced from Bloomberg on 4 May 2016, being SRK's valuation date. The assessed value of the assets held by SCR is $4.251 million to $19.324 million with a preferred value of $13.571 million.

A valuations conducted by Ravensgate and SRK are summarised below.

Mineral Asset Valuation	Low value $m	Preferred value $m	High value $m
Total value of Australian exploration assets	0.493	0.672	0.851
Total value of Scandinavian assets	4.251	13.571	19.324
Total value of exploration assets held by Hannans	**4.744**	**14.243**	**20.175**

Ravensgate and SRK considered a number of different valuation methods when valuing the exploration assets of Hannans, including the MEE method and the comparable transaction method. The MEE method is discussed in Appendix 2. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider these methods to be appropriate given the pre-feasibility stage of development for Hannans' exploration assets. Further information on these independent valuations can be found in Appendix 3 and Appendix 4.

We note that SRK has not valued the lithium permits. Given the early stage of development of these assets, we do not consider the value of the permits to be material. Management has provided the costs incurred on these permits, which are also not material. Based on our discussions with management, we are not aware of any factors which would cause the value of these assets to exceed the costs incurred to date in relation to the permits. Therefore, we have not adjusted the value of exploration assets to include the lithium permits.

11.1.4. Trade and other payables

We note that the Company is seeking approval for the accrued Director fees and Company Secretary fees to be converted to shares, however the Transaction is not conditional upon these approvals. Therefore, we have not adjusted trade and other payables to reflect this potential conversion to shares.

11.1.5. Other financial liabilities

The adjustments to other financial liabilities are explained under our note to cash and cash equivalents in section 11.1.1 and are set out in the table below.

Other financial liabilities	$
Opening balance	250,422
Lovisagruvan AB working capital facility	246,750
Repayment of loan	(250,000)
Fringe benefit tax liability	81,000
Adjusted other financial liabilities	328,172

We note that the above fringe benefit tax liability is likely to arise as a result of the forgiveness of the loan to Mr Damian Hicks as outlined in section 11.1.2 (if approved by shareholders at a general meeting).

11.1.6. Number of shares on issue

The number of shares on issue used in our valuation is based on the share capital information expressed in section 4. This number of shares on issue prior to the Transaction includes the exercise of the 25 million options on 12 July 2016 and the 4,166,667 options on or around 20 July 2016, but excludes the shares that will be issued to the directors and company secretary if approved at a general meeting.

11.2 Quoted Market Prices for Hannans Securities

To provide a comparison to the valuation of Hannans in Section 11.1, we have also assessed the quoted market price for a Hannans share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

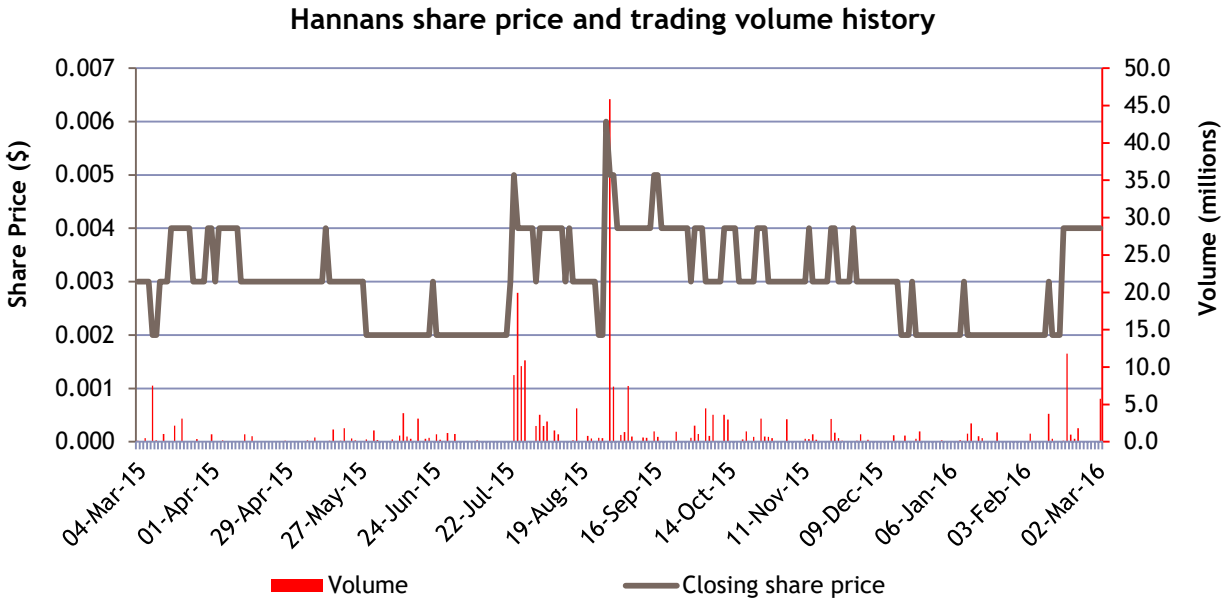
Whilst Neometals will not be obtaining 100% of Hannans, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 15.

Therefore, our calculation of the quoted market price of a Hannans share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Hannans share is based on the pricing prior to the announcement of the Transaction. This is because the value of a Hannans share after the announcement may include the effects of any change in value as a result of the Transaction. However, we have considered the value of a Hannans share following the announcement when we have considered reasonableness in Section 15.

Information on the Transaction was announced to the market on 4 March 2016, with the Company's shares subject to a trading halt on 3 March 2016. Therefore, the following chart provides a summary of the share price movement over the 12 months to 2 March 2016 which was the last full trading day prior to the trading halt.



Source: Bloomberg

The daily price of Hannans' shares from 2 March 2015 to 2 March 2016 has ranged from a high of $0.006 on 27 August 2015 to a low of $0.002 on 16 February 2016. From March 2015 to June 2015, Hannans' share price remained stable with low trading activity over the period. The most significant trading volumes were experienced in July and August 2015, with the highest single day of trading occurring on 27 August, where 45,841,776 shares were traded. This translated into a higher share price, with the share price increasing from $0.002 on 1 July 2015 to close at $0.006 on 27 August 2015.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		$ (movement)			$ (movement)		
17/02/2016	Hannans - Lithium in Sweden	0.004	▲	100.0%	0.004	▶	0.0%
01/02/2016	Hannans - 2nd Quarter Activities Report	0.002	▶	0.0%	0.002	▶	0.0%
29/01/2016	Hannans - 2nd Quarter Cashflow Report	0.002	▶	0.0%	0.002	▶	0.0%
10/12/2015	Hannans - Updated Capital Structure	0.003	▶	0.0%	0.003	▶	0.0%
24/11/2015	Hannans - 2015 Annual General Meeting Results	0.003	▼	25.0%	0.003	▶	0.0%
24/11/2015	Hannans - 2015 AGM presentation	0.003	▼	25.0%	0.003	▶	0.0%
24/11/2015	Hannans - Positive Joint Venture Decision	0.003	▼	25.0%	0.003	▶	0.0%
16/11/2015	Hannans - Exploration at Forrestania	0.003	▶	0.0%	0.003	▶	0.0%
30/10/2015	Hannans - 1st Quarter Cashflow Report	0.003	▶	0.0%	0.003	▶	0.0%
30/10/2015	Hannans - 1st Quarter Activities Report	0.003	▶	0.0%	0.003	▶	0.0%
28/10/2015	Hannans - Discovery Zone Update	0.003	▼	25.0%	0.003	▶	0.0%
09/10/2015	AVI: Avalon not to proceed with Discovery Zone	0.003	▶	0.0%	0.004	▲	33.3%

	Acquisition						
30/09/2015	Hannans - High Grade Copper	0.004	▲	33.3%	0.003	▼	25.0%
27/08/2015	Hannans - High Grade Copper	0.006	▲	200.0%	0.004	▼	33.3%
26/08/2015	Trading Halt	0.002	▶	0.0%	0.005	▲	150.0%
31/07/2015	Hannans - 4th Quarter Cashflow Report	0.003	▼	25.0%	0.004	▲	33.3%
31/07/2015	Hannans - 4th Quarter Activities Report	0.003	▼	25.0%	0.004	▲	33.3%
13/07/2015	Hannans - Lapland Project Granted	0.002	▶	0.0%	0.002	▶	0.0%
06/07/2015	Hannans - Drilling Copper-Gold Targets	0.002	▶	0.0%	0.002	▶	0.0%
02/07/2015	Hannans - Sale of Exploration Database	0.002	▶	0.0%	0.002	▶	0.0%
14/05/2015	Hannans - Copper Test Work	0.003	▼	25.0%	0.003	▶	0.0%
30/04/2015	Hannans - 3rd Quarter Cashflow Report	0.003	▶	0.0%	0.003	▶	0.0%
30/04/2015	Hannans - 3rd Quarter Activities Report	0.003	▶	0.0%	0.003	▶	0.0%
27/03/2015	Hannans - JV with Swedish Mining Company	0.003	▶	0.0%	0.003	▶	0.0%
12/03/2015	Hannans - Sale of Gold Rights	0.003	▶	0.0%	0.004	▲	33.3%

Source: Bloomberg, BDO analysis

On 12 March 2015, the Company announced that it had entered into a legally binding unconditional agreement with private company Mine Builder Pty Ltd, for the sale of Hannans' interest in gold rights it had on a Mining Lease M77/544. On the day of the announcement, Hannans' share price remained unchanged at $0.003. However the share price three days after the announcement had increased by 33.3% to close at $0.004.

On 27 August 2015, Hannans announced that the first drilling assay results at Pahtohavare had returned high grade copper results. Consequently, the share price increased 200% to reach $0.006 on the day of the announcement before falling to $0.004 in the following three days.

On 28 October 2015, Avalon advised Hannans, and released an announcement detailing that it had not extended its binding HOA and issued Hannans with a refund notice for the initial payment of $1 million. The Company's share price subsequently decreased by 25% to close at $0.003 on the day of the announcement.

On 24 November 2015, the Company announced that its joint venture with LOVI had progressed to the second stage. Hannans' share price declined by 25% on the day of the announcement to close at $0.003.

On 17 February 2016, Hannans announced it had lodged seven applications for exploration permits over a lithium mine in the Skelleftea-Boliden district of northern Sweden. Hannans' share price increased by 100% on the day of the announcement to close at $0.004 and remained at that level over the subsequent three days.

To provide further analysis of the market prices for a Hannans share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 2 March 2016.

Share Price per unit	2-Mar-16	10 Days	30 Days	60 Days	90 Days
Closing price	$0.004				
Volume weighted average price (VWAP)		$0.004	$0.004	$0.003	$0.003

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of Hannans shares that has occurred since the Transaction was announced.

An analysis of the volume of trading in Hannans shares for the twelve months to 2 March 2016 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.004	$0.004	2,550,000	0.35%
10 Days	$0.003	$0.004	11,469,486	1.59%
30 Days	$0.002	$0.005	30,087,116	4.17%
60 Days	$0.002	$0.005	39,141,727	5.42%
90 Days	$0.002	$0.005	50,474,369	6.99%
180 Days	$0.002	$0.007	217,699,265	30.15%
1 Year	$0.002	$0.007	254,789,516	35.29%

Source: Bloomberg, BDO analysis

This table indicates that Hannans' shares display a low level of liquidity, with 35.29% of the Company's current issued capital being traded in a twelve month period. Analysing further, we note that the single highest day of trading was on 27 August 2015, with approximately 46 million shares traded. This represents 18% of the total volume traded over the year, or 6.3% of the Company's current issued capital. If we exclude this single day of trading, for the remainder of the year approximately 29% of the Company's issued capital was traded. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Hannans, we do not consider there to be a deep market for the company's shares. Only 35.29% of the Company's current issued capital was traded in the twelve month period. Trading in the company's share is irregular, with approximately 18% of the total volume traded for the year occurring on 27 August 2015. There is also significant share price volatility, with the company's shares price increasing 200% on this day. Excluding this day of trading would leave a low liquidity level of 29% over the twelve month period prior to the announcement.

Our assessment is that a range of values for Hannans' shares based on market pricing, after disregarding post announcement pricing, is between $0.003 and $0.004.

Control Premium

We have reviewed the control premiums paid by acquirers of all companies listed on the ASX along with all mining companies listed on the ASX. We have summarised our findings below:

All companies listed on the ASX:

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2015	33	702.29	27.16
2014	43	463.35	31.16
2013	43	177.79	43.36
2012	55	322.52	37.03
2011	67	766.18	48.45
2010	69	741.25	37.60
2009	64	328.15	46.22
2008	42	743.72	39.04
2007	84	1008.24	21.79
	Mean	**583.72**	**36.87**
	Median	**702.29**	**37.60**

Source: Bloomberg and BDO Analysis

General mining companies:

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2015	9	246.62	49.07
2014	12	128.96	36.67
2013	12	43.87	46.50
2012	17	150.18	47.77
2011	16	761.15	33.35
2010	21	827.16	37.52
2009	22	102.62	39.93
2008	8	553.76	38.87
	Median	**198.40**	**39.40**
	Mean	**351.79**	**41.21**

Source: Bloomberg and BDO Analysis

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;

- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The tables above indicate the long term average control premiums paid by acquirers of all companies on the ASX along with general mining companies is slightly over 38%.

In assessing the sample of transactions that were included in the table, we've excluded the transactions within the list which appear to be extreme outliers. These outliers include all transactions where the announced control premium was in excess of 100% and all transactions where the acquirer obtained a controlling interest at a discount.

If the Transaction is approved, Neometals will hold a minimum of 42.24% of the Company's issued capital (on an undiluted basis). As a result, Neometals should expect to pay a control premium. Given the emphasis of matter relating to the uncertainty of the company to continue to operate as a going concern and the current depressed commodity prices we consider an appropriate control premium to be lower than the historical average. As such, we have assessed an appropriate control premium to be in the range of 25% and 35%.

Quoted market price including control premium

Applying a control premium to Hannans' quoted market share price results in the following quoted market price value including a premium for control:

	Low $	Midpoint $	High $
QMP value	0.003	0.0035	0.004
Control premium	25%	30%	35%
QMP valuation including a premium for control	**0.004**	**0.0045**	**0.005**

Source: BDO analysis

Therefore, our valuation of a Hannans share based on the quoted market price method including a premium for control is in the range of $0.004 and $0.005 with a midpoint of $0.0045.

11.3 Assessment of the Value of Hannans prior to the Transaction

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Net assets value (Section 11.1)	0.005	0.014	0.020
Quoted market prices (Section 11.2)	0.004	0.0045	0.005

Source: BDO analysis

The low end of the above valuation ranges are broadly consistent, however the preferred and high values of the NAV are higher than that of the QMP. We attribute this difference in value to the fact that the independent technical specialists, Ravensgate and SRK, are likely to have based their valuations on more optimistic assumptions of the success of the projects and commodity markets in general. Conversely, the QMP value is likely to be lower as a result of the general pessimism surrounding mining exploration companies and is likely to be lower as a result of the Company's net liability position at 31 December 2015. It is also likely to be affected by the emphasis of matter included in the 31 December 2015 review opinion which highlighted uncertainty surrounding the Company's ability to continue as a going concern.

When valuing a share in Hannans prior to the Transaction, we have given consideration to the NAV and QMP methodologies as set out in the table above. We consider the NAV methodology to be most appropriate given that Hannans is an exploration company, therefore its core value lies in the exploration assets it holds. We have commissioned two independent valuers, Ravensgate and SRK, to assess the value of the exploration assets held by Hannans, which is incorporated into our NAV of a Hannans share prior to the Transaction.

We do not consider the QMP methodology to be the most appropriate methodology to value a share in Hannans prior to the Transaction. For the QMP methodology to be relied upon, there needs to be a deep market for the entity's securities. As detailed in section 11.2, only 35% of the Company's current issued capital was traded in the last twelve months, with approximately 18% of this total volume traded on 27 August 2015. There is also significant share price volatility over the twelve month period. Based on the above factors, we do not consider there to be a deep market for the Company's shares, therefore we have relied on the QMP as a cross check only.

Based on the results above we consider the value of a Hannans share to be between $0.005 and $0.020, with a preferred value of $0.014.

12. Valuation of Hannans following the Transaction

We have assessed the total value retained by Shareholders following the Transaction by separately valuing the shares in Hannans (excluding the value of SCR) and the shares in Critical Metals allocated to Shareholders as part of the in-specie distribution.

The valuation of Hannans and SCR following the Transaction is out below:

NAV of Hannans following the Transaction	Ref	Low value $	Preferred value $	High value $
NAV of Hannans prior to the Transaction	11.1	4,542,883	14,041,883	19,973,883
Value of Reed Exploration	12.1	2,970,101	3,690,101	4,406,101
Less: Value of SCR	12.2	(3,116,427)	(12,436,427)	(18,189,427)
Value of Hannans following the Transaction (control)		**4,396,557**	**5,295,557**	**6,190,557**
Minority Interest Discount	12.3	26%	23%	20%
Value of Hannans following the Transaction (minority)		**3,253,452**	**4,077,579**	**4,952,446**
Number of shares on issue	12.4	1,620,707,755	1,620,707,755	1,620,707,755
Value of a Hannans share following the Transaction		**0.002**	**0.003**	**0.003**

The table above indicates the net asset value of a Hannans share following the Transaction is between $0.002 and $0.003 with a preferred value of $0.003. We note the following in relation to our valuation of a Hannans share following the Transaction.

12.1 Value of Reed Exploration

We have assessed the value of Reed Exploration using the NAV approach as set out below.

NAV of Reed Exploration	Note	Unaudited as at 30-Apr-16 $	Low value $	Preferred value $	High value $
CURRENT ASSETS					
Cash and cash equivalents	12.1.1	14,057	1,000,000	1,000,000	1,000,000
Trade and other receivables		2,101	2,101	2,101	2,101
TOTAL CURRENT ASSETS		16,158	1,002,101	1,002,101	1,002,101
NON CURRENT ASSETS					
Exploration and evaluation assets	12.1.2	418,615	1,968,000	2,688,000	3,404,000
TOTAL NON CURRENT ASSETS		418,615	1,968,000	2,688,000	3,404,000
TOTAL ASSETS		434,773	2,970,101	3,690,101	4,406,101
NON CURRENT LIABILITIES					
Borrowings	12.1.3	2,216,541	-	-	-
TOTAL NON CURRENT LIABILITIES		2,216,541	-	-	-
TOTAL LIABILITIES		2,216,541	-	-	-
NET ASSETS		(1,781,768)	2,970,101	3,690,101	4,406,101

Management confirm there has been no material movements in the above balances between 30 April 2016 and the date of our report, other than the adjustments set out below.

12.1.1. Cash and cash equivalents

As outlined in Section 4, Hannans is to acquire Reed Exploration with a cash balance of $1 million. It has been agreed that Hannans will fund up to $250,000 of the planned nickel exploration drilling, however

these costs are yet to be incurred. We do not have a reasonable basis for which to estimate any potential uplift in the value of exploration assets as a result of this spending, therefore we have not adjusted cash or exploration assets for this agreement.

12.1.2. Exploration and evaluation assets

As outlined in section 11.1.3, we commissioned Ravensgate to provide a valuation of the 20% interest in the Forrestania, Lake Johnston and Queen Victoria Rocks Projects. We have assessed the value of the remaining 80% interest to be acquired on a pro-rata basis of the 20% interest valuation conducted by Ravensgate. Ravensgate confirm that they are not aware of any factors which would cause the value of an 80% interest in these projects to differ from the values expressed below.

Exploration and evaluation assets	% held	Low $	Preferred $	High $
Forrestania	80	1,656,000	2,256,000	2,860,000
Lake Johnston	80	12,000	28,000	40,000
Queen Victoria Rocks	80	300,000	404,000	504,000
Total value of exploration assets		1,968,000	2,688,000	3,404,000

12.1.3. Borrowings

Management advise the borrowings of $2,216,541 between Reed Exploration and Neometals will be settled prior to the consummation of the Transaction. Accordingly, we have adjusted these borrowings to nil.

12.2 Value of SCR

We have assessed the value of SCR on a NAV basis as set out below.

NAV of SCR following the Transaction	Ref	Unaudited as at 31-May-16 $	Low value $	Preferred value $	High value $
CURRENT ASSETS					
Cash and cash equivalents	12.2.1	121,199	250,000	250,000	250,000
Trade and other receivables		3,259	3,259	3,259	3,259
Other current assets		15,932	15,932	15,932	15,932
TOTAL CURRENT ASSETS		140,390	269,191	269,191	269,191
NON CURRENT ASSETS					
Exploration and evaluation expenditure	11.1.3	1,381,416	4,251,000	13,571,000	19,324,000
TOTAL NON CURRENT ASSETS		1,381,416	4,251,000	13,571,000	19,324,000
TOTAL ASSETS		1,521,806	4,520,191	13,840,191	19,593,191
CURRENT LIABILITIES					
Trade and other payables		1,155,685	1,155,685	1,155,685	1,155,685
Loan (LOVI)		248,079	248,079	248,079	248,079
TOTAL CURRENT LIABILITIES		1,403,764	1,403,764	1,403,764	1,403,764
TOTAL LIABILITIES		1,403,764	1,403,764	1,403,764	1,403,764
Net asset value of SCR (control)			**3,116,427**	**12,436,427**	**18,189,427**

The table above indicates that the value of SCR is $3.12 million and $18.19 million with a preferred value of $12.44 million.

The above net asset value is based on the unaudited balance sheet at 31 May 2016, adjusted for the terms of this Transaction and advice from management. We have verified that the reviewed consolidation workbook including the assets and liabilities of SCR ties into the reviewed financial statements of the Company for the half year ended 31 December 2015. As part of our valuation of Hannans prior to the Transaction, we have verified all material movements in the Company's balance sheet for events occurring subsequent to 31 December 2015. The verification of material movements in Hannans' balance sheet (including SCR), ensures that we have reasonable grounds for use of SCR's balance sheet at 31 May 2016.

12.2.1. Cash and cash equivalents

Pursuant to the Transaction agreement, SCR is to have a minimum of $250,000 in cash on completion of the Transaction.

12.3 Minority Interest Discount

As outlined in section 3.3 of our Report, in assessing fairness we have compared the value of a Hannans share prior to the Transaction (including SCR) on a control basis to the value of a Hannans share and a share in SCR following the Transaction on a minority interest basis. The values of Hannans and SCR using the NAV methodology represents a controlling interest value, therefore we have applied a minority discount to convert these values to a minority interest holding.

A minority interest discount is the inverse of a premium for control and is calculated using the formula 1 - (1 ÷ (1 + Control Premium)). As discussed in section 11.2, we consider an appropriate control premium for Hannans to be in the range of 25% to 35%, giving a minority interest discount in the range of 20% to 26%.

12.4 Number of shares on issue

The number of shares on issue following the Transaction is 1,620,707,755 as set out in the table below.

Number of shares on issue	Number
Number of shares on issue prior to the Transaction	999,874,422
Issue of Consideration Shares	620,833,333
Number of shares on issue following the Transaction	1,620,707,755

13. Valuation of Critical Metals following the Transaction

We have assessed whether the Transaction is fair by comparing the value of a Hannans share prior to the Transaction on a control basis to the total value ascribed to Shareholders following the Transaction on a minority interest basis. This value includes the value of Hannans following the Transaction (excluding SCR) and the value of a proportionate share in Critical Metals retained by Shareholders. Based on the analysis in section 12.2, the value retained by Shareholders is calculated below.

Value of Critical Metals retained by Shareholders	Ref	Low $	Preferred $	High $
Net asset value of SCR (control)	12.2	3,116,427	12,436,427	18,189,427
Minority Interest Discount	12.3	26%	23%	20%
Net asset value of SCR (minority)		2,306,156	9,576,049	14,551,542
Number of shares outstanding	13.1	108,227,442	108,227,442	108,227,442
Value of a Critical Metals share		**0.021**	**0.088**	**0.134**
Value of shares retained on a 1 for 10 basis	13.2	**0.002**	**0.009**	**0.013**

We note the following in relation to the above valuation.

13.1 Number of shares outstanding

A condition precedent to the Transaction is that Neometals will hold a minimum of 13.5% of the shares in Critical Metals following the Transaction. Therefore, we have assumed that Critical Metals will issue an additional 8,240,000 shares to Neometals as set out below.

Number of shares outstanding	Number
Number of shares on issue prior to Neometals adjustment	99,987,442
Number of shares to be allocated to Neometals on a pro-rata basis	6,375,000
Minimum percentage in Critical Metals to be held by Neometals	13.50%
Number of additional shares to be issued to satisfy minimum holding condition	8,240,000
Number of shares in Critical Metals following the Transaction	**108,227,442**

13.2 Value of shares retained

The proposed demerger of SCR and issue of Critical Metals shares is to be done on a 1:10 basis, whereby all shareholders of Hannans will receive one share in Critical Metals for every ten shares held in Hannans. In order to assess the position of Shareholders prior to and following the Transaction, to ensure that we are comparing like with like, we have divided the value of one share in Critical Metals by a factor of ten.

14. Is the Transaction fair?

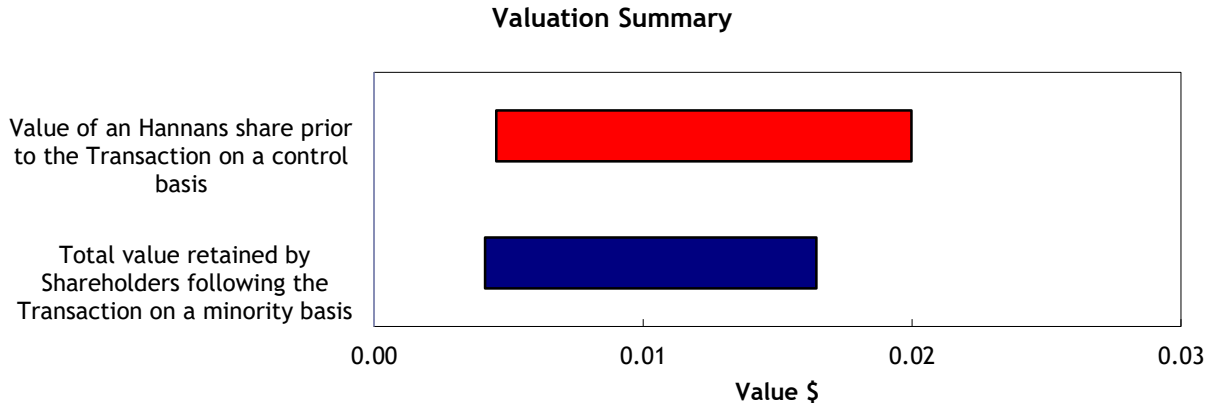
The value of a share in Hannans prior to the Transaction (including the value of SCR) is compared with the value of a Hannans share following the Transaction and the value of a proportionate share in Critical Metals retained, on a minority basis, as set out below:

	Ref	Low $	Preferred $	High $
Value of a share in Hannans prior to the Transaction on a control basis	11.3	**0.005**	**0.014**	**0.020**
Value of a share in Hannans following the Transaction (excluding SCR) on a minority basis	12	0.002	0.003	0.003
Value per proportionate share retained in Critical Metals following the Transaction on a minority basis	13	0.002	0.009	0.013
Total value retained by Shareholders following the Transaction on a minority basis		**0.004**	**0.012**	**0.016**

Source: BDO analysis

We note from the table above that the total value retained by Shareholders following the Transaction on a minority basis is less than the value of a Hannans share prior to the Transaction on a control basis.

The above valuation ranges are graphically presented below:



Therefore, we consider that the Transaction is not fair for Shareholders.

We note that we have assessed the Transaction on an undiluted basis in order to present the worst possible outcome for Shareholders. This assumes that the options issued to Neometals are not exercised, which is reasonable given they are out of the money based on our assessed value of a Hannans share following the Transaction. We have considered the Transaction on a diluted basis and note that the

exercise of the options does not have a material impact on the values presented above and would not result in any change to our opinion.

15. Is the Transaction reasonable?

15.1 Advantages of Approving the Transaction

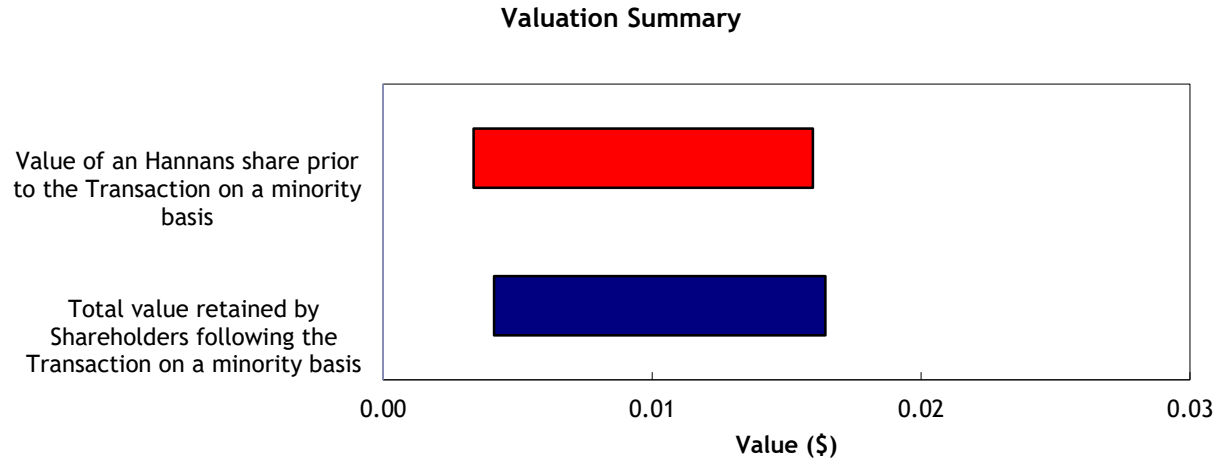
We have considered the following advantages when assessing whether the Transaction is reasonable.

15.1.1. The pre and post Transaction values on a minority basis are broadly consistent

If we were to assess the Transaction on a like for like basis, by comparing the minority interest value of a share prior to the Transaction with the minority interest value of a Hannans share and the minority interest value of a proportionate share in Critical Metals retained by Shareholders, the pre and post Transaction values are broadly consistent, with the high end of our valuation range increasing as a result of the Transaction, as set out in the table below.

	Low $	Preferred $	High $
Value of a share in Hannans prior to the Transaction on a minority basis	**0.003**	**0.011**	**0.016**
Value of a share in Hannans following the Transaction (excluding SCR) on a minority interest basis	0.002	0.003	0.003
Value per proportionate share retained in Critical Metals following the Transaction on a minority basis	0.002	0.009	0.013
Total value of shares retained by Shareholders following the Transaction on a minority interest basis	**0.004**	**0.012**	**0.016**

The above valuation ranges are graphically presented below:



15.1.2. Shareholders have the potential to participate in the full upside of the Forrestania, Lake Johnston and Queen Victoria Rocks Projects

Prior to the Transaction, the Company holds a 20% interest in the Forrestania, Lake Johnston and Queen Victoria Rocks projects. Therefore, if these projects develop more favourably than is currently expected, Shareholders collectively will receive 20% of this upside. However, if the Transaction is approved, Hannans will obtain the remaining 80% interest in these projects from Neometals, therefore Shareholders have the potential to receive the full upside of these projects (proportionate to their holdings following the Transaction).

15.1.3. Hannans obtains full control of the Forrestania, Lake Johnston and Queen Victoria Rocks Projects

As outlined above, if the Transaction is approved, the Company will obtain the remaining 80% interest in the Forrestania, Lake Johnston and Queen Victoria projects. As a result, the Company has complete control over the decisions regarding the development of these projects and can make these decisions solely in the interest of Shareholders. This therefore removes any risk of joint venture partners having competing or misaligned interests. This may also assist in obtaining finance in the future.

15.1.4. The Transaction provides the Company with additional capital to continue to progress the Forrestania, Lake Johnston and Queen Victoria Rocks Projects

The Company has gained access to approximately $1 million of funds which may be attributable to the acquisition of Reed Exploration and the cash held by this entity. Management advise that the cash generated from the Transaction, in addition to the funds raised under the Capital Raising, Sophisticated Investor Placement and Neometals Placement will enable the Company to fund its planned work program until 2018.

15.1.5. Hannans and Critical Metals may benefit from furthering a strategic relationship with Neometals

Following the Transaction, Neometals will be a significant shareholder in Hannans, holding up to 43.33% of the Company's issued capital. Neometals will also hold approximately 13.5% of the issued capital of Critical Metals. Given Neometals is an established lithium project developer, Critical Metals may be able to leverage off the industry knowledge and contacts of Neometals in order to accelerate the development of its Scandinavian assets.

15.1.6. Cleaner balance sheet which may be more attractive for potential investors or acquirers

By transferring SCR to Critical Metals, the Company can focus on the development of its flagship projects being Forrestania, Lake Johnston and Queen Victoria Rocks. If the Transaction is approved, Hannans will no longer be the minority interest participant in a joint venture with Neometals. This may make the Company more attractive to potential investors and may improve the Company's ability to raise capital in the future.

Similarly, Critical Metals may become more attractive to potential acquirers as a result of the demerger. It is unrealistic to expect that a bidder would seek to acquire Hannans solely to access the early-stage exploration assets held by Critical Metals. Therefore, it may allow the assets of Critical Metals to be

assessed by the market in a more direct manner. In addition, newly demerged entities are often identified as potential takeover targets. Any potential takeover of Critical Metals would likely involve the acquirer paying a premium for control of the assets.

An example of this was the demerger of Tusker Gold Limited from Indago Resources Limited. Following the demerger Tusker Gold raised funds at 20 cents per share and was successfully taken over a few months later by Barrick Gold Corporation for an 80 cent per share cash offer. As such, there is evidence that a demerger has the potential to enhance the premium for control of the Critical Metals assets, and allow the shareholders of Critical Metals to obtain full underlying value for these assets. We note that this takeover offer related to a listed entity with different assets, therefore it is unlikely that a premium in this magnitude would be received, however it does provide evidence that takeover premiums may be available for recently demerged entities.

15.1.7. Development of Critical Metals' projects may be fast tracked with a management team focused solely on the Scandinavian assets

Once SCR is demerged from Hannans, it will allow the management team of the newly formed Critical Metals to focus solely on its Scandinavian assets.

15.1.8. Shareholders may benefit from a future listing of Critical Metals

Existing Hannans shareholders will collectively retain an interest of 86.5% of Critical Metals post the demerger. We also note that Critical Metals will be an unlisted entity. Depending on the success of development of these projects, Critical Metals may intend on listing in the future, therefore providing Shareholders with the potential to hold shares in another listed company.

15.1.9. The Company is acquiring Reed Exploration for no cash outlay

As at 31 December 2015, Hannans holds cash and cash equivalents of $399,926. Under the Transaction, the consideration is primarily made up of the issue of Consideration Shares. As such we consider that the nature of the consideration payable in exchange for the acquisition of Reed Exploration would enable Hannans to retain its existing cash balance for working capital and further development of its projects.

15.2 Disadvantages of Approving the Transaction

We have considered the following disadvantages when assessing whether the Transaction is reasonable.

15.2.1. The Transaction is not fair

As outlined in Section 14, the value of a share in Hannans prior to the Transaction (including the value of SCR) on a control basis is greater than the value of a Hannans share following the Transaction and the value of the proportionate share in Critical Metals retained by Shareholders (for every share held) on a minority basis.

15.2.2. Dilution of existing Shareholders' interests

As set out in section 4, if the Transaction is approved, Shareholders will go from holding 93.62% of the Company's issued capital to holding 57.76% on an undiluted basis and as low as 56.67% on a fully diluted

basis. The Transaction will result in Neometals holding up to 43.33% of the Company's issued capital, the control implications of which are discussed further in section 15.4.

Similarly, Shareholders will go from collectively holding 93.6% of the assets in SCR to owning approximately 86.5% of Critical Metals, therefore reducing Shareholders' exposure to potential upside in the projects held by Critical Metals.

15.2.3. Demerger will result in Shareholders holding shares in an unlisted company

Shareholders will hold shares in Critical Metals, an unlisted company post the demerger. There will be no active and regulated market on which these shares can be traded, therefore Shareholders may not be able to liquidate their position in Critical Metals for the foreseeable future.

15.2.4. Loss of synergies and increased operating costs for Critical Metals

If the Transaction is approved, any synergies created from operating the Forrestania, Lake Johnston and Queen Victoria Rocks projects as a joint venture with Neometals will be lost. Similarly, with Critical Metals being operated as a separate unlisted entity, there is likely to be a duplication of corporate and administrative functions which will be borne by Shareholders through their holdings in Hannans and the newly formed Critical Metals entity.

15.2.5. Neometals will obtain the right to participate in future capital raisings therefore giving it exposure to the upside of Critical Metals

If the Transaction is approved, Neometals will have the right but not the obligation to subscribe for at least 20% of future capital raisings undertaken by Critical Metals and will have a 30 day pre-emptive right to match any third party offer to acquire an interest in Critical Metals' lithium projects. This means Neometals has the ability to increase its holdings in Critical Metals if the projects develop more favourably than currently expected, whilst limiting the downside to the 13.5% holding it will have in Critical Metals following the Transaction.

15.3 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Hannans a premium over the value ascribed to the Transaction.

15.4 Practical Level of Control

If the Transaction is approved then Neometals will hold an interest of up to 43.33% in Hannans on a diluted basis.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved then Neometals will be able to block special resolutions.

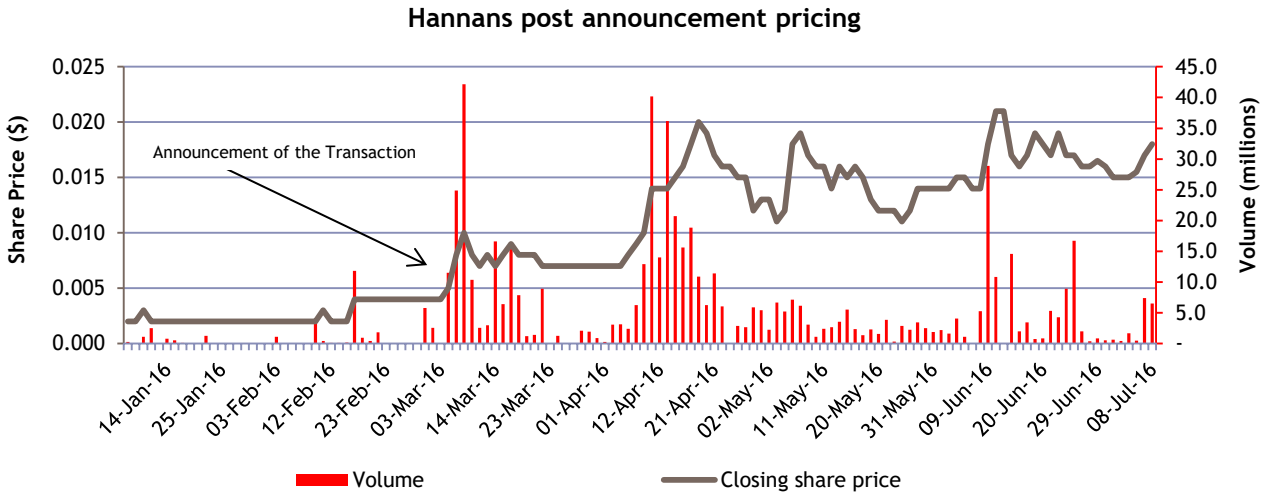
If the Transaction is approved, Neometals will nominate one director which will take the Company's Board to three directors. This means that Neometals' nominated directors will make up 33% of the Board.

Neometals' control of Hannans following the Transaction will be significant when compared to all other shareholders.

15.5 Consequences of not Approving the Transaction

Potential decline in share price

We have analysed movements in Hannans' share price since the Transaction was announced. A graph of Hannans' share price since the announcement is set out below.



Source: Bloomberg

The Transaction was announced to the market on 4 March 2016. On that day 11,469,413 shares were traded and Hannans' share price closed at $0.005, up from $0.004 the previous day. Since the announcement of the Transaction, Hannans' share price has displayed an upward trend, increasing significantly during April 2016 where it reached a share price of $0.020. The share price has since been volatile over the period to 8 July 2016, where the share price closed at $0.018 and reached a high of $0.021 on 10 June 2016.

Given the above analysis it is likely that if the Transaction is not approved then Hannans' share price may decline.

16. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to the Shareholders of Hannans.

17. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Hannans for the years ended 30 June 2015 and 30 June 2014;
- Reviewed financial statements of Hannans for the half year ended 31 December 2015;
- Unaudited management accounts of Hannans for the period from 1 January 2016 to 31 May 2016;

- Unaudited management accounts of Reed Exploration Pty Ltd for the period ended 30 April 2016;
- Independent Valuation Report of the mineral assets to be acquired from Reed Exploration performed by Ravensgate;
- Independent Valuation Report of the mineral assets held by SCR performed by SRK;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Hannans.

18. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $30,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Hannans in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Hannans, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Hannans and Neometals and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Hannans and Neometals and their respective associates.

A draft of this report was provided to Hannans and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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19. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

20. Disclaimers and consents

This report has been prepared at the request of Hannans for inclusion in the Notice of Meeting which will be sent to all Hannans Shareholders. Hannans engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed acquisition of Reed and the demerger of SCR.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Reed. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Hannans, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Hannans and Reed.

The valuers engaged for the mineral asset valuations, Ravensgate and SRK, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Adam Myers

Director

Sherif Andrawes

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Avalon	Avalon Minerals Limited
BDO	BDO Corporate Finance (WA) Pty Ltd
Capital Raising	Hannans Share Purchase Plan to raise $1.1 million
The Company	Hannans Limited
Consideration Shares	Shares issued to Neometals as consideration for the acquisition of Reed Exploration
Critical Metals	Critical Metals Ltd
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Errawarra	Errawarra Resources Limited
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
Hannans	Hannans Limited
HOA	Heads of agreement between Hannans and Avalon
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Lannavaara	Lannavaara Iron Project
Lapland	Lapland Nickel-Copper-Platinum Project

Reference	Definition
LOVI	Lovisagruvan AB
NAV	Net Asset Value
Neometals	Neometals Limited
Neometals Placement	Placement of 62,500,000 shares in Hannans to Neometals at a price of $0.004 per share
Pahtohavare	Pahtohavare Copper-Gold Project
Post-Transaction	Events following the Transaction
QMP	Quoted market price
Ravensgate	Ravensgate International Pty Ltd ATF Ravensgate Unit Trust
RBA	Reserve Bank of Australia
Reed Exploration	Reed Exploration Pty Ltd
Our Report	This Independent Expert's Report prepared by BDO
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of Experts (March 2011)
Section 611	Section 611 of the Corporations Act
SCR	Scandinavian Resources Pty Ltd
Shareholders	Shareholders of Hannans not associated with Neometals
Sophisticated Investor Placement	Placement of 83,325,000 shares in Hannans to sophisticated investors at a price of $0.004 per share
SRK	SRK Consulting (Sweden) AB
The Transaction	The proposal to issue 620,833,333 shares in Hannans to Neometals, as well as the other resolutions contained in the accompanying notice of meeting.
US$	US Dollar
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015

Reference	Definition
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3

Ravensgate
Mining Industry Consultants

TECHNICAL PROJECT REVIEW
and
INDEPENDENT VALUATION REPORT

HANNANS LIMITED'S
WEST AUSTRALIAN MINERAL PROJECTS

for

BDO CORPORATE FINANCE (WA) PTY LTD

28 June 2016

RESOURCEFUL TECHNICAL PARTNERS

TECHNICAL PROJECT REVIEW

and

INDEPENDENT TECHNICAL VALUATION

Prepared by RAVENSGATE on behalf of:

BDO Corporate Finance (WA) Pty Ltd

Author(s):	Sam Ulrich	Principal Consultant	BSc (Hons) Geology, MAusIMM, MAIG GDipAppFin, FFin
Reviewer:	Neal Leggo	Principal Consultant	BSc (Hons) Geology, MAIG, MSEG
Valuation Date:	28 April 2016		
Report Date:	28 June 2016		
Copies:	Hannans Limited	(1)	
	Ravensgate	(1)	
Project No.	HAN001		
File Name:	HAN001_Val_28_Jun_2016_Final		

Sam Ulrich
For and on behalf of:
RAVENSGATE

This report has been commissioned from and prepared by Ravensgate for the exclusive use of BDO Corporate Finance (WA) Pty Ltd.

Each statement or opinion in this report is provided in response to a specific request from BDO Corporate Finance (WA) Pty Ltd to provide that statement or opinion. Each such statement or opinion is made by Ravensgate in good faith and in the belief that it is not false or misleading.

Each statement or opinion contained within this report is based on information and data supplied by Hannans Limited to Ravensgate, or otherwise obtained from public searches conducted by Ravensgate for the purposes of this report.

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Ravensgate International Pty Ltd ATF Ravensgate Unit Trust (Ravensgate) has been commissioned by BDO Corporate Finance (WA) Pty Ltd (BDO) and Hannans Limited (HNR) to provide a Technical Project Review on HNR's West Australian Mineral Assets and an Independent Technical Valuation over these projects. This Technical Project Review and Independent Valuation Report were prepared by Ravensgate for inclusion in the Independent Experts Report (IER) prepared by BDO. The effective date of this Technical Project Review and Independent Valuation Report prepared by Ravensgate is the 28 April 2016.

The projects included in this report and HNR's ownership is listed below.

Mineral Asset	HNR's Ownership %
Forrestania Project	20%
Lake Johnston Project	20%
Queen Victoria Rocks Project	20%

Further exploration work remains to be carried out in order to help improve geological understanding, to generate exploration targets, to investigate exploration targets, to estimate mineral resources and to undertake economic studies (where defined and as further work progresses) within the licence areas. Ravensgate's considered opinion is that the projects are of merit and worthy of further exploration.

Ravensgate did not carry out a site visit to the project areas. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project area at this stage. Ravensgate has concluded that HNR's projects are of technical merit and worthy of conducting further review and exploration.

The valuation presented in this report was completed on behalf of BDO. The valuation has been completed with information provided by, and with the full support of HNR. The applicable valuation date is 28 April 2016 and is derived from using the Comparable Transactions valuation method. As the technical valuations of HNR's projects are based on comparable market transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).

HNR's Western Australian projects are located within the Goldfields Province of Western Australia. The Forrestania project is situated 120km south of Southern Cross and 80km east of Hyden consisting of four granted exploration licences. The Lake Johnston project is located approximately 100km to the west southwest of Norseman consisting of one granted exploration licence. The Queen Victoria Rocks project is located approximately 50km to the southwest of Coolgardie consisting of one exploration licence.

The Forrestania, Lake Johnston and Queen Victoria Lakes projects can be classified as Exploration Area Mineral Assets. A mineral resource and/or exploration target as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2012 Edition) has not been defined within any of the projects.

To derive appropriate values for the tenure within HNR's Western Australian projects Ravensgate reviewed the exploration data and prospectivity for the tenements. The preferred value thus determined for each tenement was based upon a review of the prospectivity of each tenement and the number of exploration targets on each tenement as described in Section 3.5.

Ravensgate has concluded that HNR's projects are of merit and worthy of further exploration. A summary of HNR's Western Australian project valuation in respective ownership percentage terms is provided in Table 1. The applicable valuation date is 28 April 2016 and is derived from using the Comparable Transactions valuation method. The value of HNR's 20% equity interest in their Western Australian projects is considered to lie in a range from $0.493M to

$0.851M, within this range Ravensgate has selected a preferred value of $0.672M, which is approximately the middle of the range.

Table 1 HNR's Project Technical Valuation in Equity Ownership Percentage Terms

Project	Mineral Asset	Equity %	Area km^2	Valuation		
				Low $M	Preferred $M	High $M
Forrestania	Exploration Area	20	364.7	0.414	0.564	0.715
Lake Johnston	Exploration Area	20	33.6	0.003	0.007	0.010
Queen Victoria Rocks	Exploration Area	20	126.2	0.075	0.101	0.126
Total	Exploration Area	20	524.5	0.493	0.672	0.851

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

2. INTRODUCTION

The objectives of this report are to firstly provide a Technical Project Review of the HNR's Western Australian projects in which HNR has a 20% equity interest and secondly to provide an independent valuation and technical assessment of the project prepared in accordance with the guidelines of the VALMIN Code. This work has been commissioned by BDO and HNR for inclusion in an IER prepared by BDO.

This report does not provide a valuation of HNR as a whole, nor does it make any comment on the fairness and reasonableness of any proposed transaction between any two companies. The conclusions expressed in this Technical Project Review and Independent Technical Valuation are valid as at the Valuation Date (28 April 2016). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

2.1 Terms of Reference

Ravensgate International Pty Ltd ATF Ravensgate Unit Trust (Ravensgate) has been commissioned by BDO and HNR to provide an Independent Technical Project Review on HNR's Western Australian projects and an Independent Technical Valuation over these projects.

This report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code 2015 Edition) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - 2012 Edition (JORC Code 2012 Edition). The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Technical Valuation report has been compiled based on information available up to and including the date of this report.

2.2 Tenement Status Verification

Ravensgate has not independently verified the status of the tenements that are referred to in this report as set out in the project Tenement Schedules in Table 3, Table 4 and Table 6 of this report, which is a matter for independent legal experts. HNR commissioned an independent review of HNR's exploration licence status. Tenement specialists McMahon Mining Title Services Pty Ltd (McMahon) supplied Ravensgate with the required information.

Ravensgate is satisfied based on McMahon's review that the tenements are in good standing and the values assigned to the tenements correctly reflect HNR's ownership.

2.3 Site Investigation

Ravensgate did not carry out a site visit to the project area. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project areas at this stage. Ravensgate has concluded that HNR's Western Australian projects are of technical merit and worthy of conducting further review and exploration.

2.4 Qualifications, Experience and Independence

Ravensgate has been consulting to the mining industry since 1997 with its services that include valuations, independent technical reporting, exploration management and resource estimation. Our capabilities include reporting for all the major securities exchanges and encompass a diverse variety of commodity types.

Table 2 Summary of Qualifications, Professional Memberships and Responsibilities

Name	Qualifications	Professional Memberships	Sections Responsible
Sam Ulrich	BSc(Hons), GDipAppFin	MAusIMM, MAIG, FFin	All Sections
Neal Leggo	BSc(Hons),	MAIG, MSEG	Peer Review All Sections

Author: Sam Ulrich, Principal Consultant, BSc (Hons) Geology, GDipAppFin, MAusIMM, MAIG, FFin.

Sam Ulrich is a geologist with over 20 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd, a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia 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'. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101. Sam is a VALMIN Practitioner with the minimum five years valuation experience in conjunction with relevant technical assessment and geology experience to meet VALMIN 2015 compliance as a Specialist.

Peer Reviewer: Neal Leggo, Principal Consultant, BSc (Hons) Geology, MAIG, MSEG

Neal Leggo has over 30 years' experience in minerals geology including senior management, consulting, exploration, development, underground mining and open pit mining. He has extensive experience with a wide variety of commodities including gold, copper, iron ore, silver, lead and zinc, uranium and manganese across numerous geological terrains within the Asia-Pacific region.

Prior to joining Ravensgate, Neal worked for FMG leading a large field team undertaking fast-track exploration, delineation and feasibility study of a major new iron ore discovery in the Pilbara of WA. Previous to this Neal was Exploration Manager at Crescent Gold were he led a successful exploration team and also managed feasibility study and development work on seven gold deposits in preparation for mining. At Hatch he undertook numerous geological consulting assignments included scoping, prefeasibility and review studies, geological audit and due diligence. At BHP he modelled mineral resources including the Cannington, Mt Whaleback and Yandi world-class deposits. Previous to this Neal worked 8 years in Mt Isa for MIM where roles included chief geologist for the Hilton underground lead zinc mine and exploration manager for Isa District. During the 1980s he worked as a field geologist across northern Australia on a wide variety of exploration projects and mines.

Neal offers extensive knowledge of available geological, geophysical, geochemical and exploration techniques and methodologies, combined with strong experience in feasibility study, development and mining of mineral deposits. Neal completed an Honours degree in Geology at the University of Queensland in 1980 and holds the relevant qualifications, experience and professional associations required by the ASX, JORC and VALMIN Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

2.5 Disclaimer

The author of this report, and Ravensgate, have no prior association with HNR in regard to the mineral assets and have no interest in the outcome of the technical assessment.

Ravensgate is independent of HNR, its directors, senior management and advisors and has no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are in the order of $12,000.

The relationship with HNR is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of HNR or any group, holding or associated companies of HNR.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report.

This report has been compiled based on information available up to and including the date of this report. The statements and opinions are based on the reference date of 28 April 2016 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

2.6 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by HNR and their partners or consultants, publically available information such as ASX releases, government reports and discussions with HNR's technical and corporate management personnel. With the consent of HNR, other general report contents describing the regional geology, historical exploration and current exploration have been reproduced verbatim from a number of HNR's internal and publically available reports. A listing of the principal sources of information is included in the references attached to this report.

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to HNR prior to finalisation by Ravensgate, requesting that HNR identify any material errors or omissions prior to its final submission. Ravensgate does not accept responsibility for any errors or omissions in the data and information upon which the opinions and conclusions in this report are based, and does not accept any consequential liability arising from commercial decisions or actions resulting from errors or omissions in that data or information.

2.7 Competent Persons Statement

The information in this report that relates to Exploration Results is based on information that has been previously reported under JORC 2012 and Ravensgate considers that there has been no material change since it was released and the competent persons statements associated with those releases are still current. HNR's ASX announcements are available from http://www.hannansreward.com/announcements.php .

2.8 Specialist Declarations and Consent

The information in this report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Sam Ulrich, who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

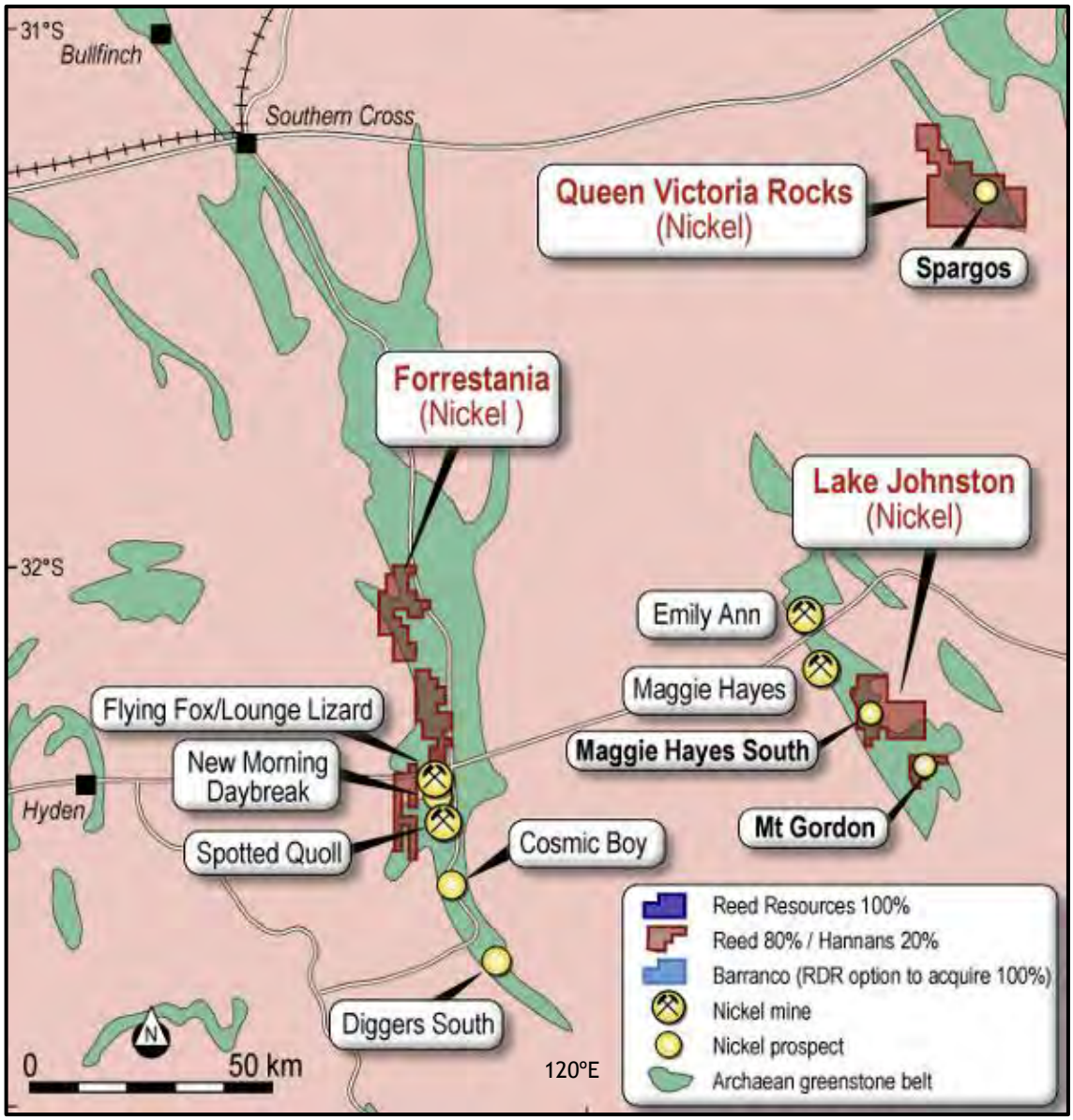
Sam Ulrich is not a permanent employee of HNR.

Sam Ulrich has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Sam Ulrich consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

2.9 Background Information

The projects discussed in this report are located in the Goldfields Province of Western Australia. A locality map of the projects is presented in Figure 1 below. Ravensgate understands that the project tenements are held in good standing. A brief overview of the projects are outlined in Sections 3, 4 and 5. The Independent Valuation of the tenements is outlined in Section 6. Report file references and a glossary of terms are also included at the end of this report.

Figure 1 Location of HNR's Western Australian Projects



Modified After Neometals 2015.

Note: The Lake Johnston project only includes the tenement hosting the Mt Gordon prospect and not the Maggie Hayes South prospect.

3. FORRESTANIA PROJECT, WESTERN AUSTRALIA

3.1 Introduction

3.1.1 Project Location

The Forrestania project is located 120km south of Southern Cross and 80km east of Hyden in Western Australia (Figure 1). The Forrestania project is approximately 7km north of Western Areas Limited's Flying Fox Mine and 20km south of Cazaly Resource Limited's Parker Range project. The project tenure lies within the Hyden and Southern Cross 1:250,000 Geological Survey of Western Australia (GSWA) Sheets (SI50-4 and SH50-16).

3.1.2 Access

The northern part of the Forrestania project is accessed from the Great Eastern Highway via the unsealed Southern Cross – Forrestania road. Access to the southern part of the project is via the Hyden – Norseman road east of Hyden. Access from these roads to within the project tenure is along cleared grid lines.

3.1.3 Supporting Infrastructure

There is significant supporting infrastructure in the Forrestania project area, with good road access. There is existing an electricity network primarily due to present and past mining operations. Located to the south of the project area is Western Area Ltd's Cosmic Boy nickel concentrator (Figure 1), which can process 600,000 tonnes per annum of ore, with the potential to expand to 1,000,000 tonnes per annum.

3.1.4 Geopolitical Environment

Australia is a politically stable, liberal democracy. According to Control Risks Group Limited on the SNL Metals and Mining website, Political risk, Security risk and Terrorism risk ratings are all categorised as low risk, with Operational risk rating categorised as insignificant risk.

3.2 Ownership and Tenure

3.2.1 Project Ownership and Relevant Interests

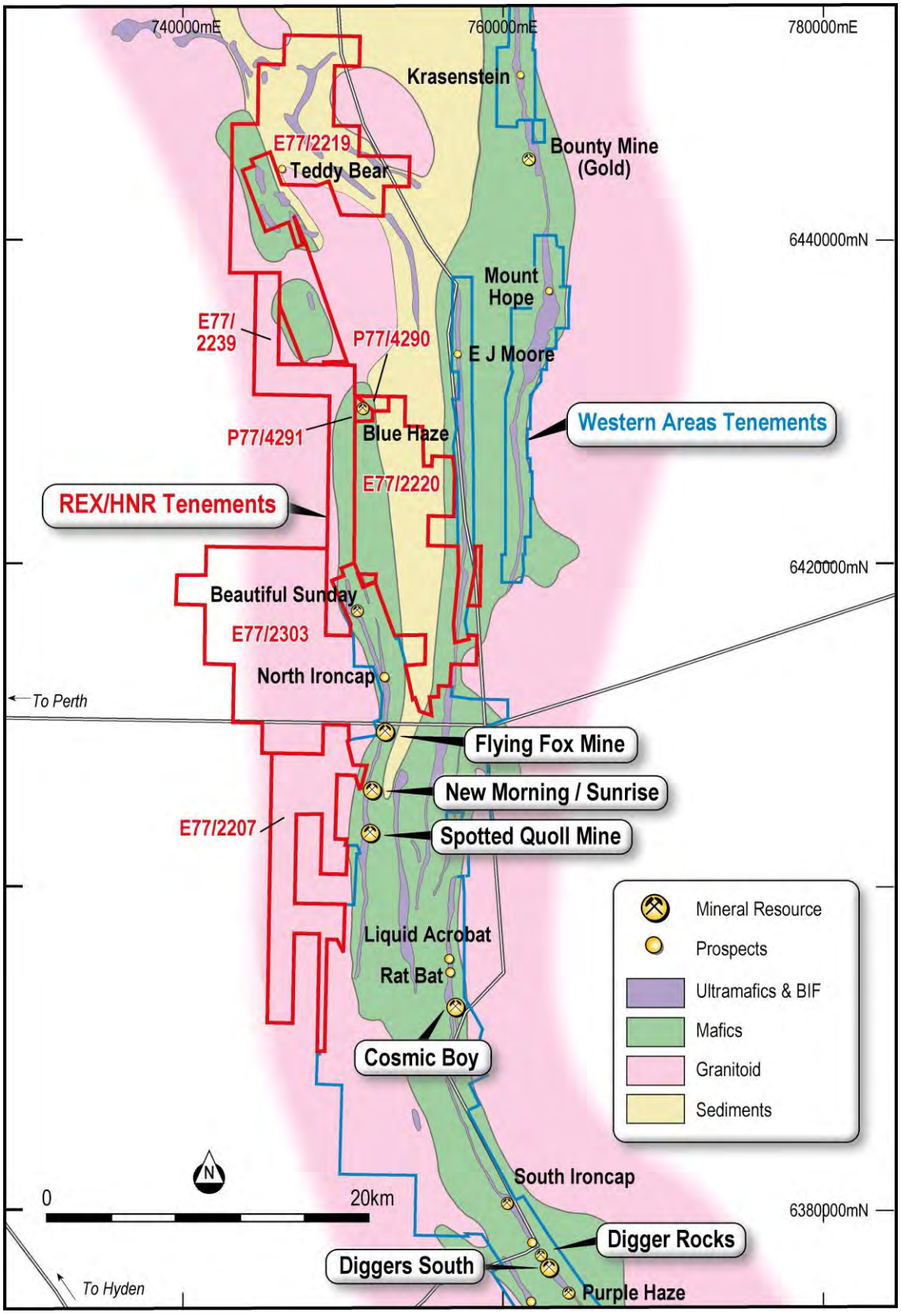
The Forrestania project consists of five granted exploration licences and two prospecting licences. All the tenements are held 100% by Reed Exploration Pty Ltd (Reed) a wholly owned subsidiary of Neometals Ltd (Neometals), the details of which are listed in Table 3 and a map of the tenements are shown in Figure 2. The two prospecting licences cover the historic Blue Haze gold mine, where Sons of Gwalia in early 2003 mined approximately 96,000t at 8.81g/t Au for 27,200oz.

Table 3 Forrestania Project Granted Tenement Details

Exploration Licence	Area (km^2)	Grant Date	Expiry Date	Owner and Equity
E77/2207	54.8	8-Jun-2015	7-Jun-2020	Reed Exploration Pty Ltd 100%
E77/2219	95.8	12-Jun-2015	11-Jun-2020	Reed Exploration Pty Ltd 100%
E77/2220	81.6	15-Jun-2015	14-Jun-2020	Reed Exploration Pty Ltd 100%
E77/2239	41.9	28-Jan-2015	27-Jan-2020	Reed Exploration Pty Ltd 100%
E77/2303	87.7	14-Jan-2016	13-Jan-2021	Reed Exploration Pty Ltd 100%
P77/4290	1.56	9-Feb-2016	8-Feb-2020	Reed Exploration Pty Ltd 100%
P77/4291	1.36	9-Feb-2016	8-Feb-2020	Reed Exploration Pty Ltd 100%

Notes: As per the agreement referred to in Section 3.2.2 Reed Exploration Pty Ltd is split 80% Neometals and 20% HNR.

Figure 2 Forrestania Project Geology and Tenement Location Plan



Source: Supplied by Neometals.

3.2.2 Agreements

HNR Agreement with Neometals

On the 2 July 2015 HNR announced it had signed an agreement to sell its West Australian exploration database to Reed a wholly owned subsidiary of Neometals. In circumstances where Reed uses the database to identify exploration targets, Reed will hold a 20% interest in tenements it applies for on trust for HNR, with HNR's interest free carried through to decision to mine. If and when a decision to mine is made, HNR can elect to contribute to expenditure to maintain 20% interest or convert to a 2% net smelter royalty interest. In relation to a limited number of areas within the database HNR will hold an interest on trust for previous joint venture partners and royalty holders pursuant to pre-existing agreements.

3.2.3 Royalties and Taxes

There are no royalties applicable to the tenements of the Forrestania project.

3.3 History

3.3.1 Ownership History

The ownership history is described in Section 3.3.2 below.

3.3.2 Exploration History

The Forrestania Greenstone Belt has been subject to intense exploration since the early 1970's for both nickel and gold. Early work in the Stormbreaker area by Amax Exploration Australia focused on the nickel sulphide potential of the ultramafic units. Gold Mines of Kalgoorlie explored for gold from 1989 and Aztec Mining Company Ltd also explored for gold in the area from 1990. Later Forrestania Gold NL, Lion Ore Australia Pty Ltd and Viceroy Australia Pty Ltd explored the region with primarily a gold focus.

Hannans has completed multiple phases of MLEM/FLEM geophysical surveys along the Western Ultramafic Stormbreaker corridor from 2006-2010. In 2009 VTEM was flown over the northern extension of the Western Ultramafic Belt (WUB) and a 13km long magnetic feature west of the Spotted Quoll nickel-sulphide mine. Thirteen targets were generated from this survey and since 2009 most targets have been tested with more defined geophysical surveys or RC drill testing. Low tenor anomalous nickel geochemistry has been outlined in several of the RC holes but to date no significant nickel mineralisation has been detected.

The drilling has confirmed that the stratigraphy over the western ultramafic corridor is complex, and includes multiple ultramafic units, intercalated with BIF units above a mafic footwall. The intense magnetic signature of associated BIF units within the ultramafic sequence have complicated the detection of possible mineralised zones using geophysical methods. It is also thought that granitic intrusives could be masking greenstone lithologies and potential nickel sulphides at depth.

3.3.3 Previous Mineral Resource Estimates

No previous Mineral Resources or Ore Reserves as defined in the JORC Code (2004 or 2012 Editions) have been reported over the current tenements of the Forrestania project.

3.3.4 Previous Production

No commercial production has been recorded in the tenements.

3.4 Geological Setting

3.4.1 Regional Geology

The Forrestania Project is located on the western margin of the Forrestania Greenstone Belt. Two distinct lithostratigraphic units exist in the area, a mafic-ultramafic metavolcanic suite and a sequence of immature clastic sediments, which overlie the older mafic-ultramafic assemblage.

It has been interpreted that the mafic-ultramafic metavolcanic suite splays to the northwest in the Skeleton Rocks area towards Westonia. This is contrary to prior belief that the Forrestania greenstone sequence continues towards Southern Cross in the north.

The metamorphic grade is generally amphibolite facies with lower grade greenschist facies zones developed locally. The belt is enclosed by ovoid, syntectonic granitoids and is folded along anticlinal and synclinal axes that trend north-south and north northwest-south southeast. The sequence has been subsequently cut by Proterozoic dolerite dykes.

Several major shear zones are present within the greenstone sequence.

3.4.2 Project Geology

The Stormbreaker and Lucy Rocks areas lie within the Archaean Forrestania greenstone belt which trends north to northwest. Regional mapping has identified two distinct lithostratigraphic units within the greenstone belt, a mafic-ultramafic metavolcanic suite and a sequence of immature clastic sediments which overlie the older mafic-ultramafic sequence. These units are folded into a regional northerly plunging synform, with the sedimentary rocks forming the core of the synform. The mafic-ultramafic rocks to the east of the sediments are steeply west dipping while those to the west of the sediments are shallowly east dipping. The two sequences differ somewhat in their composition.

The greenstones are predominantly altered mafic and ultramafic flows with intercalated BIF, cherts and at stratigraphically higher levels, fine grained clastic sediments. Metamorphism has largely occurred under static conditions with preservation of primary textures and structures. The metamorphic grade is generally amphibolite facies with internal ovoid syntectonic granitoids and numerous Proterozoic dolerite dykes cutting the stratigraphy in an east-west to northeast-southwest direction.

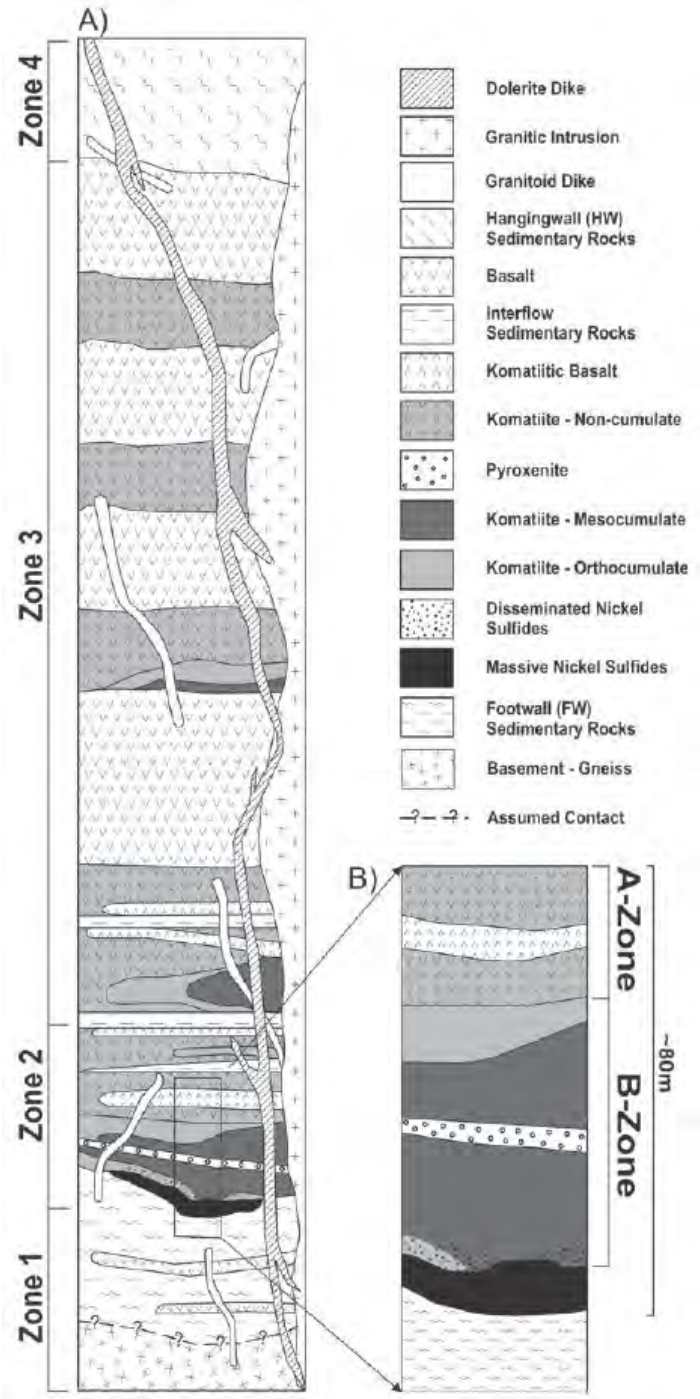
The basal rocks of the eastern ultramafic belt comprise a thick sequence of tholeiitic basalts with minor high-magnesium basalt flows and exhalative sediment horizons, all upon a granitoid basement. These are overlain by an approximately 600m thick sequence of komatiitic flows and basalts with intercalated BIF's. This ultramafic sequence is the host to some of the nickel mineralisation in the Forrestania area.

The western ultramafic belt consists predominantly of high-magnesium basalts with variolitic texture (detailed below). The basaltic sequence is overlain to the east by a BIF unit, which is in turn overlain by the main pelitic sediment sequence. The younger sediments are dominantly pelitic and psammitic schists, with minor iron rich garnetiferous units, thin BIF lenses and bands of graphitic schist.

An interpretive geology plan of the Forrestania Project is presented in Figure 2 above.

The western ultramafic belts hosts the Flying Fox deposit and has been interpreted as an east younging succession of four distinct lithological packages (Figure 3). Zone 1 comprises of quartzo-feldspathic sedimentary rocks intercalated with minor basaltic rocks. These footwall sedimentary rocks are directly overlain by a cumulate-rich compound komatiite flow sequence (Zone 2). The cumulate komatiites host an irregular halo of disseminated sulphides that directly overlies massive sulphides (Figure 3). Zone 3 comprises of a komatiite basalt thin flow sequence, where non-cumulate komatiites and high magnesium basalts dominate. Zone 4 comprises of hanging wall sedimentary rocks. This lithostratigraphic sequence is interpreted to continue to the north beneath a granite sill based on aeromagnetic interpretation.

Figure 3 Lithostratigraphic Profile through Flying Fox Deposit



Source: Collins, 2013.

3.5 Exploration Results and Potential

3.5.1 Recent Exploration Activities

Recent exploration has been limited to surface geochemistry and IP geophysics in the Stormbreaker area testing the extrapolated ultramafics to the north of Western Areas Limited's Flying Fox mine.

3.5.2 Exploration Potential

The exploration potential of the Forrestania project varies dependent on the tenement and the prospectivity of the geology within it to host nickel or gold mineralisation. A brief summary of the potential by tenements is provided below.

- E77/2220 & E77/2239 – These two tenements are potentially very prospective for nickel mineralisation as they contain the interpreted continuation of the geological sequence that hosts the Flying Fox and Spotted Quoll nickel mines of Western Areas Limited. Additional exploration work is required and currently being planned to delineate drill targets along this prospective geological trend;
- E77/2219 – This tenement is at an early exploration stage for nickel and contains geology prospective for both gold and nickel mineralisation. It is situated to the west of the Bounty gold mine and surrounds tenure hosting the Blue Haze gold mine;
- E77/2207 & E77/2303 – These two tenements are located to the west of the Flying Fox and Spotted Quoll nickel mines are at an early exploration stage presently interpreted to contain little prospective geology for both nickel and gold mineralisation; and
- P77/4290 & P77/4291 – These two tenements cover the historic Blue Haze gold mine, where Sons of Gwalia in early 2003 mined approximately 96,000t at 8.81g/t Au for 27,200oz. They are considered prospective for gold mineralisation.

3.5.3 Constraints to Further Exploration Success

Ravensgate views the current depressed nickel price and general negative market sentiment towards exploration projects, as the most problematic constraint to further exploration success at the Forrestania project.

4. LAKE JOHNSTON PROJECT, WESTERN AUSTRALIA

4.1 Introduction

4.1.1 Project Location

The Lake Johnston project is located approximately 100km to the west southwest of Norseman in Western Australia (Figure 1). It is situated 35km to the south of Poseidon Nickel Limited's Maggie Hays nickel sulphide mine, which is presently on care and maintenance. The project is located within the Dundas Mineral Field, on the Lake Johnston 1:250,000 GSWA sheet (SI51-1).

4.1.2 Access

Access to the project area, on unsealed roads, is via the Hyden-Norseman road, cleared grid lines allow access to most areas within the project. During periods of significant rain access to and within the tenement areas is difficult.

4.1.3 Supporting Infrastructure

There is limited supporting infrastructure in the Lake Johnston project area, with all-weather road access as far as the nearby Maggie Hays Mine

4.1.4 Geopolitical Environment

See Section 3.1.4.

4.2 Ownership and Tenure

4.2.1 Project Ownership and Relevant Interests

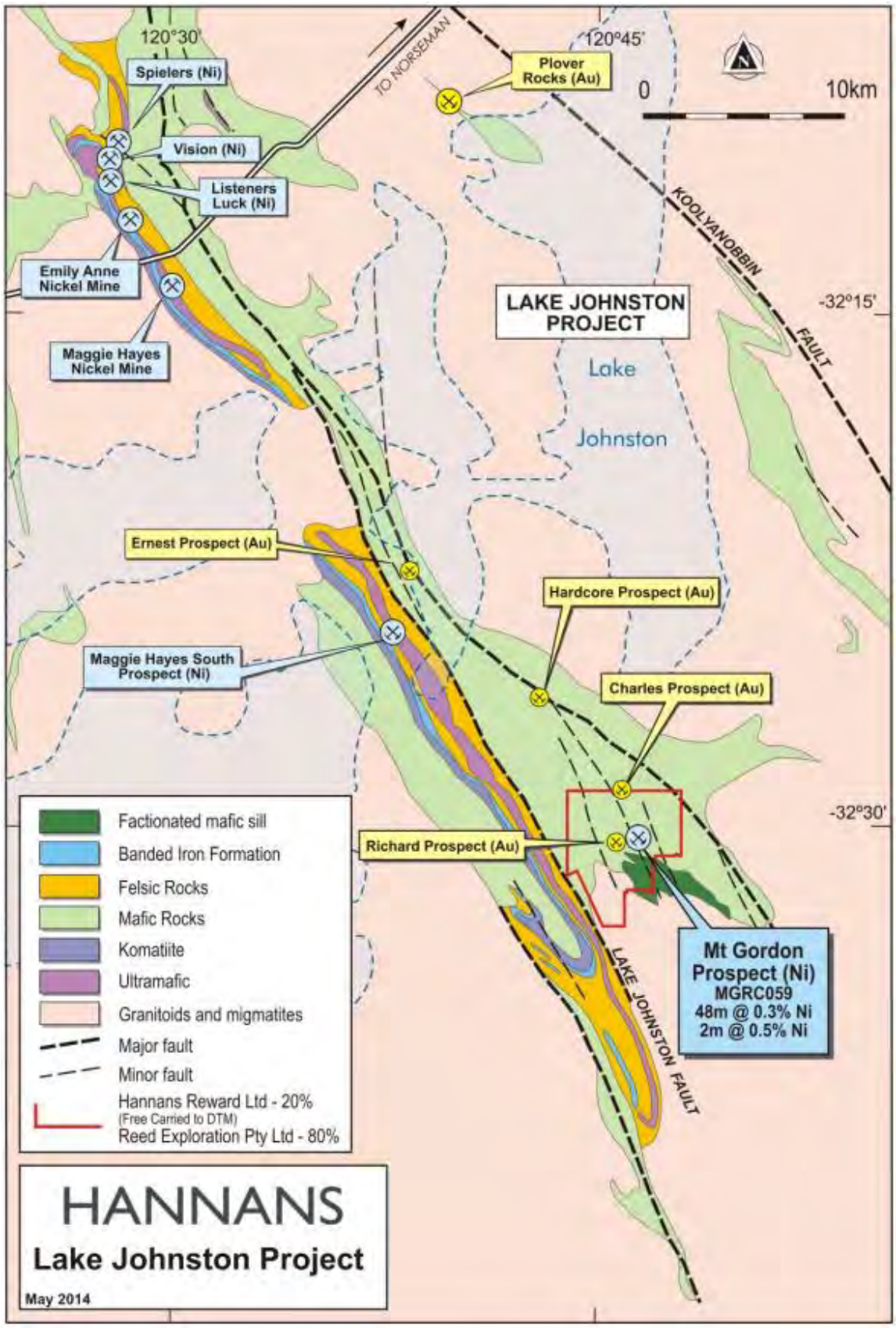
The Lake Johnston project consists of one granted Exploration Licence. The tenement is held 100% by Reed a wholly owned subsidiary of Neometals, the details of which are listed in Table 4 and a map of the tenement is provided in Figure 4.

Table 4 Lake Johnston Project Granted Tenement Details

Exploration Licence	Area (km^2)	Grant Date	Expiry Date	Owner and Equity
E63/1365	33.6	24-Nov-2010	23-Nov-2020	Reed Exploration Pty Ltd 100%

Notes: As per the agreement referred to in Section 3.2.2 Reed Exploration Pty Ltd is split 80% Neometals and 20% HNR.

Figure 4 Lake Johnston Project Geology and Tenement Location Plan



Source: HNR 2015c.

4.2.2 Agreements

The agreement described in Section 3.2.2 between HNR and Neometals applies to the Lake Johnston project.

4.2.3 Royalties and Taxes

There are no royalties applicable to the tenements of the Lake Johnston project.

4.3 History

4.3.1 Ownership History

The ownership history is detailed in Table 5 in Section 4.3.2 below.

4.3.2 Exploration History

Exploration in the area prior to HNR acquiring the project is detailed in Table 5 below.

Table 5 Lake Johnston Area: Exploration History

Date	Company	Summary of Work and Findings
1978-81	Western Union Mining Services	Re-sampled earlier drilling for gold and completed a detailed airborne magnetic survey.
1987	Great Victoria Gold Mines	Evaluated the gold potential of the area. They mapped and sampled gold occurrences in the area with some encouragement in the Maggie Hays area.
NA	Forrestania Gold NL and Capricorn Resources NL	Explored the area between Maggie Hays South and Maggie Hays using auger soil geochemistry and shallow drilling to define a 1,200m long gold anomaly in fresh mafic volcanics. Subsequently Forrestania Gold NL in joint venture with Gencor Limited intersected massive nickel mineralisation at Maggie Hays, which was brought into production by LionOre Australia.
1997	Australian Gold Resources Ltd	Completed an EM geophysical survey over the central ultramafic sequence and followed up with soil sampling.

Source: Information from Arrowsmith 2009.

In 2003 HNR floated on the ASX and entered into a joint venture with Murchison Resources Pty Ltd and Mrs Edwards over the Maggie Hays South project. In 2004 Nickel Australia Ltd (NAL) farmed into the project for nickel rights. Nickel Australia Ltd completed a detailed aeromagnetic survey and a MLEM survey in 2005. NAL followed up with 128 RAB holes and three diamond holes in the western ultramafic sequence. NAL considered the results to be disappointing and the geological environment not prospective for massive nickel sulphide deposits and withdrew from the joint venture in 2006.

HNR re-assayed pulps of NAL's drilling for gold with little success. They completed an infill soils program identifying a strong gold-copper-molybdenum anomalism. An induced polarisation (IP) survey was conducted over weak EM anomalies from the 2005 MLEM survey. In 2008-2009 HNR undertook an extensive auger geochemical sampling program on Lake Johnston. The survey was successful in the south highlighting gold anomalism and was not successful in the north due to the amount of transported cover. Rock chips were collected in the north with a highest value of 226g/t Au returned. In late 2009 the gold anomalism was tested by RC drilling.

In 2009-2010 HNR completed gravity, MLEM, FLEM, aeromagnetics and radiometric geophysical surveys and auger geochemistry.

In 2010-2011 HNR completed RC drilling at prospects to the north of the currently granted tenure. Additional gravity and MLEM geophysical surveys were completed.

In 2011-2012 HNR completed 54 RC holes at the Mt Gordon prospect, most of which were targeting gold mineralisation identified by previous geochemical surveys. The previous geochemical surveys had also identified two zones of nickel mineralisation, with one being targeted by a RC drill hole. The hole (MGRC059) intersected several anomalous zones of nickel sulphides, which have been followed up recently see Section 4.5.1.

4.3.3 Previous Mineral Resource Estimates

No previous Mineral Resources or Ore Reserves as defined in the JORC Code (2004 or 2012 Editions) have been reported over the current tenements of the Lake Johnston project.

4.3.4 Previous Production

No commercial production has been recorded in the tenements.

4.4 Geological Setting

The Lake Johnston Project is located within the Lake Johnston Greenstone Belt (Figure 4) which consists of a narrow northwest trending succession of ultramafic, mafic, felsic volcanic, volcaniclastic and BIF units constrained by largely concealed granitoid and granitoid gneiss. Later granodiorite and monzogranite plutons intrude the complex stratigraphy. Uranium-lead dating of zircons within volcaniclastics have dated the Maggie Hays komatiite volcanism to between 2,903 and 2,921Ma.

The Lake Johnston greenstone belt is bounded by two northwesterly trending lineaments. The westerly feature dips steeply east with the easterly feature being near vertical. The Gordon Anticline trends northwest through the greenstones, is mildly asymmetric, slightly overturned to the west and is mainly occupied by the Maggie Hays Formation. The Burmeister Syncline lies west of the Gordon Anticline is mainly occupied by the Honman and Glasse Formations but is partly occupied by granites to the west. It is tightly folded with an undulating hinge zone. An early phase of thrust stacking is indicated.

Stratigraphically the lithologies can be separated into the lower most Maggie Hays Formation comprised principally of basaltic lithologies with an Eastern Ultramafic Unit (EUM) occurring near the top of the unit and consisting of thin differentiated komatiite. The Honman Formation overlies the Maggie Hays Unit and is comprised of felsic volcanics/volcaniclastics and the overlying Central Ultramafic Unit (CUM). The CUM is dominated by thick cumulate flows fractionated within the upper portions and interleaved with BIF and felsic rocks. The Western Ultramafic Unit (WUM) forms the lowermost unit of the Glasse Formation which is overlain by basaltic lithologies. The WUM consists mainly of thin differentiated komatiite flows with minor undifferentiated and thin cumulate flows.

The southeastern corner of the project area also contains the northern extensions of the Medcalf intrusive, which is a layered mafic-ultramafic intrusive known to host concentrated occurrences of titanium, vanadium and iron.

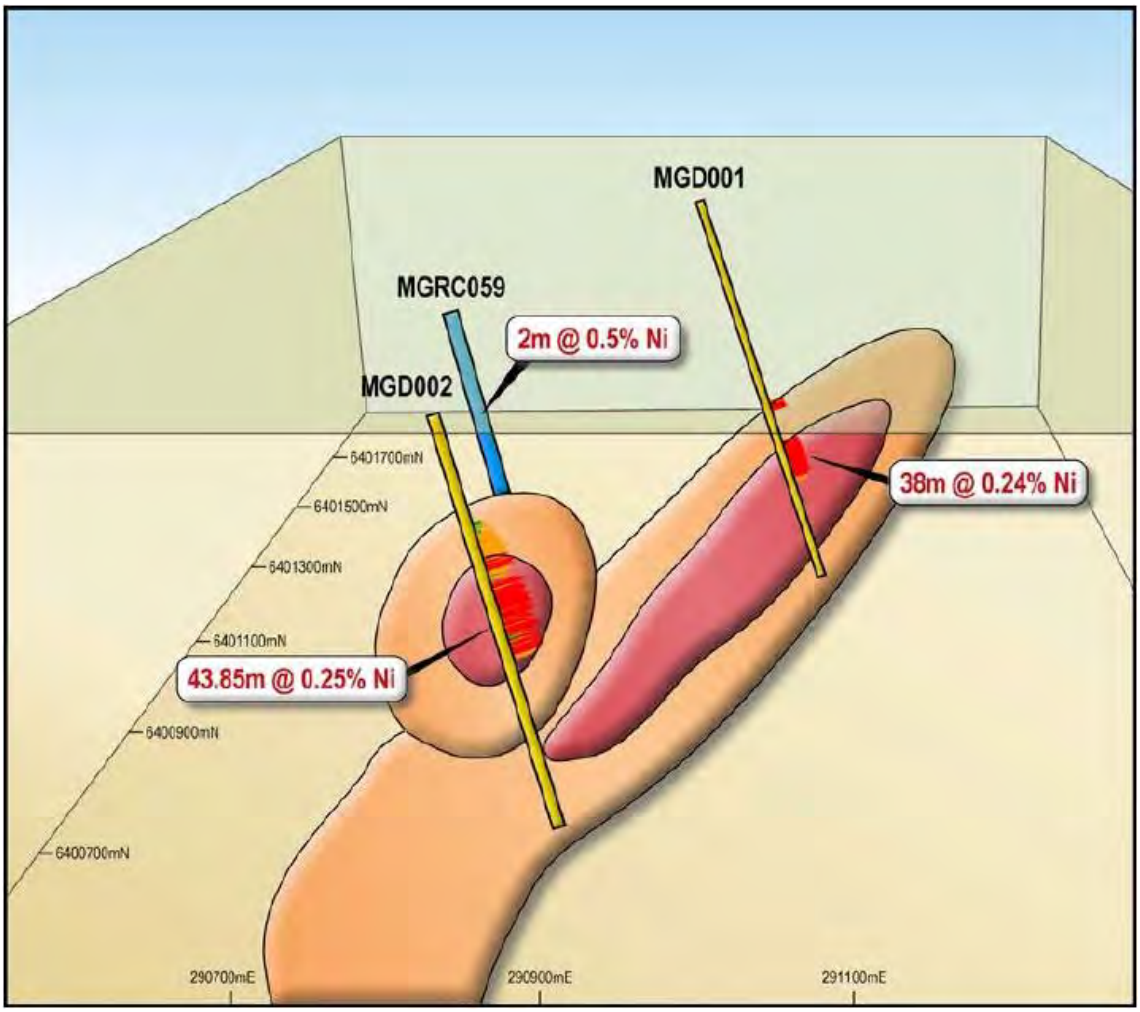
The lithologies within the belt are metamorphosed from lower greenschist to mid-amphibolite facies.

4.5 Exploration Results and Potential

4.5.1 Recent Exploration Activities

Recent exploration has focused on the Mt. Gordon prospect which is located 3km north of Audalia Resources Limited's Medcalf vanadium-titanium deposit. A program of diamond drilling was completed in November 2014. Two diamond holes were drilled to test magnetic targets generated by a 3D geophysical model and to also follow-up on nickel mineralisation intercepted by HNR's RC drilling in 2012 (Figure 5). The best intercept from hole MGD002 was 44m @ 0.25% Ni from 163.3m downhole depth (aggregate intercept).

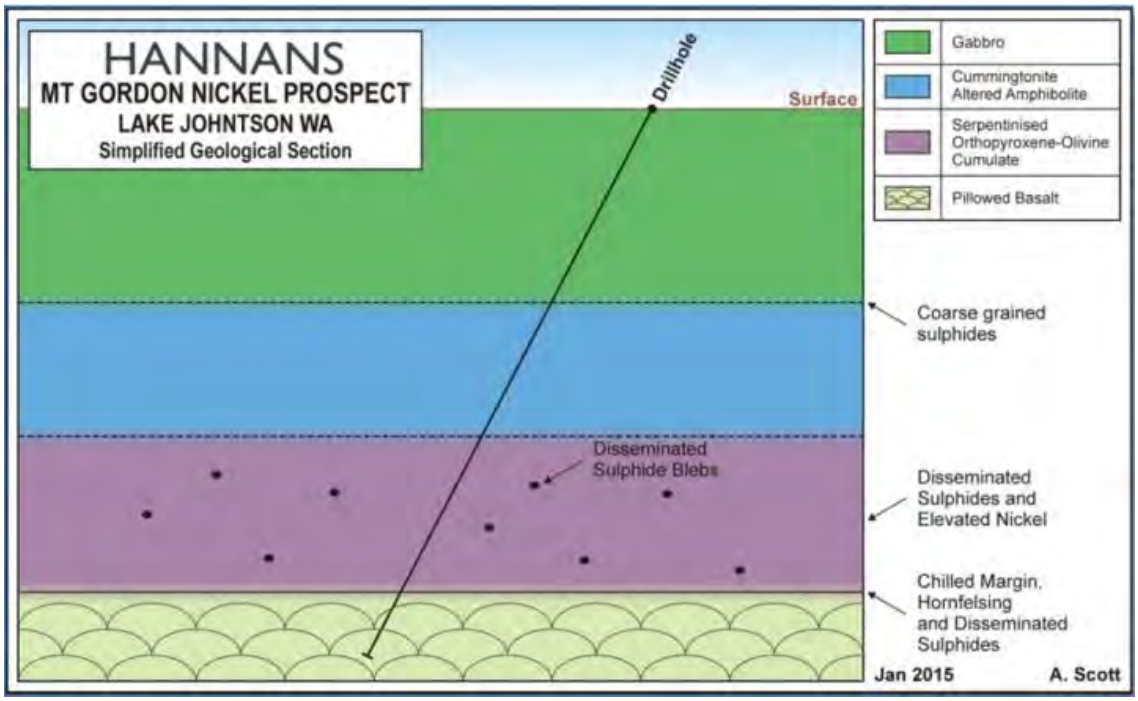
Figure 5 Mt Gordon 3D Geophysical Model and Drill Holes



Source: HNR 2015a.

The 3D geophysical model predicted steeply plunging apophyses that are potentially connected to the Medcalf chonolith at depth. Both holes intersected a classic mafic-ultramafic pile of gabbro, amphibolite and serpentinite before entering the pillowed basalt footwall (Figure 6) confirming the 3D geophysical interpretation. The serpentinised cumulate zones in both holes contain very fine grained sulphides, are elevated in nickel and sulphur and have very high MgO levels. Both drill holes have been cased to enable downhole electromagnetic surveying to be completed in the future.

Figure 6 Mt Gordon Prospect Simplified Geological Cross-Section



Source: HNR 2015b.

4.5.2 Exploration Potential

The Lake Johnston project is prospective for both nickel and gold. The Mt Gordon prospect has the best nickel mineralisation potential and is still very much at an early exploration stage, with only three drill holes testing the 3D geophysical model. At this stage significant widths of highly anomalous nickel grades have been intersected in both diamond holes, but no economic grade mineralisation has been intersected. Further work is required in this area to further test the 3D geophysical model.

4.5.3 Constraints to Further Exploration Success

Ravensgate views the current depressed nickel price and general negative market sentiment towards exploration projects, as the most problematic constraint to further exploration success at the Lake Johnston project.

5. QUEEN VICTORIA ROCKS PROJECT, WESTERN AUSTRALIA

5.1 Introduction

5.1.1 Project Location

The Queen Victoria Rocks project is located approximately 50km to the southwest of Coolgardie in Western Australia (Figure 1). The project is located on the Boorabbin 1:250,000 GSWA Sheet (SH51-13).

5.1.2 Access

Access to the southern portion of the project is via the unsealed Victoria Rock road, which passes through the tenements, while the Great Eastern Highway provides the best access to the northern part of the project area. Within the project area, various tracks and historical exploration grid lines, provide access to most parts of the tenure.

5.1.3 Supporting Infrastructure

There is significant supporting infrastructure in the Queen Victoria Rocks project area, with good road access due to its close proximity to the town of Coolgardie and the numerous current and historic mining operations of the Coolgardie district.

5.1.4 Geopolitical Environment

See Section 3.1.4.

5.2 Ownership and Tenure

5.2.1 Project Ownership and Relevant Interests

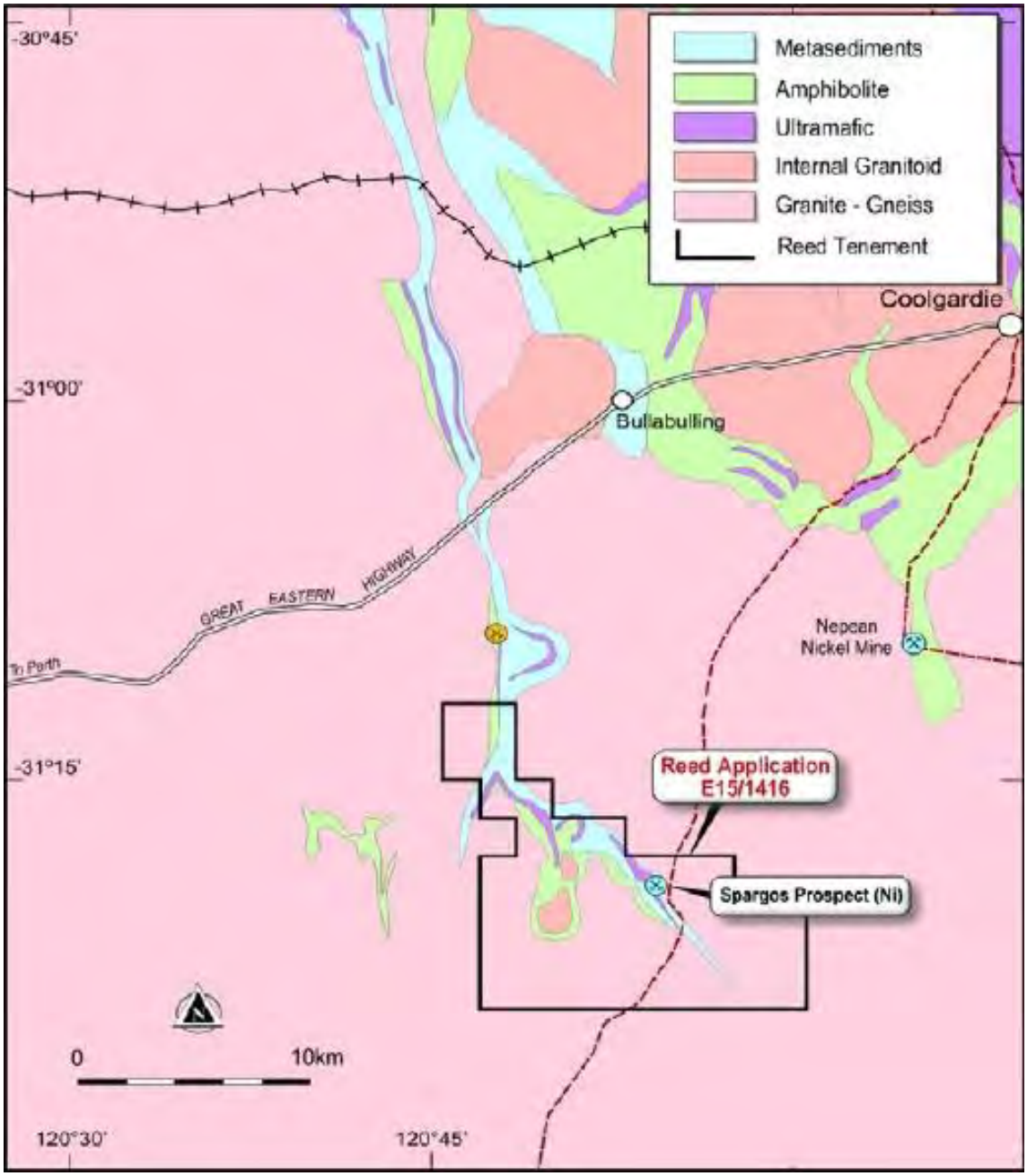
The Queen Victoria Lakes project consists of one granted Exploration Licence. The tenement is held 100% by Reed a wholly owned subsidiary of Neometals. Tenement details are listed in Table 6 and a map of the tenement is provided in Figure 7.

Table 6 Queen Victoria Rocks Project Granted Tenement Details

Exploration Licence	Area (km^2)	Grant Date	Expiry Date	Owner and Equity
E15/1416	126.2	31-Oct-2014	30-Oct-2019	Reed Exploration Pty Ltd 100%

Notes: As per the agreement referred to in Section 3.2.2 Reed Exploration Pty Ltd is split 80% Neometals and 20% HNR.

Figure 7 Queen Victoria Rocks Project: Tenement Location Plan



Source: Supplied by Neometals.

5.2.2 Agreements

The agreement described in Section 3.2.2 between HNR and Neometals applies to the Queen Victoria Rocks project.

5.2.3 Royalties and Taxes

There are no royalties applicable to the tenements of the Queen Victoria Rocks project.

5.3 History

5.3.1 Ownership History

The ownership history is detailed in Table 7 and in Section 5.3.2 below.

5.3.2 Exploration History

Exploration of the area prior to HNR acquiring the project is detailed in Table 7 below.

Table 7 Queen Victoria Rocks Project Area: Exploration History

Date	Company	Summary of Work and Findings
1971-73	Spargos Exploration NL	Completed soil sampling, auger drilling, airborne and ground magnetic surveys, IP surveys, and costeaning (one only). Three anomalies were identified as Anomaly A, B and C. A gossan at Anomaly B assayed 4,000ppm Ni and 1,000ppm Cu. 87 percussion holes and 14 diamond holes were also drilled during this time (including DDH4 to DDH15). Spargos Exploration NL was responsible for identifying the eastern sulphide horizon which occurs 100 to 200m above the komatiite basal contact, and the western sulphide horizon which lies 40 to 100m below the upper komatiite contact. Pentlandite is the principal primary sulphide but has been partially altered during the serpentinisation process.
1976-82	Seltrust Mining Corporation	Completed geological mapping, rock chip sampling, ground magnetics, RAB and percussion drilling.
1983-86	Shell Company of Australia Limited	Completed geological mapping, rock chip sampling, ground magnetics, and an EM survey.
1987-92	Sifam Pty Ltd / Maritana Gold NL	Reanalysed Spargos Exploration NL's drill core for platinum group elements. DDH 11 assayed 0.5g/t Pt over 6.17m. DDH 6 assayed 2.55g/t Pd over 1.54m. RC drilling followed, with best results from QV7 with 630ppb Pt and 360ppb Pd (located above the NiS intersection in DDH 11) and QV2 with 6,000ppm Ni and 560ppm Cu (located above the nickel sulphide intersection in DDH 6).
1994	Sifam Pty Ltd / Fraser Range Granite NL	Drilled 2 diamond holes QVD 1 to test the western sulphide horizon and and QVD 2 to test the eastern sulphide horizon.
1998-2001	Bundarra Holding Pty Ltd	Completed 4 RC holes. Holes CO1 and CO2 intersected the western horizon, high Ni:Cu ratios indicated low copper mineralisation.
2000	Millennium Minerals Operations Pty Ltd	Reported auger geochemistry with a maximum nickel value of 2,787ppm.

Source: Information from French 2005.

HNR acquired the Queen Victoria Rocks project area via its IPO in 2003.

Nickel Australia Ltd held an option to joint venture into the Queen Victoria Rocks project in 2005 and drilled a further three diamond holes QVD09-QVD11 at Spargos with no significant nickel mineralisation intersected and Nickel Australia Ltd withdrew from the Joint Venture after six months. Between mid 2005 to 2008, HNR continued exploration at Queen Victoria Rocks in its own right. Geophysical surveys (IP, EM and VTEM) were completed over several areas and the heliborne VTEM survey in particular highlighted multiple conductive targets.

In late 2008 Vale Inco Resources (Australia) Pty Ltd (Vale) explored and managed the Queen Victoria Rocks project. Between 2009-2010 Vale conducted MLEM surveys to infill the previous VTEM lines in several areas and drilled four RC and three diamond holes all based on the EM anomalism. It was thought that these EM anomalies could be related to basal contact nickel sulphides. The diamond tails intersected granodiorite, basalt and pegmatite. Magnetite lenses within the basalt and pyrrhotite rich quartz veins intersected within the granodiorite were interpreted as the source of the conductors. The exploration carried out by Vale was driven by geophysics alone. A geophysical consultant to HNR concluded that the VTEM survey in 2007 was effective for detecting near-surface conductors and worked well in this environment but

that direct detection of strongly conductive massive nickel sulphide targets at depth would be beyond the capabilities of the survey.

5.3.3 Previous Mineral Resource Estimates

No previous Mineral Resources or Ore Reserves as defined in the JORC Code (2004 or 2012 Editions) have been reported over the current tenements of the Queen Victoria Rocks project.

5.3.4 Previous Production

No commercial production has been recorded at the Queen Victoria Rocks project.

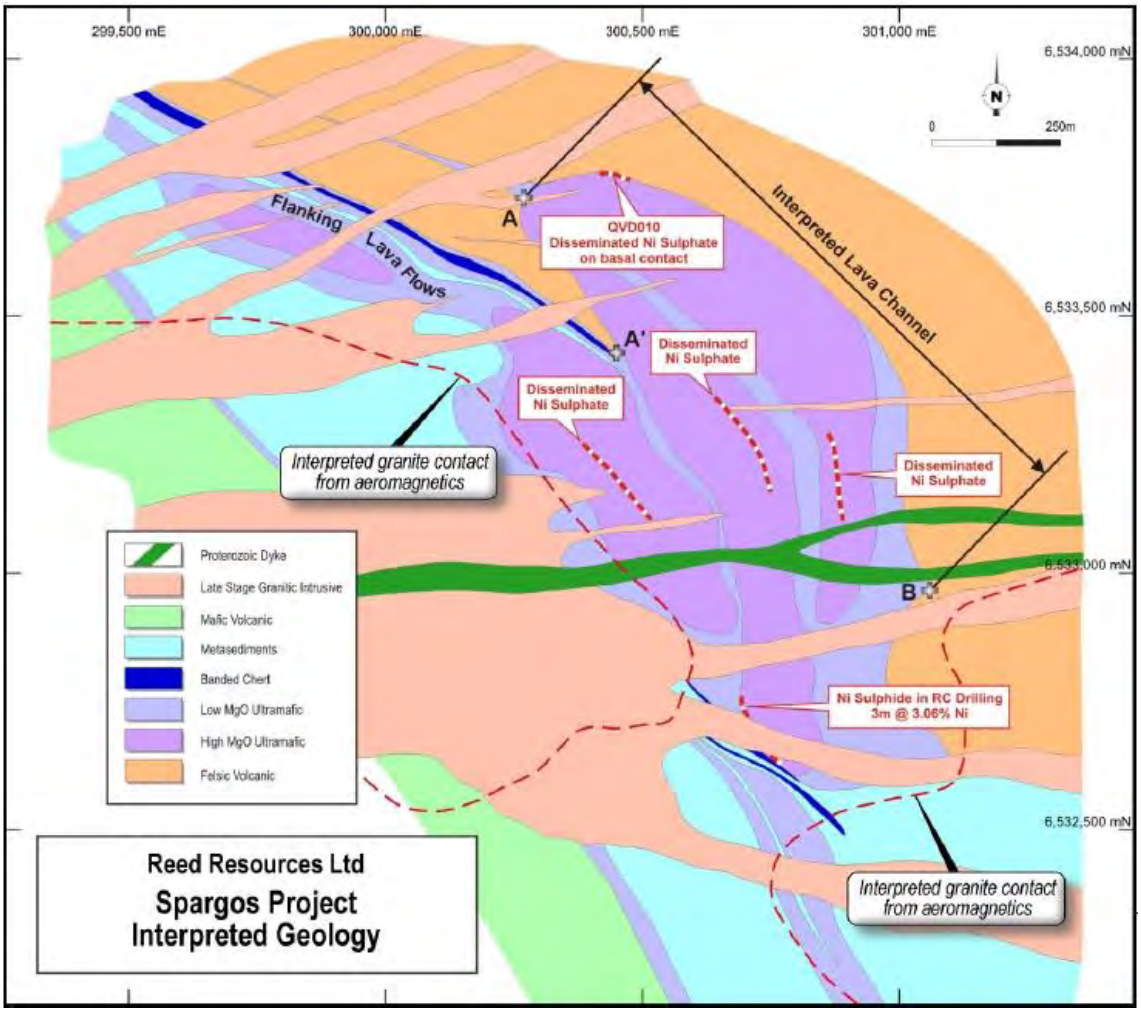
5.4 Geological Setting

The Queen Victoria Rocks project is located over Archaean greenstone lithologies, forming part of the southern portion of the Bullabulling Domain, which forms the western-most domain of the Kalgoorlie Terrane. These lithologies occur within a relatively narrow belt of greenstone, which lie adjacent to the regionally extensive Ida Fault which passes through the project area. Approximately 9.5km to the south of the Prince of Wales workings, aeromagnetic data suggests that the Ida Fault splays in to two separate structures; one trending southwest into the Mincor Resources NL held ground and the other to the southeast within Hannans tenure. Proterozoic dykes cut the Archaean stratigraphy in several areas.

Within the project area the greenstone lithologies consist of mafic and ultramafic rocks, interbedded with meta-sedimentary units, which are likely to represent interflow sediments. Sulphide-rich shales, which have a ferruginous surface expression, have been previously mapped and interpreted as BIF units. In the western parts of the greenstone sequence, a much thicker sediment package occurs and is predominantly made up of medium to coarse grained quartz-rich meta-sediments, in particular quartz-biotite schists, along with numerous shale units. To the west, the greenstone belt is flanked by the Woolgangie Monzogranite, while to the east, the regionally extensive Burra Monzogranite dominates.

Using the 2011 geophysical data and previous drilling at the Spragos prospect, a new geological interpretation was developed, which is illustrated in Figure 8 below.

Figure 8 Queen Victoria Rocks Project Spargos Prospect Interpreted Geology



Source: Supplied by Neometals, modified after Huntly 2012.

5.5 Exploration Results and Potential

5.5.1 Recent Exploration Activities

Recent exploration 2010-2012 by HNR has endeavoured to gain a better understanding of the geological setting and also extend the grass roots exploration activities to the north and along strike of the Spargos prospect using surface geochemistry, targeted EM surveys and field reconnaissance to validate both geochemical and EM anomalies. DHEM has been completed on four holes out of a total of 11 holes which have intersected the basal contact at Spargos.

In the quarter ending 30 September 2015 Neometals completed a twin hole of C01 in an effort to replicate the historic result (3m @ 3.06% Ni), however no significant results were returned (HNR, 2015a).

5.5.2 Exploration Potential

The Queen Victoria Rocks project is prospective for nickel mineralisation. The project is at an average to advanced exploration stage containing the prospective Spargos prospect with ore grade nickel drill intercepts. The basal footwall contact (i.e. on the southeast side) between the ultramafics units and felsic volcanics, which remains largely untested is an area of good potential for classical contact nickel sulphide accumulations.

5.5.3 Constraints to Further Exploration Success

Ravensgate views the current depressed nickel price and general negative market sentiment towards exploration projects, as the most problematic constraint to further exploration success at the Queen Victoria Rocks project.

6. VALUATION

6.1 Introduction

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

The VALMIN Code, which is binding upon Experts and Specialists involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a mineral resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A mineral resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified mineral resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where mineral resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (MEE) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (EB) through application of a Prospectivity Enhancement Multiplier (PEM). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a *grass roots* project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.
- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably arm's length in accordance with the VALMIN Code, such transactions may be used as a guide to, or a means of valuation. This method (termed

Comparable Transactions) is considered highly appropriate in a volatile financial environment where other cost based methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at *arm's length* between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company's cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D}\left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}}\right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P\right)\right]$$

where:

V_{100}	=	Value of 100% equity in the project ($)
D	=	Deemed equity of the farminor (%)
CP	=	Cash equivalent of initial payments of cash and/or stock ($)
CE	=	Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock ($)
EE	=	Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments ($)
I	=	Discount rate (% per annum)
t	=	Term of the Stage (years)
P	=	Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where mineral resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the *in-situ* Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the mineral resource.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code, 2012), sets out minimum standards, recommendations and guidelines. A mineral resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral resources are sub-divided into Inferred, Indicated and Measured

to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

6.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any VALMIN valuations over HNR's Western Australian projects. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. Whilst ground is under application, there are uncertainties as to whether the tenement will be granted in its entirety or only part due to specific exclusions or if at all, due to environmental, Native Title or other considerations. There could be competing applications for the same ground with no guarantee that HNR would be successful in its application.

6.3 Material Agreements

Ravensgate has been commissioned by BDO and HNR to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses HNR's Western Australian projects. The Technical Valuation report provides an assessment of HNR's ownership interest in the Exploration Area Mineral Assets listed below.

Mineral Asset	HNR's Ownership %
Forrestania Project	20%
Lake Johnston Project	20%
Queen Victoria Project	20%

Ravensgate understands all granted exploration permits at this point in time and are in good standing.

Ravensgate is not aware, nor have been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.

6.4 Selection of Valuation Method

The Forrestania, Lake Johnston and Queen Victoria Rocks projects can be classified as Exploration Area Mineral Assets as defined in Section 6.1. Mineral Resources or Ore Reserves as defined in the JORC Code (2012 Edition) have not been reported for any of these projects.

Multiples of Exploration (MEE) and other cost based methods are only suitable for very early stage projects without Mineral Resources. MEE and other cost based methods with prospectivity multipliers are very subjective and in Ravensgate's experience can easily over value projects where considerable expenditure has been undertaken and do not provide a good indication of market value.

The use of the DCF/NPV valuation method is only appropriate for mining projects that are operating or in development and expected to be in production in the short term. As a minimum they should contain Ore Reserves estimated in accordance with the JORC Code, which have determined appropriate cost inputs and outgoings. Ravensgate considers all of HNR's projects to be of too early stage to apply the DCF/NPV valuation method.

The Comparable Transactions valuation method is appropriate for a mineral asset at any stage from early stage (green fields) through to operating mines. It should always be considered taking into account the limitations of this method (see Section 6.5).

Ravensgate does not consider the 'Yardstick' valuation method appropriate. It may have been relevant at the time it was first proposed in the economic market conditions at that time, but the economics affecting mineral projects change with commodity prices, foreign exchange

rates and general market sentiment, quickly making such rules of thumb obsolete. In Ravensgate's experience the Yardstick values proposed significantly overvalue projects compared to transaction multiples in the last three to five years.

Ravensgate has elected to apply the Comparable Transaction method to value HNR's equity interest in the Forrestania, Lake Johnston and Queen Victoria Rocks projects based on the prospectivity of the granted tenements after consideration of the various valuation methods outlined in Section 6.1.

6.5 Comparable Transactions

Ravensgate has completed a search for publicly available market transactions involving nickel and/or copper and/or gold exploration projects without Mineral Resources from Western Australia. Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the mineral assets being valued. In Ravensgate's opinion and experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Section 6.5.1 by commodity and region.

Publically available market transactions have been separated to reflect transactions on a dollar per square kilometre of licence holding. This was undertaken to reflect the varying levels of geological exploration carried out within the various project licences. In general terms, exploration projects may start with a relatively large licence holding where a lack of detailed geological sampling and knowledge renders the use of the in-situ yardstick valuation method inappropriate (i.e. an Exploration Area Mineral Asset). For these particularly early-stage exploration areas, comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, licence areas tend to decrease to match a narrowing focus on more prospective areas.

6.5.1 Reported Market Transactions

Ravensgate's analysis of Western Australian market transactions for Exploration Area Mineral Assets prospective for nickel and/or copper and/or gold without Mineral Resources from Western Australia (Table 8) indicates an implied value between $105 and $168,634 per km^2 for Exploration Area Mineral Assets. The implied value per km^2 is dependent on the existence of nickel, copper or gold, how much exploration has been conducted and whether that exploration was successful. The implied value was also affected by the strategic importance of the licences and the presence of known mineralisation or historical mining activities upon them and the grade of the respective mineralisation present.

Table 8 Market Transactions Involving Nickel, Copper and Gold Projects at the Exploration Stage in Western Australia

Date	Project Name	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
15-Oct-15	Kurnalpi	Mithril Resources Limited	Chesser Resources Limited	Joint Venture	Ni	0.301	53	5,677
18-Sep-15	Hawaii & Mt Alexander North	BHP Billiton Limited	St George Mining Limited	Acquisition	Ni-Cu	0.040	256	156
8 Sep-15	Jillewarra	Zebina Minerals Pty Ltd	Timpetra Resources Limited	Joint Venture	Au	0.731	223	3,275
27-Jul-15	Silver Swan North	Lawson Gold Limited	Moho Resources NL	Joint Venture	Ni-Cu-Au	0.766	32	24,008
14-Jul-15	Duketon	Duketon Mining Limited	Regis Resources Limited	Joint Venture	Au	1.345	373	3,607
2-Jul-15	Fraser Range	Creasy Group Companies	Legend Mining Limited	Acquisition	Ni-Cu-Au	4.286	2,530	1,694
2-Jun-15	Sheoak	Private Vendor	Ram Resource Limited	Acquisition	Ni	0.036	28	1,276
11-May-15	Spargos Reward	Mithril Resources Limited	Corona Minerals Limited	Joint Venture	Au	0.374	30	12,376
27-Apr-15	Double Magic	Private Vendors	Buxton Resources Limited	Acquisition	Ni-Cu	0.200	98	2,050
16-Apr-15	Binduli	Intermin Resources Limited	La Mancha Resources Australia Pty Ltd	Joint Venture	Au	3.569	99	36,125
20-Mar-15	Canegrass	Western Resources Pty Ltd	Siburan Resources Limited	Joint Venture	Au	0.267	9	29,080
12-Feb-15	Orpheus	Enterprise Metals Limited	Apollo Minerals Limited	Joint Venture	Ni-Cu	0.571	600	952
15-Oct-14	Triumph	Coxrocks Pty Ltd	Nexus Minerals Limited	Joint Venture	Au	0.602	24	25,072
16-Jul-14	Gnaweeda	Archean Star Resources Australia Pty Ltd	Doray Minerals Limited	Acquisition	Au	0.568	178	3,190
23-Jun-14	Fraser Range South	Tasex Geological Services Pty Ltd	MRG Metals Limited	Option to Acquire	Ni-Au	0.153	149	1,027
18-Jun-14	Bulloo Downs	Atlas Iron Limited	Aruma Resources Limited	Joint Venture	Cu-Au	0.296	896	331
23-May-14	Horse Well	Alloy Resources Limited	Doray Minerals Limited	Joint Venture	Au	3.045	850	3,583
19-May-14	Fraser Range South	Private Vendor + Thor Mining PLC	Ram Resources Limited	Option to Acquire	Ni-Cu	0.790	410	1,928

Date	Project Name	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
30-Apr-14	Marymia	Australian Mines Limited	Riedel Resources Limited	Joint Venture	Cu-Au	2.628	425	6,182
9-Apr-14	Plumridge	International Goldfields Limited	Segue Resources Limited	Acquisition	Ni-Cu-Au	0.571	832	687
26-Mar-14	Plumridge	Fraser Range Metals Group Limited	Segue Resources Limited	Joint Venture	Ni-Cu-Au	2.176	641	3,395
26-Mar-14	Fraser Range East (Balladonia)	Next Commodities Pty Ltd	Mining Projects Group Limited	Acquisition	Ni-Cu	0.400	246	1,626
26-Mar-14	Dingo Range	Coal First Pty Ltd	Mining Projects Group Limited	Acquisition	Ni-Cu	0.400	327	1,224
25-Mar-14	Turner River	De Grey Mining Ltd	Rugby Mining Limited	Joint Venture	Au	2.292	798	2,872
10-Mar-14	Telfer Area	Ram Resources Ltd	Newcrest Operations Limited	Acquisition	Au-Cu	0.646	77	8,418
7-Mar-14	Mystique Gold	Black Fire Minerals Limited & Entree Gold Inc.	Parmelia Resources Limited	Acquisition	Au	0.306	205	1,494
7-Mar-14	Jumbulyer	Mount Magnet South NL	Australian Mines Limited	Joint Venture	Au-Cu	1.515	129	11,745
17-Feb-14	Fraser Range North	Private Vendor	Ram Resources Limited	Acquisition	Ni-Cu	0.285	163	1,747
13-Feb-14	Zanthus	Blackham Resources Limited	Rumble Resources Limited	Joint Venture	Ni-Cu-Au	0.300	370	811
24-Dec-13	Supernova	Caeneus Minerals Pty Ltd	Matrix Metals Limited	Acquisition	Ni-Cu-Au	0.065	6	11,168
20-Dec-13	Cooper Hills	Doray Minerals Limited	Mithril Resources Limited	Joint Venture	Au-BM	1.033	160	6,457
20-Dec-13	Doolgunna (Sprinfield, Halloween, Halloween West)	Talisman Mining Limited	Sandfire Resources NL	Joint Venture	Cu-Au	16.205	323	50,170
4-Dec-13	Beatty Park	Northern Star Resources Limited	Resource and Investment NL	Joint Venture	Cu-Au	0.850	123	6,909
4-Dec-13	Gobbos	Platypus Minerals Ltd	Gondwana Resources Limited and Adelaide Prospecting Pty	Joint Venture	Cu-Ni	0.850	217	3,912

Date	Project Name	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
			Ltd					
28-Nov-13	Cue	Private Vendor	Parker Resources NL	Joint Venture	Au	0.091	42	2,165
17-Oct-13	Grafters, Vettesburg & Bardoc	Cazaly Resources Limited	Excelsior Gold Limited	Acquisition	Au	0.230	18	12,778
9-Oct-13	Plumridge	Private Vendor	Segue Resources Limited	Acquisition	Ni-Cu-Au	1.100	2,706	407
3-Sep-13	Patterson Province, Telfer	Yandal Investments Pty Ltd	Antipa Minerals Limited	Acquisition	Au-Cu	0.550	3,367	163
12-Aug-13	Cuddingwarra	Plasia Pty Ltd	Gleneagle Gold Limited	Acquisition	Au	0.020	115	174
9-Aug-13	East Menzies	Private Vendors	Stratum Metals Limited	Acquisition	Au	0.110	4	29,201
5-Aug-13	Peninsula Nickel	Mark Creasy	Orion Gold NL	Acquisition	Ni-Cu	2.571	2,628	978
24-Jul-13	Mt Andrew	Ashburton Minerals Limited	Terrain Minerals Limited	Joint Venture	Ni-Cu	0.648	310	2,091
4-Jul-13	Valley Floor (Kambalda Area)	Valley Floor Resources Pty Ltd	Eros Mining Limited	Acquisition	Au	0.150	6	27,273
1-Jul-13	Spargoville Gold	Ramelius Resources Limited	Eros Mining Limited	Acquisition	Ni-Au	0.400	114	3,497
21-Jun-13	Plumridge	Fraser Range Resources Pty Ltd	International Goldfields Limited	Joint Venture	Ni-Au	1.552	832	1,865
19-Jun-13	Kintore	Private Vendor	Phoenix Gold Limited	Acquisition	Au	0.030	2	17,647
13-Jun-13	Mooloogool	Dourado Resources Limited	Proto Resources Limited	Joint Venture	Au-Cu	1.294	1,461	886
27-May-13	Little Wonder	Private Vendors	Bligh Resources Ltd	Acquisition	Au	0.080	1	216,216
20-May-13	Cunyu Copper	Glencore Xstrata	Great Western Exploration Limited	Joint Venture	Au-Cu	2.814	780	3,608
7-May-13	Lynas Find	Trafford Resources Limited	Alloy Resources Limited	Joint Venture	Au	1.131	27.6	40,913

Date	Project Name	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
1-May-13	Long Horse	Barrambie Minerals Limited	Carnavale Resources Limited	Joint Venture	Ni-Au	0.535	255	2,096
3-Apr-13	Horseshoe Range	Resources and Investment NL	Naracoota Resources Ltd	Acquisition	Au	0.300	46	6,593
22-Mar-13	Cundeelee	Kamax	Orion Gold NL	Acquisition	Ni-Au	2.215	1,582	1,400
5-Mar-13	Mt Ridley	XTL Energy Limited	AXG Mining Limited	Acquisition	Ni-Cu-Au	0.878	878	1,000
10-Dec-12	Mission Cables	Interglobal Investments Ltd	Leopard Resources NL	Acquisition	Au	0.390	102	3,809
6-Dec-12	Kookynie	Laconia Resources Limited	Rubianna Resources Limited	Acquisition	Cu-Au	0.098	162	601
13-Nov-12	Mt Andrew	Private Vendors	Ashburton Minerals Ltd	Joint Venture	Ni-Cu	0.480	290	1,655
8-Nov-12	Marvel Loch	Urban Minerals Pty Ltd	Ferrowest Limited	Acquisition	Ni-Au	0.102	156	652
5-Nov-12	Fraser Range (60km SE of Kambalda)	Epi Energy Pty Ltd	Mining Projects Group	Joint Venture	Ni-Cu	1.051	566	1,857
29-Oct-12	Fraser Range	Regency Mines Australia Pty Ltd	Ram Resources Limited	Acquisition	Ni-Cu	2.269	271	8,372
10-Oct-12	Meekatharra North	Mindax Limited	Mr Chenfei Zhuang	Joint Venture	Au	4.249	55	76,723
9-Oct-12	Fairwater	National Minerals Pty Ltd	Pioneer Resources Limited	Acquisition	Ni-Au	0.667	338	1,972
19-Sep-12	Horse Well	Phosphate Australia Limited	Alloy Resources Limited	Joint Venture	Au	0.088	56	1,582
7-Sep-12	Spargos Reward	Breakaway Resources Limited	Mithril Resources Limited	Acquisition	Au	0.200	11	19,139
6-Aug-12	Salmon Gums	Triton Gold Limited	Matsa Resources Limited	Joint Venture	Au	0.136	1,300	105
10-Jul-12	Golden Ridge	Australian Mines Limited	Pioneer Resources Limited	Acquisition	Ni-Au	2.061	120	17,178
2-Jul-12	Darlot North	Interglobal Investments Ltd	Stratos Resources Limited	Acquisition	Au	0.800	104	7,692

Date	Project Name	Vendor	Purchaser/Farminee	Transaction Type	Prospective Commodities[1]	Value[2] $M	Area km^2	Cost per km^2 A$
25-Jun-12	Holleton Gold	Independence Group NL	Evolution Mining Limited	Acquisition	Au	0.743	650	1,142
15-May-12	Doolgunna West	Chrysalis Resources Limited	Talisman mining Limited	Joint Venture	Cu-Au	0.722	19	10,811
12-Apr-12	Leonora South	Cazador Resources Limited	Midas Resources Limited	Joint Venture	Au	0.578	156	3,704
28-Mar-12	West Kalgoorlie	Carrick Gold Limited	Phoenix Gold Limited	Acquisition	Au	0.706	85	8,311
28-Mar-12	Widgie South	Private Vendor	Mutiny Gold Limited	Acquisition	Au	0.200	1	168,634
07-Dec-11	Twin Hills North	LSA Exploration Pty Ltd.	Aruma Resources Limited	Option to Acquire	Au	1.832	244	7,507
30-Nov-11	Celia	Rubicon Resources Ltd	Saracen Mineral Holdings Limited	Acquisition	Au	0.850	1,147	741
22-Nov-11	(Near Linden)	Private Vendor	Exterra Resources Limited	Acquisition	Au	0.050	9	5,533
20-Sep-11	Lake Dundas	Jaguar Resources Pty Ltd	Comet Resources Limited	Acquisition	Au	0.281	93	3,020
15-Aug-11	Tuckanarra	Gold & Minerals Resources Pty Ltd	Phosphate Australia Limited	Acquisition	Au	0.130	270	481
27-Jun-11	Muddawerrie	Private Vendor	Talisman mining Limited	Acquisition	Au	0.850	260	3,269
20-Jun-11	Queen Lapage	Rubicon Resources Ltd	Integra Mining Limited	Joint Venture	Au	1.700	113	15,041
16-Jun-11	Scotia	Breakaway Resources Limited	Aphrodite Gold Limited	Joint Venture	Au	0.748	159	4,697
13-Apr-11	Cheritons East	Riedel Resources Limited	Silver Stone Resources Limited	Acquisition	Au	0.210	55	3,818
30-Mar-11	Bulong Gold	Heron Resources Limited	Southern Gold Limited	Joint Venture	Au	0.795	84	9,459
04-Mar-11	Treasure Island	Semro Pty Ltd	Focus Minerals Limited	Acquisition	Au	8.537	95	89,460
17-Feb-11	Mt Fisher	Avoca Resources Limited	Rox Resources Limited	Acquisition	Ni-Au	1.000	615	1,626

1. Commodities: Au = Gold, BM = Base metals, Cu = Copper, Ni = Nickel *2. Value is on a 100% equity basis.*

6.5.2 Analysis of Comparable Transactions

Ravensgate's analysis of the Western Australian nickel, copper and gold market transactions in Table 8 indicates that the implied value of exploration projects prospective for nickel and/or copper and/or gold without Mineral Resources generally range from $105 to $216,216 per km^2 for exploration mineral assets. Analysing the transactions in Table 8 in more detail the value ranges differ on their tenement type, stage of exploration, prospectivity, how strategic the tenement is to the purchaser and the type of tenement. A breakdown of ranges for exploration and prospecting tenure based on their prospectivity and strategic value are shown in Table 9 below.

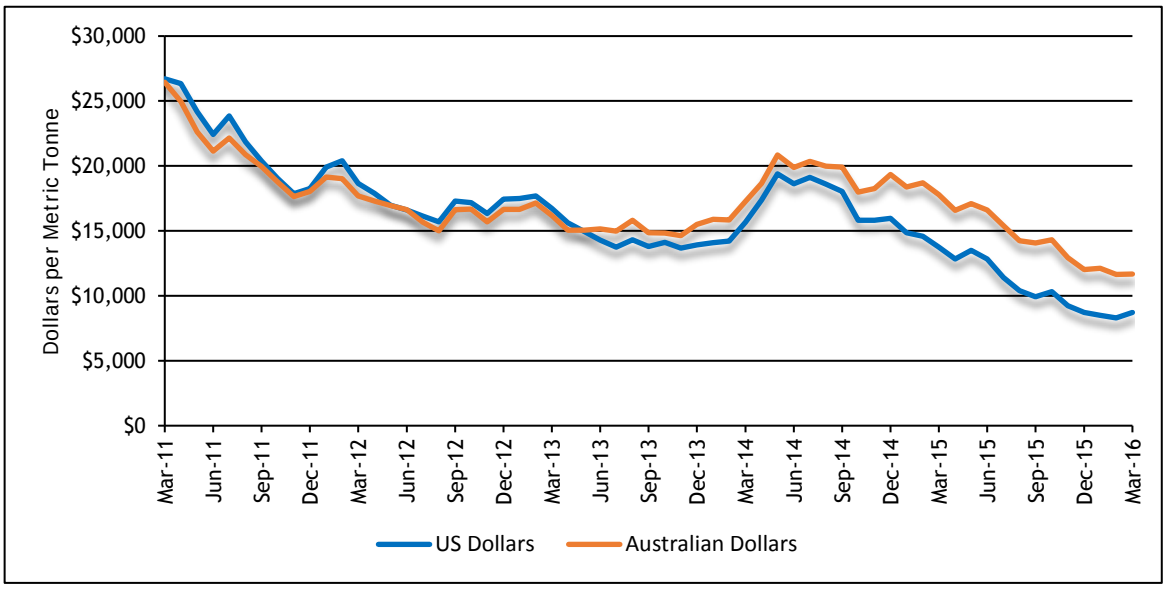
Table 9 Nickel, Copper and Gold Tenement Value Ranges Breakdown

Cost per km^2 Range	Comments
Exploration Licences	
$100 - $1,000	Grass roots early stage exploration, with limited work or limited exploration potential.
$1,000 - $4,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored.
$4,000 - $10,000	Advanced stage exploration with good potential, defined targets ready for resource drilling.
$10,000 - $20,000	Advanced stage exploration with excellent potential, defined targets ready for resource drilling.
$20,000+	Strategic to the purchaser and/or additionally advanced stage exploration with excellent potential, defined targets ready for resource drilling.
Prospecting Licences	
$6,000 - $15,000	Grass roots early stage exploration, with limited work or limited exploration potential.
$15,000 - $30,000	Average exploration stage, some defined targets for follow up. Mature exploration ground that has been well explored
$30,000 - $150,000	Advanced stage exploration with good potential, defined targets ready for resource drilling
$150,000+	Advanced stage exploration with good potential and/or strategic to the purchaser.

6.6 Commodity Prices

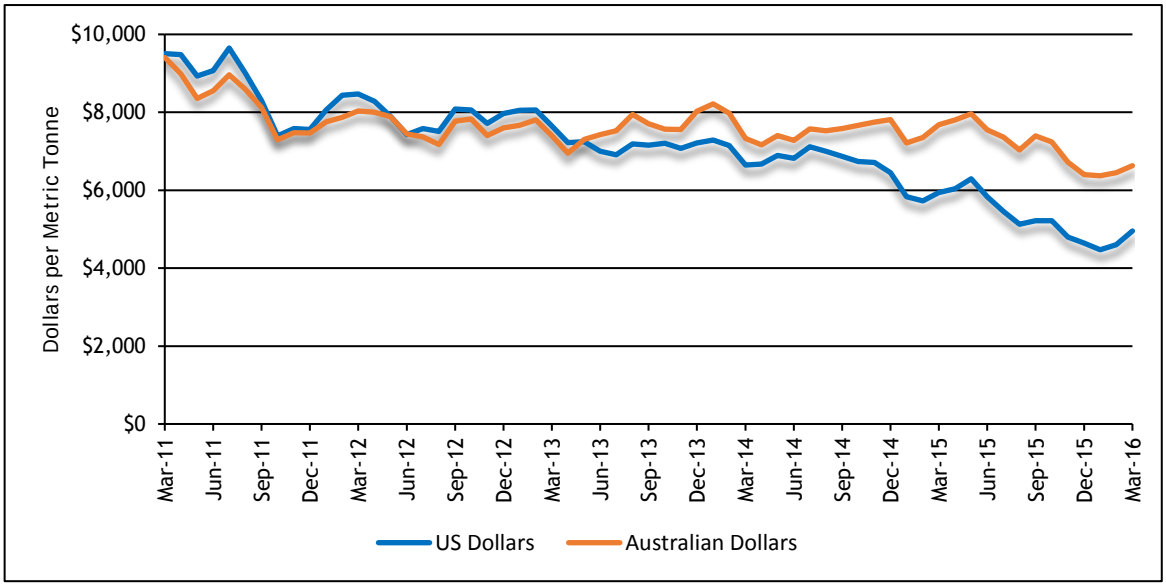
Ravensgate has examined the historical commodity charts for nickel, copper and gold in Figure 9, Figure 10 and Figure 11 respectively for general trends over time. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 9 Nickel Five Year Monthly Average Price Chart to March 2016



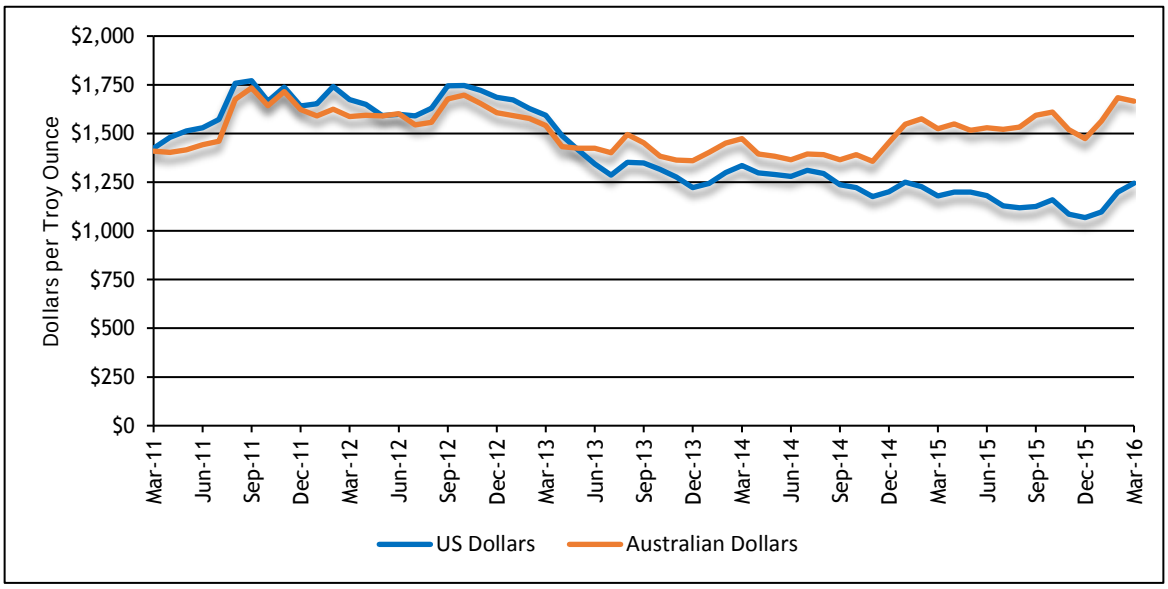
Source: Indexmundi.com (Nickel, melting grade, LME spot price)

Figure 10 Copper Five Year Monthly Average Price Chart to March 2016



Source: Indexmundi.com (Copper, grade A cathode, LME Spot Price)

Figure 11 Gold Five Year Monthly Average Price Chart to March 2016



Source: Indexmundi.com (Gold, 99.5% fine, London afternoon fixing)

6.7 Mineral Asset Valuation

6.7.1 Forrestania Project

Ravensgate has valued the Forrestania project based on the prospectivity of its exploration tenements. Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km^2 to apply to the area of the granted licences (see Table 10) which have a total combined area of 364.7km^2. These values relate to approximately $0.414M to $0.715M for HNR's 20% equity interest in the Forrestania project. From this range a preferred value of $0.564M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground.

To derive appropriate values for the various tenements, Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 9. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 3.5. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- E77/2220 & E77/2239 – These two tenements have excellent exploration potential, containing the continuation of the prospective geological sequence that hosts the Flying Fox and Spotted Quoll nickel mines and are strategically located close to the Cosmic Boy nickel concentrator;
- E77/2219 – This tenement is at an early exploration stage, it contains geology prospective for both gold and nickel mineralisation;
- E77/2207 & E77/2303 – These two tenements are at an early exploration stage presently interpreted to contain little prospective geology for nickel and gold mineralisation; and
- P77/4290 & P77/4291 – These two tenements contain the historic Blue Haze gold mine and are prospective for gold.

Table 10 Comparative Transactions Valuation for the Forrestania Project

Tenement	Mineral Asset	Area km²	Value per km²			Equity %	Valuation		
			Low $	Preferred $	High $		Low $M	Preferred $M	High $M
E77/2207	Exploration Area	54.8	150	250	350	20	0.002	0.003	0.004
E77/2219	Exploration Area	95.8	500	1000	1500	20	0.010	0.019	0.029
E77/2220	Exploration Area	81.6	15,000	20,000	25,000	20	0.245	0.326	0.408
E77/2239	Exploration Area	41.9	15,000	20,000	25,000	20	0.126	0.168	0.210
E77/2303	Exploration Area	87.7	150	250	350	20	0.003	0.004	0.006
P77/4290	Exploration Area	1.56	50,000	75,000	100,000	20	0.016	0.023	0.031
P77/4291	Exploration Area	1.36	50,000	75,000	100,000	20	0.014	0.020	0.027
TOTAL	Exploration Area	364.7	**NA**	**NA**	**NA**	**20**	0.414	0.564	0.715

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

6.7.2 Lake Johnston Project

Ravensgate has valued the Lake Johnston project based on the prospectivity of its exploration tenement. Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km² to apply to the area of the granted licences (see Table 11) which have a total combined area of 33.6km². These values relate to approximately $0.003M to $0.010M for HNR's 20% equity interest in the Lake Johnston project. From this range a preferred value of $0.007M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licences and selected an appropriate range based on Table 9. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 4.5. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- E63/1365– This tenements is at an early to average exploration stage. The Mt Gordon prospect is showing some potential, with nickel anomalism identified in drilling with more work required in testing the new 3D geophysical interpretation.

Table 11 Comparative Transactions Valuation for the Lake Johnston Project

Tenement	Mineral Asset	Area km^2	Value per km^2			Equity %	Valuation		
			Low $	Preferred $	High $		Low $M	Preferred $M	High $M
E63/1365	Exploration Area	33.6	500	1,000	1,500	20	0.003	0.007	0.010

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

6.7.3 Queen Victoria Rocks Project

Ravensgate has valued the Queen Victoria Rocks project based on the prospectivity of its exploration tenement. Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km^2 to apply to the area of the granted licences (see Table 12) which have a total combined area of 126.2km^2. These values relate to approximately $0.075M to $0.126M for HNR's 20% equity interest in the Queen Victoria Rocks project. From this range a preferred value of $0.101M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground.

To derive appropriate values for the various tenements Ravensgate reviewed the exploration data and prospectivity for the various licence and selected an appropriate range based on Table 9. The values attributed to each tenement were based upon a review of the prospectivity and quality of exploration targets on each tenement as described in Section 5.5. A brief description of the factors that have been taken into account in determining the value range and preferred value for the tenements are as follows:

- E15/1416 – This tenement is at an average to advanced stage containing the prospective Spargos prospect with ore grade drill intercepts. The footwall contact between the ultramafics and felsic volcanics remains largely untested.

Table 12 Comparative Transactions Valuation for the Queen Victoria Rocks Project

Tenement	Mineral Asset	Area km^2	Value per km^2			Equity %	Valuation		
			Low $	Preferred $	High $		Low $M	Preferred $M	High $M
E15/1416	Exploration Area	126.2	3,000	4,000	5,000	20	0.075	0.101	0.126

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

6.8 Summary Valuation

Ravensgate has concluded that the HNR's Western Australian projects are of merit and worthy of further exploration or development. A summary of the HNR's project valuation in respective ownership terms is provided in Table 13. The applicable valuation date is 28 April 2016 and is derived from using the Comparable Transactions valuation method. The value of the HNR's Western Australian projects are considered to lie in a range from $0.493M to $0.851M, within this range Ravensgate has selected a preferred value of $0.672M.

*Table 13 HNR's **Project Technical Valuation in** Equity Ownership Percentage Terms*

Project	Mineral Asset	Equity %	Area km^2	Valuation		
				Low $M	Preferred $M	High $M
Forrestania	Exploration Area	20	364.7	0.414	0.564	0.715
Lake Johnston	Exploration Area	20	33.6	0.003	0.007	0.010
Queen Victoria Rocks	Exploration Area	20	126.2	0.075	0.101	0.126
Total	Exploration Area	20	524.5	0.493	0.672	0.851

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

As the technical valuation for HNR's Western Australian projects are based on comparable market transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).

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8. LIST OF ABBREVIATIONS

A$	Australian dollar(s)
AC	Aircore (drill hole)
Ag	Silver
ASX	Australian Securities Exchange
Au	Gold
Azi	Azimuth
BIF	Bandied Iron Formation
Cu	Copper
DHEM	Down Hole Electromagnetic (geophysical survey)
EM	Electromagnetic (geophysical survey)
FLEM	Fixed Loop Electromagnetic (geophysical survey)
g/t	Grams per tonne
IP	Induced polarisation (geophysical survey)
IPO	Initial Public Offering
JORC Code	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
K	Thousand(s)
km	kilometre(s)
km^2	Square kilometre(s)
m	Metre(s)
M	Million(s)
MAIG	Member of the Australian Institute of Geoscientists
MAusIMM	Member of the Australasian Institute of Mining and Metallurgy
MLEM	Moving Loop Electromagnetic (geophysical survey)
mm	Millimetre(s)
MMI	Mobile Metal Ion
Mt	Million Tonnes.
NPV	Net present value
Ni	Nickel
NQ	Diamond Drilling. A core diameter of 47.6mm.
oz	Ounce (Troy ounce measure of weight)
Pb	Lead
Pd	Palladium
PGE	Platinum Group Element
ppb	Parts per billion; a measure of concentration
ppm	Parts per million; a measure of concentration
Pt	Platinum
QA/QC	Quality Assurance / Quality Control
RAB	Rotary Air Blast (drill hole)
RC	Reverse circulation (drill hole)
SEM	Surface Electro-magnetic (geophysical survey)
SQUID	Superconducting Quantum Interference Device
t	Tonne(s)
VTEM	Versatile Time Domain Electromagnetic (geophysical survey)
Zn	Zinc

9. GLOSSARY

aircore drilling	A relatively inexpensive drilling technique similar to RC drilling, in that the drill cuttings are returned to surface inside the rods.
aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
anomalies	An area where exploration has revealed results higher than the local background level.
apophyses	A tapering offshoot from a larger igneous intrusive mass.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
assayed	The testing and quantification metals of interest within a sample.
bedrock	Any solid rock underlying unconsolidated material.
chonolith	A chonolith is an igneous rock intrusion of irregular shape. A chonolith has a demonstrable base, which is absent in other types of irregularly-shaped intrusions (batholiths, stocks and bosses).
cumulate	Cumulate rocks are igneous rocks formed by the accumulation of crystals from a magma either by settling or floating.
diamond drilling	Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
domain	Geological zone of rock with similar geostatistical properties; typically a zone of mineralisation
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
EM	Electromagnetic induction, as the name implies, uses the principle of induction to measure the electrical conductivity of the subsurface.
fault	A wide zone of structural dislocation and faulting.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
komatiite	Is a type of ultramafic mantle-derived volcanic rock. Komatiites have low silicon, potassium and aluminium, and high to extremely high magnesium content.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids
mobile metal ion	MMI is a highly sensitive proven geochemical exploration method whereby Mobile Metal Ions, adsorbed onto the surface of screened soil particles, are dissolved using patented chemical extractants and analysed at ppb levels. This method is more sensitive than conventional geochemical methods.
outcrop	Surface expression of underlying rocks.
Precambrian	A period of geological time older than 570 million years before present.
Proterozoic	An eon of geological time spanning the period from 2,500 million years

	to 570 million years before present
RAB drilling	Rotary Air Blast. A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	Reverse Circulation. A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
resource	In situ mineral occurrence from which valuable or useful minerals may be recovered.
rock chip sampling	The collection of rock specimens for mineral analysis.
sedimentary	A term describing a rock formed from sediment.
soil sampling	The collection of soil specimens for mineral analysis.
stratigraphic	Composition, sequence and correlation of stratified rocks.
strike	Horizontal direction or trend of a geological structure.
ultramafic	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.
volcanics	Rocks formed or derived from volcanic activity.

Appendix 4

VALUATION OF MINERAL ASSETS HELD BY HANNANS REWARD

Prepared For

BDO Corporate Finance (WA) Pty Ltd

Report Prepared by

SRK Consulting (Sweden) AB
SE682

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EXECUTIVE SUMMARY
VALUATION OF MINERAL ASSETS HELD BY HANNANS REWARD

1 INTRODUCTION

Hannans Reward Limited ("Hannans"), hereinafter also referred to as the "Company", engaged BDO Corporate Finance (WA) Pty Ltd ("BDO") to prepare an Independent Expert's Report in relation a proposal made by Hannans Reward Ltd ("Hannans") to a proposed transaction with Neometals (ASX Code:NMT) as outlined in the ASX release of 4 March 2016, entitled "Strategic Collaboration with Neometals". At the request of BDO in its role as Independent Expert, SRK Consulting (Sweden) AB ("SRK") was engaged on 2 May 2016, as an independent specialist to provide BDO with an opinion on the technical valuation of mineral assets (the "Assets") held by Hannans.

SRK acknowledge and agree that this Valuation Report produced by it is intended to be included as part of the Independent Expert's Report prepared by BDO. SRK further understands that this Valuation Report and the Independent Expert's Report will be provided to the shareholders of Hannans for the purposes of evaluating the proposed transaction noted above.

Hannans Reward Limited is a mineral exploration company listed on the Australian Securities Exchange (ASX Code:HNR) and is the holding Company for subsidiaries operating in Sweden, including Scandinavian Resources AB and Kiruna Iron AB. These operating subsidiaries are the owners of the licences covering the Assets and are wholly owned by Hannans.

SRK understands that the Company also owns mineral assets in Australia, but has been advised by the Company that these will be the subject of a separate report and should be excluded from this valuation.

This report is based to a large extent on the work carried out as part of a technical valuation of the Assets prepared by SRK in March 2012, also at the request of BDO in its role as Independent Expert, acting on behalf of the Company. Since the previous 2012 valuation, SRK notes the following:

- A substantial reduction in the Company's overall licence holding;
- The preparation of an independent Mineral Resource estimate for the Pahtohavare deposit (2013); and
- The acquisition of 7 new licences in the Skellefteå area (Sweden), considered prospective for lithium-bearing granites / pegmatites.

In the course of this work, SRK has completed a review of material project data and held discussions with Company staff. SRK's most recent site visit to the material projects under consideration was carried out in July 2011. SRK has not conducted any legal due diligence on the ownership of the Company's licence holding but has reviewed a letter prepared by the consultants GeoVista (Appendix A, which confirms the Hannans tenure over the licences considered as part of this valuation.

1.1 Overview of Hannans Assets

Hannans has interests in a number of exploration projects in Sweden. The majority of the Assets held by the Company are at an early stage of development. The Assets can be grouped in order of materiality as follows:

- Assets with Mineral Resource estimates;
- Exploration Targets with potential grade-tonnage ranges; and
- Early stage Exploration Targets without potential grade-tonnage ranges.

The majority of the Company's Assets by number and materiality are located within 50km of the town of Kiruna, northern Sweden (Figure ES 1). Kiruna has an extensive mining history and is located close to the world class Kiirunavaara magnetite iron mine in the northern part of the Fennoscandian Shield.

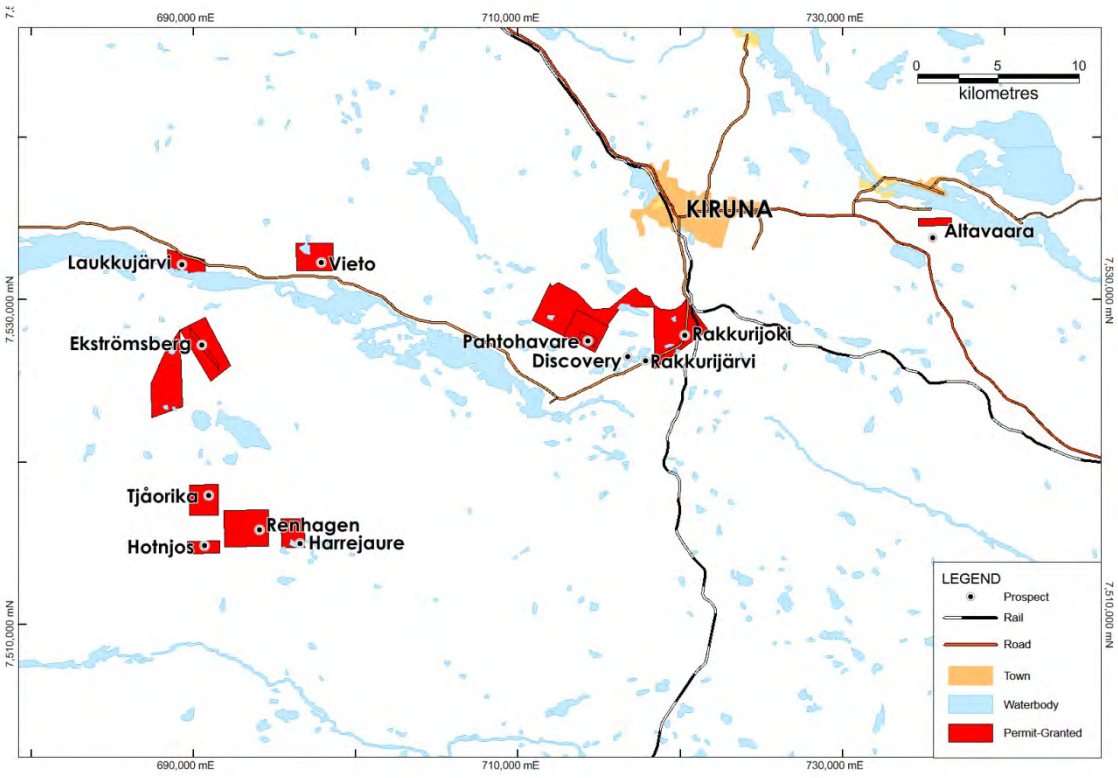

Figure ES 1: Company Assets and exploration permits relative to Kiruna town and local infrastructure

The Company's key assets in the Kiruna area comprise the Pahtohavare Copper-Gold Project and predominantly skarn-type iron deposits.

The Mineral Resource estimates and Exploration Target potential grade-tonnage ranges for the remaining assets held by the Company as presented below, are a reproduction of those presented in the Company's Annual Report (30 September, 2015), Table ES 1 to Table ES 6.

Table ES 1: Hannans Mineral Resource Statement (Indicated category Fe deposits), September 2015

Prospect	Mt	Fe (%)	P (%)	S (%)
Ekströmsberg	30.4	52.0	Unavailable	Unavailable
Total	**30.4**	**52.0**	**-**	**-**

Table ES 2: Hannans Mineral Resource Statement (Inferred category Fe deposits), 30 September, 2015

Prospect	Mt	Fe (%)	P (%)	S (%)
Rakkurijoki	74.5	39.7	0.28	0.89
Vieto	14.0	35.7	0.14	1.46
Renhagen	26.3	32.1	0.21	0.03
Harrejaure	16.2	43.4	0.04	0.01
Ekströmsberg	41.6	52.0	Unavailable	Unavailable
Total	**172.6**	**41.5**	**-**	**-**

Table ES 3: Hannans Mineral Resource Statement (Total Inferred & Indicated category Fe deposits), September 2015

Total	Mt	Fe (%)
Indicated & Inferred	203.0	43.1

Table ES 4: Hannans JORC Compliant Exploration Targets Fe Projects, September 2015

Hub 1 - Kiruna Hub		
Prospect	**Mt**	**Fe (%)**
Laukkujärvi	4-8	30-35
Tjåorika	15-30	45-55
Total Hub 1	**19-38**	**38-45**
Hub 2 – Lannavaara Hub		
Prospect	**Mt**	**Fe (%)**
Paljasjärvi	40-60	30-40
Total Hub 2	**40-60**	**30-40**
Total	**Mt**	**Fe (%)**
Hub 1 & 2	59-98	33.6-42.5

Table ES 5: Mineral Resource Statement (Inferred category Pahtohavare Project), September 2015

Prospect	Mt	Cu (%)	Au (g/t)	Mt	Envisaged Mining Method	Type
Central	1.4	1.8	0.6	2.4	Open Cut	Oxide
South	0.8	1.7	0.5	2.1	Open Cut + Underground	Sulphide
Southeast	0.1	1.3	0.6	1.9	Underground	Sulphide
Total	**2.3**	**1.7**	**0.6**	**2.3**		

JORC Inferred Resource-Pahtohavare Project. (Open pit resources calculated using a Whittle optimised cut-off grade of 0.56% CuEq for oxide material and 0.43% CuEq for sulphide material. Underground resources calculated using a 1.48% CuEq).

[1] Copper equivalent (CuEq) has been calculated using metal selling prices of USD$3.56 / lb for Cu and USD$1,510 / Oz for Au, along with metal recoveries of 90% for Au and 65% for Cu in sulphide material and 80% for Au and 50% of Cu in oxide material. The following equations were used: Oxide: CuEq = (1.12 x Au (ppm) grade) + (0.98 x Cu% grade). Sulphide: CuEq = (0.97 x Au (ppm) grade) + (0.99 x Cu% grade)

Table ES 6: Hannans JORC Compliant Exploration Target, Pahtohavare Project, September 2015

Prospect	Mt	Cu (%)
Pahtohavare	2-4	0.3-0.7

Reference to the terms “Mineral Resource” and “Exploration Targets” are in accordance with the definitions in JORC 2012. SRK notes that the tonnage and grade ranges presented in Table ES 4 and ES 6 above are conceptual in nature, that there is either insufficient exploration data and/or interpretation to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

In addition to the assets outlined above, the Company owns certain early stage exploration properties in northern Sweden. These early stage assets are also discussed briefly in this report and considered in the valuation.

1.2 Valuation

SRK considered several valuation methods in deriving a valuation for the Assets, including valuations based on the analysis of comparative market transactions (both in terms of tenement area and in terms of resource), multiples of Exploration Expenditure (MEE), as well as a valuation based on the Geoscientific Rating (modified Kilburn) method and Joint Venture Terms. A summary of valuations is presented in Table ES 7 below.

Table ES 7: Summary valuations of Hannans Assets

Asset	Exploration Stage	Low Value (USDm)	Preferred Value (USDm)	High Value (USDm)
Piedjastjåkko	Early Stage Assets	0.00	0.07	0.19
Lannavaara nr 8		0.04	0.08	0.21
Sub-total Early Stage Assets		0.04	0.15	0.40
Tjåorika	Exploration Targets	0.09	0.17	0.86
Laukkujärvi		0.05	0.09	0.62
Paljasjärvi/Sautusjärvi		0.52	0.75	1.86
Sub-total Exploration Targets		0.66	0.96	3.34
Renhagen	Mineral Resource	0.27	0.60	0.60
Harrejaure		0.34	0.50	0.50
Ekströmsberg		1.17	3.57	3.57
Rakkurijoki		0.49	2.82	3.76
Pahtohavare		0.11	1.16	1.75
Vieto		0.08	0.36	0.48
Sub-total Mineral Resource Assets		2.46	9.02	10.67
Totals (USDm)		3.17	10.12	14.41

In choosing a Preferred Value and Valuation Range for each Exploration Area, SRK considered the valuation ranges and the preferred values from each of the methods applied, with the Preferred Values informed primarily by the market-based methods and adjusted by the Geoscience Rating method and MEE, where appropriate.

SRK considers that the Technical Value of the proportion of the Assets held by Hannans lies in the range of 3USDm to 14USDm. SRK's preferred value is **10USDm**.

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VALUATION OF MINERAL ASSETS HELD BY SCANDINAVIAN RESOURCES

1 INTRODUCTION

1.1 Background

Hannans Reward Limited ("Hannans"), hereinafter also referred to as the "Company", engaged BDO Corporate Finance (WA) Pty Ltd ("BDO") to prepare an Independent Expert's Report in relation a proposal made by Hannans Reward Ltd ("Hannans") to a proposed transaction with Neometals (ASX Code:NMT) as outlined in the ASX release of 4 March 2016, entitled "Strategic Collaboration with Neometals". At the request of BDO in its role as Independent Expert, SRK Consulting (Sweden) AB ("SRK") was engaged on 2 May 2016, as an independent specialist to provide BDO with an opinion on the technical valuation of mineral assets (the "Assets") held by Hannans.

SRK acknowledge and agree that this Valuation Report produced by it is intended to be included as part of the Independent Expert's Report prepared by BDO. SRK further understands that this Valuation Report and the Independent Expert's Report will be provided to the shareholders of Hannans for the purposes of evaluating the proposed transaction noted above.

Hannans Reward Limited is a mineral exploration company listed on the Australian Securities Exchange (ASX Code:HNR) and is the holding Company for subsidiaries operating in Sweden, including Scandinavian Resources AB and Kiruna Iron AB. These operating subsidiaries are the owners of the licences covering the Assets and are wholly owned by Hannans.

SRK understands that the Company also owns mineral assets in Australia, but has been advised by the Company that these will be the subject of a separate report and should be excluded from this valuation.

This report is based to a large extent on the work carried out as part of a technical valuation of the Assets prepared by SRK in March 2012, also at the request of BDO in its role as Independent Expert, acting on behalf of the Company. Since the previous 2012 valuation, SRK notes the following:

- a substantial reduction in the Company's overall licence holding;
- the preparation of an independent Mineral Resource estimate for the Pahtohavare deposit (2013); and
- the acquisition of 7 new licences in the Skellefteå area (Sweden), considered prospective for lithium-bearing granites / pegmatites.

In the course of this work, SRK has completed a review of material project data and held discussions with Company staff. SRK's most recent site visit to the material projects under consideration was carried out in July 2011 and Company have confirmed that no material change has taken place since this time.

SRK has not conducted any legal due diligence on the ownership of the Company's licence holding but has reviewed a letter prepared by the consultants GeoVista (Appendix A, which confirms the Hannans tenure over the licences considered as part of this valuation.

1.2 Terms of Reference

SRK was provided with an email from the Company, outlining a brief Terms of Reference. Specifically, SRK has:-

- Completed a review of material project data, management information and recent exploration reports;
- Held discussions with Company staff and consultants;
- Visited the Company's offices and drill core archive to inspect drill core first hand in July 2011 (as part of a previous commission);
- Carried out a site visit to key Assets in the Kiruna area between 25 and 29 July, 2011 and in addition, confirmed the location of certain drill collars from both historical and on-going drilling (as part of a previous commission);
- Determined an appropriate valuation method or methods;
- Carried out the valuation of the exploration assets; and
- Prepared a report in accordance with the VALMIN 2015 summarising the results of the above and containing an appropriate value.

1.3 Requirements and Compliance

In line with the requirements stipulated by BDO, SRK has prepared a Valuation Report in accordance with the 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("VALMIN Code"), the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") and ASIC Regulatory Guides 111 (Content of Expert Reports) and 112 (Independence of Experts).

The VALMIN Code defines a Technical Value as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. Market Value is defined the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion. SRK has prepared a Technical Valuation of the Assets.

Reference to the terms "Mineral Resource" and "Exploration Targets" are in accordance with the definitions of such presented in the JORC Code.

1.4 Independence

The relationship between SRK and Hannans is solely one of professional association

between client and independent consultant. SRK's professional fees are based on time charged for work actually carried out and are not contingent on any prior understanding concerning the conclusions to be reached. Fees arising from the preparation of this report are charged at SRK's standard rates, amounting to approximately fourteen thousand Australian Dollars. Except for this fee, SRK has not received, and will not receive, any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Neither of the two signatories to this report have a material interest in Hannans or any of their respective projects.

Prior to accepting its engagement to prepare this report, SRK has considered its independence with respect to Hannans and their respective associates with reference to ASIC Regulatory Guide 112 (Independence of Experts). In SRK's opinion, it is independent of Hannans and their respective associates.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

Pursuant to Clause 6.3 of the VALMIN Code:

Fees, or the provision of further work to the Practitioner **must** not be dependent on the:

- outcome of the Technical Report; or
- success or failure of the reason for which the Public Report was commissioned.

SRK has charged a professional fee of approximately 14 000 Australian Dollars for the preparation of this Technical Assessment and Valuation Report. BDO has confirmed that the requirements of Clause 6.3 will be complied with.

1.5 Representation

Hannans has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

1.6 Indemnities

As recommended by the VALMIN Code, Hannans has provided SRK with an indemnity under which SRK is to be compensated for any liability and / or any additional work or expenditure resulting from any additional work required:

- Resulting from SRK's reliance on information provided by the Commissioning Entity that is materially inaccurate or incomplete. (Such an indemnity does not absolve a Practitioner from critically examining the information provided); or
- Relating to any consequential extension of workload through queries, questions or public hearings arising from the Report.

1.7 Consents

SRK consents to this Report being included, in full, in the BDO independent experts report in the form and context in which the technical assessment and valuation is provided, and not for

any other purpose.

SRK provides this consent on the basis that the technical assessments and valuations expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

1.8 Limitations

In preparing this report, SRK has relied on information provided by Hannans. SRK has no reason to believe that this information is materially misleading, incomplete or contains material errors. Hannans has been provided with a draft of this report to enable the correction of any factual errors and notation of any material omissions. The content of this report as expressed by SRK is based on the assumption that all the data provided by Hannans is complete and correct to the best of the Company's knowledge. Further, SRK understands that Hannans has sought consent from its consultants to include in this report technical information and opinions expressed by them.

The Mineral Resource estimates and Exploration Target grade-tonnage ranges as presented in this report are a reproduction of those reported by Hannans in September 2015 Annual Report. SRK does not take responsibility as a Competent Person as defined by the JORC Code in respect of the estimates presented herein, save for the Pahtohavare Mineral Resource estimate, which SRK has authored and is also presented in the Company's 2015 Annual Report.

SRK has not audited data relating to the early stage exploration assets (i.e. those lacking Exploration Target grade-tonnage ranges and Mineral Resource estimates), but has rather attempted to verify that the information has been prepared in accordance with industry norms and as such, is of acceptable quality and reliability. Where this is not the case, SRK has provided comment and has made an appropriate adjustment to the valuation to reflect this.

SRK has not conducted any legal due diligence on the ownership of the exploration permits or exploitation concessions themselves and has relied on the information provided by the Company's tenement consultants GeoVista, who confirm the Company's tenure of these in a letter dated 1 June, 2016 (Appendix A).

2 MINERAL TENURE

Table 2-1 and Table 2-2 below present a summary of the Company's mineral tenure by permit type and location.

Table 2-1: Summary of Company valid mineral tenure by type and country

Country	Exploration Permits	Mining Concessions Valid	Exploration Permit Applications
Sweden	19	0	0

Table 2-2: Summary of Company mineral tenure by status and location

Project Area	Valid Exploration Permits	Exploration Permits Under Extension Application	Exploration Permits Under Application
Kiruna Area	12	0	0
Skellefteå Area	7	0	0
Totals	**19**	**0**	**0**

Section 2.1 below presents a brief summary of the key aspects of mineral tenure under current Swedish Mining Law.

2.1 Mineral Tenure in Sweden

There are four types of permits necessary to develop a deposit from the exploration stage to the development stage in Sweden. These are: exploration permits, exploitation concessions, environmental permits and building permits. Exploration permits are granted initially for three years, with possible extensions of up to 15 years. Annual fees for the first three year period are SEK4, SEK6, and SEK10/ha in each successive year.

An exploitation concession (Bearbetnings koncession) gives the holder the right to exploit a proven, extractable mineral deposit for a period of 25 years, which may be extended. The exploitation concession is the next step in mine permitting after the granting of an exploration permit.

There is no requirement to legally survey the boundaries of exploitation concessions in Sweden; instead boundaries are assigned coordinates by the Inspector of Mines on granting.

Mineral Royalty in Sweden is 0.20% of gross revenue.

2.2 Agreements

SRK notes that the Company has entered into a joint venture agreement with Swedish mining company Lovisagruvan AB in relation to the Pahtohavare Copper-Gold Project, as discussed in the Company's Annual Report for the financial year ending 30 June, 2015 and ASX releases dated 15 March and 24 November, 2015. The terms of the agreement are summarised below:-

- Stage 1: Lovisagruvan AB may earn a 35% interest for a consideration of 1SEKm and completing certain work on the project;
- Stage 2: Lovisagruvan AB may earn a 51% interest through lodging of a mining concession application and providing an interest free working capital facility to the value of 4SEKm;

- Stage 3: Lovisagruvan AB may earn a 75% by delivering a feasibility study to the Company within four months of grant of an exploitation concession and an environmental permit; and
- Stage 4: The Company will maintain a free carried interest in Pahtohavare through a decision to mine at which time both parties must contribute to costs on a pro-rata basis.

SRK has reviewed the terms of this agreement at a high level and has made the appropriate adjustments to the valuation in order to properly reflect the proportion of the Assets currently owned by the Company. Lovisagruvan AB elected to proceed with Stage 2 of the JV, as outlined in the Company's ASX release, dated 24 November, 2015.

2.3 SRK Comments

For the purpose of this valuation, exploration permits are all that are required to provide the Company with exclusive mineral rights to the properties in question.

SRK is not aware of any environmental liabilities associated with any of the exploration permits held by the Company and discussed in this report.

3 ASSET DESCRIPTIONS AND LOCATIONS

3.1 Overview of Hannans Assets

Hannans has interests in a number of exploration projects in Sweden. The majority of the Assets held are at an early stage of development. The Assets can be grouped in order of materiality as follows:

- Assets with Mineral Resource Estimates;
- Exploration Targets with potential grade-tonnage ranges; and
- Early stage Exploration Targets without potential grade-tonnage ranges

Table 3-1 below presents the Assets by development stage and region, while Figure 3-1 illustrates the location of these project areas in Sweden. The majority of the Company's Assets by number and the overwhelming majority by materiality are located in the Kiruna area, with iron being the primary commodity of interest.

*SRK notes the total number of valid exploration permits totals 19 (Table 2-1), but the assets contained within these licences numbers 18 (Table 3-1).

Table 3-1: Summary of Assets by development stage and location

Development Stage	Kiruna Area	Skellefteå Area
Assets with Mineral Resource Estimates	6	0
Exploration Targets with potential grade-tonnage ranges	3	0
Early stage Exploration Targets	2	7
Total	**11**	**7**
Grand total		**18***

Figure 3-1: Company key project areas in Sweden

3.2 Kiruna Area

3.2.1 Introduction

This section of the report presents a brief introduction to the Kiruna area in the context of its mining and exploration history and including its geological setting. This is followed by a short description of the Assets, in order of materiality, as mentioned above.

3.2.2 Mining and previous exploration

The town of Kiruna has a population of approximately 24,000 and has all the services commensurate with its size. The area has more than one hundred years iron ore mining history and is located close to the world class Kiirunavaara magnetite iron mine.

The Kiirunavaara orebody was discovered in 1696 and was developed into a large-scale mine in 1890. It is classified as an apatite-iron ore deposit and is over 4,000m in strike length, averages 80m in width and extends to a depth of over 1,500m. Current production is in the order of 26 Mt of magnetite ore per year. The mine is owned and operated by Luossavaara-

Kiirunavaara Aktiebolag (“LKAB”), a Swedish State owned company.

Between 1963 and 1972 the Swedish government commissioned a regional investigation into the iron ore potential of Norrbotten County which became known as the Iron Ore Inventory Programme. The investigation involved regional and detailed mapping, geophysical ground measurements (magnetic, gravimetric, Slingram and Self-potential) and over 100,000m of diamond drilling, covering 23 map sheets at a scale of 1:50,000.

The majority of the Company’s material Assets in the Kiruna area were either discovered and / or first described in detail during exploration carried out in this period. A certain amount of drill core from these programmes is retained at the National Drill Core Archive at the Swedish Geological Survey (“SGU”) in Malå.

3.2.3 Climate and fieldwork in the Kiruna area

Snow cover extends from late October to mid-April with a maximum snow thickness varying from 0.6 to 2.0 meters.

During the summer months (June-August) temperatures are mostly between 5°C and 20°C, and during the winter months (November-April) mostly between - 5°C and - 30°C. The sun remains below the horizon for twenty days in winter and the sun does not set for twenty days in summer.

3.2.4 Geological Setting

The Kiruna projects are located in the northern part of the Fennoscandian Shield. The Archaean basement (>2.68Ga) in this area is overlain by Proterozoic rocks of Karelian (~2.4-1.96Ga) and Svecofennian (~1.96-1.75Ga) ages. The Karelian rocks formed in a rift-related tectonic setting and are overlain by Svecofennian supracrustal metavolcanic and epiclastic rocks. The Svecofennian supracrustal rocks are made up of the older Porphyrite Group of rocks comprised of metamorphosed low-Ti andesite, basalt and intercalations of felsic tuffaceous rock. The younger Porphyry/Kiirunavaara Group of rocks are comprised of metamorphosed high-Ti basalt, minor trachyandesite and rhyolite. The Haparanda and Perthite calc-alkaline and alkali-calcic monzonite granite suites intrude rocks of the Porphyry/Kiirunavaara Group and are associated with deformation and metamorphism of the supracrustal sequence, with conditions peaking at upper greenschist or lower amphibolites facies during the Svecofennian Orogeny from 1.9 to 1.8Ga (Skiöld, 1987).

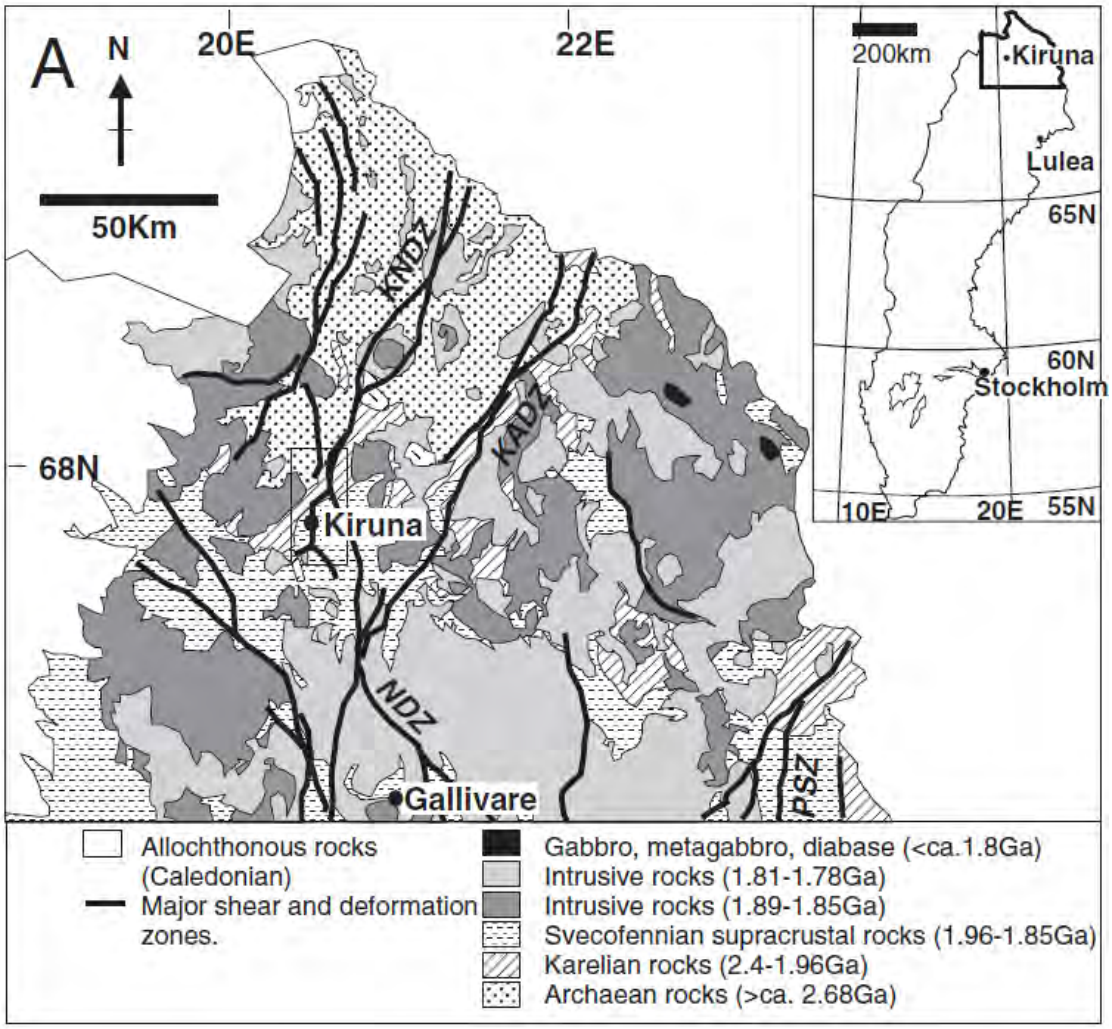

Figure 3-2: Geological map showing the location of Kiruna in relation to Norrbotten and Sweden (modified from Smith *et al.* 2007).

The Norrbotten province is characterised by regionally developed scapolitisation, albitisation, which is most intense in areas of major crustal deformation, and iron and copper mineralisation. The ore deposits within the area tends to be spatially related to zones of deformation suggesting a possible genetic relationship between the formation of the deposits and a tectonic event. The Kiruna Project, for example, is located on two limbs of a major shear zone.

The Norrbotten district in Sweden is an important mining district hosting some of the world's largest apatite-iron orebodies, Kiirunavaara and Malmberget, and the Aitik Cu-Au deposit. Whilst the area has been classified as an iron oxide copper gold ("IOCG") district by many, a definitive genetic link between spatially related iron-oxide and copper deposits of Norrbotten is yet to be established. The Kiirunavaara apatite-iron ore deposit is the type locality for Kiruna sub-type IOCG deposits.

The geology of the Kiruna Project area consists largely of Palaeoproterozoic supracrustal rocks belonging to the Porphyry/Kiirunavaara Group including trachyandesitic lavas (formally named syenite porphyry), pyroclastic rhyodacite (formally named quartz-bearing porphyry), minor andesitic-basaltic mafics, while the south western portion of the Kiruna project is

dominated by greenstones of the older Porphyrite Group.

3.2.5 Deposit Types

The majority of the Assets in the Kiruna area are assumed to be skarn-type iron ore deposits, hosted in the Kiruna Greenstone Group. Deposits of IOCG-type are found in mid-Proterozoic aged stratigraphy (Kiruna Porphyry Group) and are best represented by the Kirunavaara apatite-magnetite Fe deposit.

SRK understands that the current consensus for Pahtohavare is an epigenetic Cu-Au type deposit.

3.3 Description of Assets with Mineral Resource Estimates

3.3.1 Introduction

The Company's Assets in the Kiruna area are located within a radius of approximately 50km from Kiruna town centre (Figure 3-3). Paved road and rail access is reasonable and power connections serve homes and businesses in the towns and settlements. There is an airport at Kiruna and a heli-port at Nikkaluokta.

Figure 3-3 below illustrates the location of the Company's exploration permits and key Assets in relation to the town of Kiruna and local infrastructure.

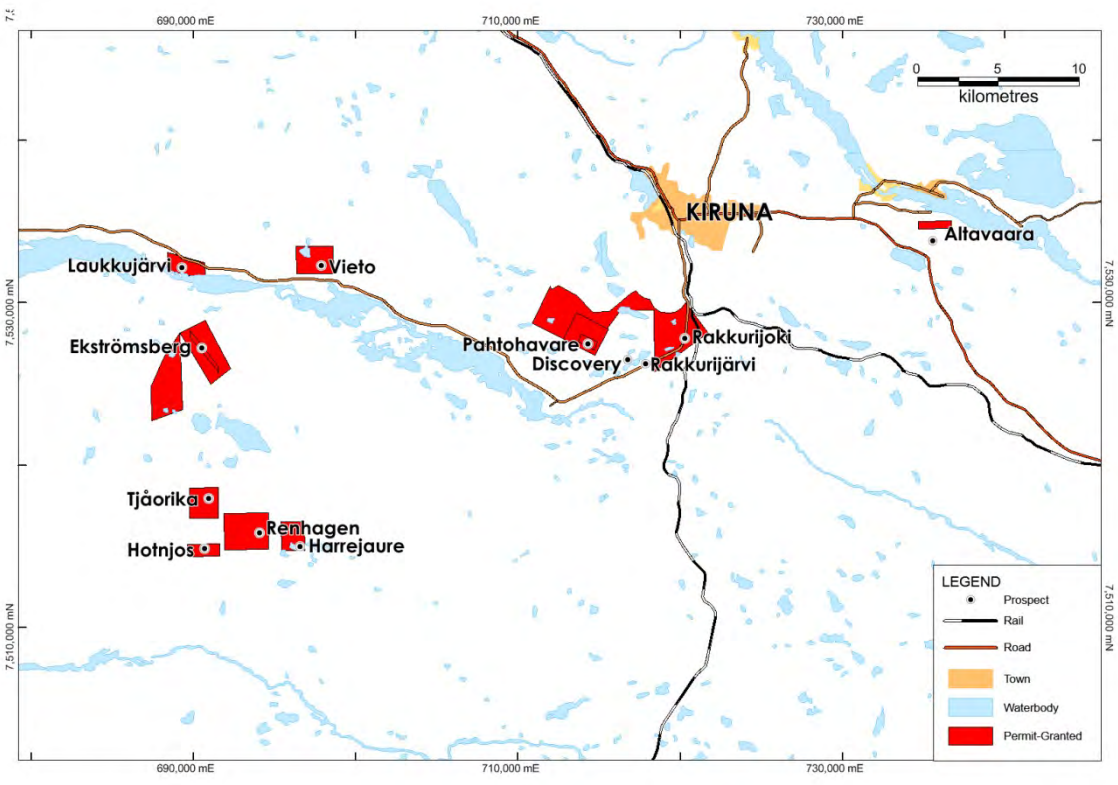

Figure 3-3: Company Assets and exploration permits relative to Kiruna town and local infrastructure

3.3.2 Mineral Resource Statements

The Mineral Resource estimates for the remaining assets held by the Company as presented below, are a reproduction of those presented in the Company's Annual Report (30 September, 2015).

Table 3-2: Hannans Mineral Resource Statement (Indicated category Fe deposits), September 2015

Prospect	Mt	Fe (%)	P (%)	S (%)
Ekströmsberg	30.4	52.0	Unavailable	Unavailable
Total	**30.4**	**52.0**	**-**	**-**

Table 3-3: Hannans Mineral Resource Statement (Inferred category Fe deposits), 30 September, 2015

Prospect	Mt	Fe (%)	P (%)	S (%)
Rakkurijoki	74.5	39.7	0.28	0.89
Vieto	14.0	35.7	0.14	1.46
Renhagen	26.3	32.1	0.21	0.03
Harrejaure	16.2	43.4	0.04	0.01
Ekströmsberg	41.6	52.0	Unavailable	Unavailable
Total	**172.6**	**41.5**	**-**	**-**

Table 3-4: Hannans Mineral Resource Statement (Total Inferred & Indicated category Fe deposits), September 2015

Total	Mt	Fe (%)
Indicated & Inferred	203.0	43.1

Table 3-5: Mineral Resource Statement (Inferred category Pahtohavare Project), September 2015

Prospect	Mt	Cu (%)	Au (g/t)	Mt	Envisaged Mining Method	Type
Central	1.4	1.8	0.6	2.4	Open Cut	Oxide
South	0.8	1.7	0.5	2.1	Open Cut + Underground	Sulphide
Southeast	0.1	1.3	0.6	1.9	Underground	Sulphide
Total	**2.3**	**1.7**	**0.6**	**2.3**		

JORC Inferred Resource-Pahtohavare Project. (Open pit resources calculated using a Whittle optimised cut-off grade of 0.56% CuEq for oxide material and 0.43% CuEq for sulphide material. Underground resources calculated using a 1.48% CuEq).

A short description of each of the Assets listed in the tables above is presented below, along with comments by SRK.

3.3.3 Ekströmsberg

The descriptions of Ekströmsberg contained in the following sections were largely extracted from the report; JORC code resources in the Ekströmsberg, Tjårrojåkka and Pattok prospect, Norrbotten, Sweden by Behre Dolbear International Limited (2011).

Location and Access

The Ekströmsberg iron deposit is located 30km west-southwest of Kiruna and 25km east-southeast of Nikkaluokta (Figure 3-3). The Kalixfors main-line railway station is 30km to the east. Access is along an asphalt road between Kiruna and Nikkaluokta, from a settlement at Laukkuluspa across a lake and onto a track suitable for four-wheel drive vehicles.

The area is on a whale-back ridge at about 600 masl and rock outcrops are most common on the ridge and on the southern slope, towards a wide marshy, muskeg-covered valley. Vegetation is sparse, comprising mainly stunted brushwood and dwarf birch.

History

Mineralisation was first discovered in 1818. Geological mapping, ground magnetics and one diamond drill hole were completed between 1897 and1900, followed by further mapping and ground magnetics and the drilling of 12 more drill holes between 1950 and 1954 by SGU.

Between 1965 and 1969, detailed magnetic and gravity surveys were completed and a further 35 diamond drill holes were drilled totalling 7,539m. 25 trial pits and trenches were also dug to expose the magnetite-bearing horizons. In all, SGU drilled 48 holes totalling 9,510m.

Local Geology and Mineralisation

The Ekströmsberg deposit is hosted by pyroclastic rhyodacite which is locally sericite-altered. The orebody contains intercalations of trachy-andesitic lava which are orientated parallel with the direction of the orebodies. The mineralised area at Ekströmsberg measures approximately 1.5km in length and 150 to 160m in width and contains a 50m-wide magnetite lens; though in the southern part the lens narrows. The mineralisation consists of magnetite-martite-hematite, strikes NW and dips vertically or sub-vertically to the west. Behre Dolbear International Ltd reported that martite, a non-magnetic alteration product of magnetite, concentrates in the supergene, oxidized portions of the magnetite zone above 100m depth.

Mineral Resource Estimate

A manual polygonal grade-tonnage estimate for Ekströmsberg was prepared by the SGU (Frietsch *et al*.) in 1974, who reported a total resource of 36 Mt grading 56% Fe, to a depth of 300m. This included a magnetite resource of 19 Mt with a mean grade of 55% Fe, a martite resource of 7 Mt with a mean grade of 57% Fe and a hematite resource of 10 Mt with a mean grade of 56% Fe. A cut-off of 20% Fe was used and intercepts were projected mid-way between drill holes.

In its report, Behre Dolbear International Ltd states “examination of the polygons and representative drill core in 2008 confirmed continuity of the estimated blocks and allows the estimate to be categorised as an Indicated resource.”

Behre Dolbear International Ltd reports 30.4 Mt grading 52% Fe in the Indicated category and 41.6 Mt grading 52% Fe in the Inferred category, applying a cut-off of 20% Fe and minimum width of 2m, to 300m below surface.

Metallurgical Testwork

Document number “J475-RP-000-003-0” was produced by Mineral Engineering, Perth in

December 2010, and outlines metallurgical testwork performed on samples collected from the Vieto, Laukkujärvi and Ekströmsberg deposits, including Davis Tube Recovery, head assay, and magnetic susceptibility tests that were undertaken. The report indicates that samples were selected from 102 individual drill core samples, representing an intersection of 103.1m in length from one drillhole.

Magnetic susceptibility tests on samples from Ekströmsberg showed the presence of mixed populations of oxides, with a high proportion of the samples containing non-magnetic Fe.

The Ekströmsberg samples showed very high Fe grades (the majority >59%), with low S, Al_2O_3 and SiO_2, but high P (0.3-3%). Some of this material can be classified as Direct Shipping Ore (DSO) potential, with the need to refine the P grades. The lower grade samples still exhibited high P grades.

In total, 49 composites (including samples from other projects) were chosen for DTR testwork. Some were rejected due to their very low Fe content. The results showed that a consistent 70% Fe concentrate grade could be achieved from the majority of samples, demonstrating that even the lowest magnetite grades were easily upgraded. The Ekströmsberg non-magnetite samples showed low recovery, as expected, but still produced a high grade concentrate. The Al_2O_3 and SiO_2 grades were considered acceptable.

Ekströmsberg produced good quality concentrate, with marginal P grades. The potential to upgrade the para-magnetic iron oxides has yet to be determined.

3.3.4 Rakkurijoki

The description of Rakkurijoki set out below were largely extracted from the technical review report prepared by Laurikko in 2007 and Smith *et al*. 2007, along with *GeoVista (2011): GVR11042 DRAFT Rakkurijoki and Rakkurijärvi mineral resource estimation.*

Location and Access

The Rakkurijoki project area is easily accessible by paved road from Kiruna town centre, which lies roughly 6km north of the project area (Figure 3-3 and Figure 3-4).

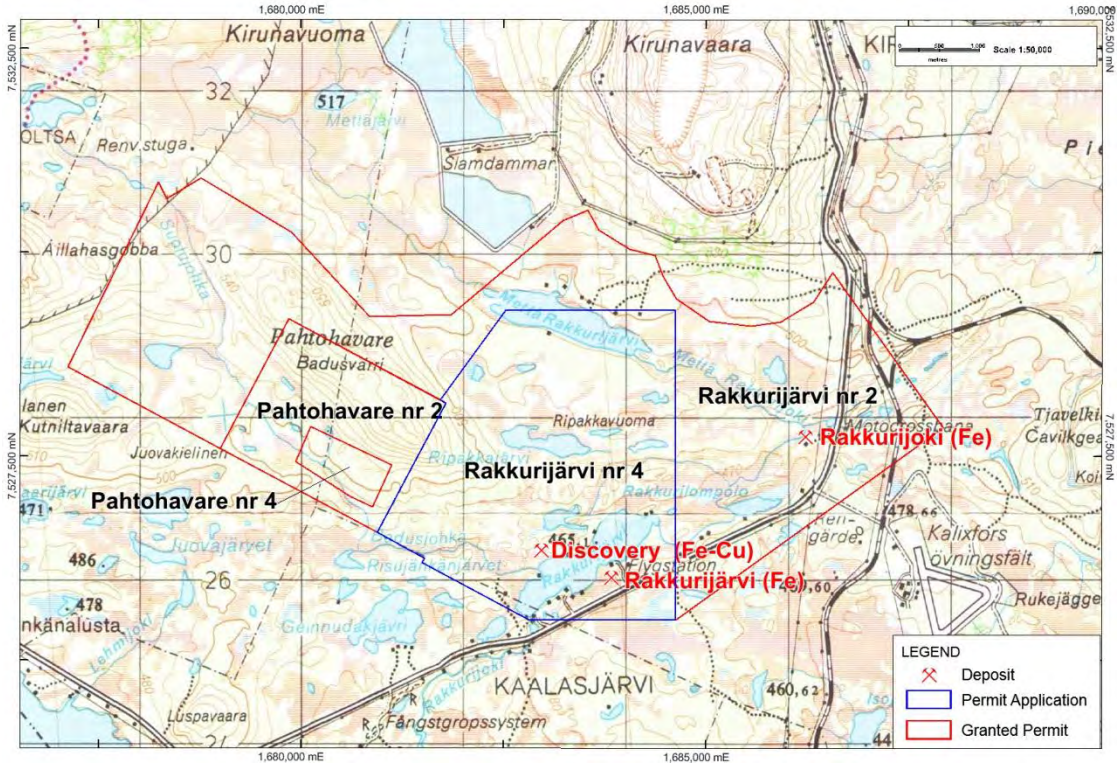

Figure 3-4: Location of mineral assets in the Rakkuri area relative to local infrastructure and the Company's exploration permits (granted and in application)*

*Note: At the date of this report, the Rakkurijärvi nr 4 permit application had been rejected by the Swedish Mining Inspector.

Several prospects are covered by the exploration permits of the Rakkuri project. The Rakkurijoki asset is discussed in this section. The Pahtohavare asset is discussed in Section 3.3.7.

History

The Rakkurijoki deposit has been known for over 100 years, with the first recorded exploration campaign carried out in the late 19th century.

Rio Tinto, Anglo American and Lundin Mining were all active in the Rakkuri project area, through various exploration campaigns, following the discovery of Cu-Au mineralisation in the "Discovery Zone".

Local Geology and Mineralisation

The Rakkurijoki deposit is a skarn-type iron ore deposit hosted within the Kiruna Greenstone Group (2.2-2.0 Ga). The magnetite ore at Rakkurijoki is hosted between a meta-arenite hanging wall and mafic tuff footwall; both of which are commonly intruded by intermediate and mafic porphyritic dykes. The ore occurs as two distinct types; a stratigraphically lower banded ore that is lower grade (25-45% Fe), contains 1-3% S from mainly pyrite but also minor pyrrhotite and chalcopyrite and the magnetite is often disseminated in a biotite-actinolite matrix. The upper ore is higher grade at 45-60% Fe, generally contains ≤1% S and is more massive in appearance. One wider (~40m) intermediate dyke cuts the ore in most drill profiles

and appears to be controlling the width of the magnetite mineralisation indicating its emplacement is later than the magnetite mineralisation.

2011 Mineral Resource Estimate

The most recent Mineral Resource Estimate (MRE) for the Rakkuri project (Rakkurijoki deposits) was prepared by GeoVista in July 2011. SRK was provided with five block models, an exploration drilling database, and a set of geological wireframes. The estimate was accompanied by spreadsheet based grade and tonnage reports and a draft report outlining some details of the estimate. SRK has reviewed the estimate based on the model and accompanying reports.

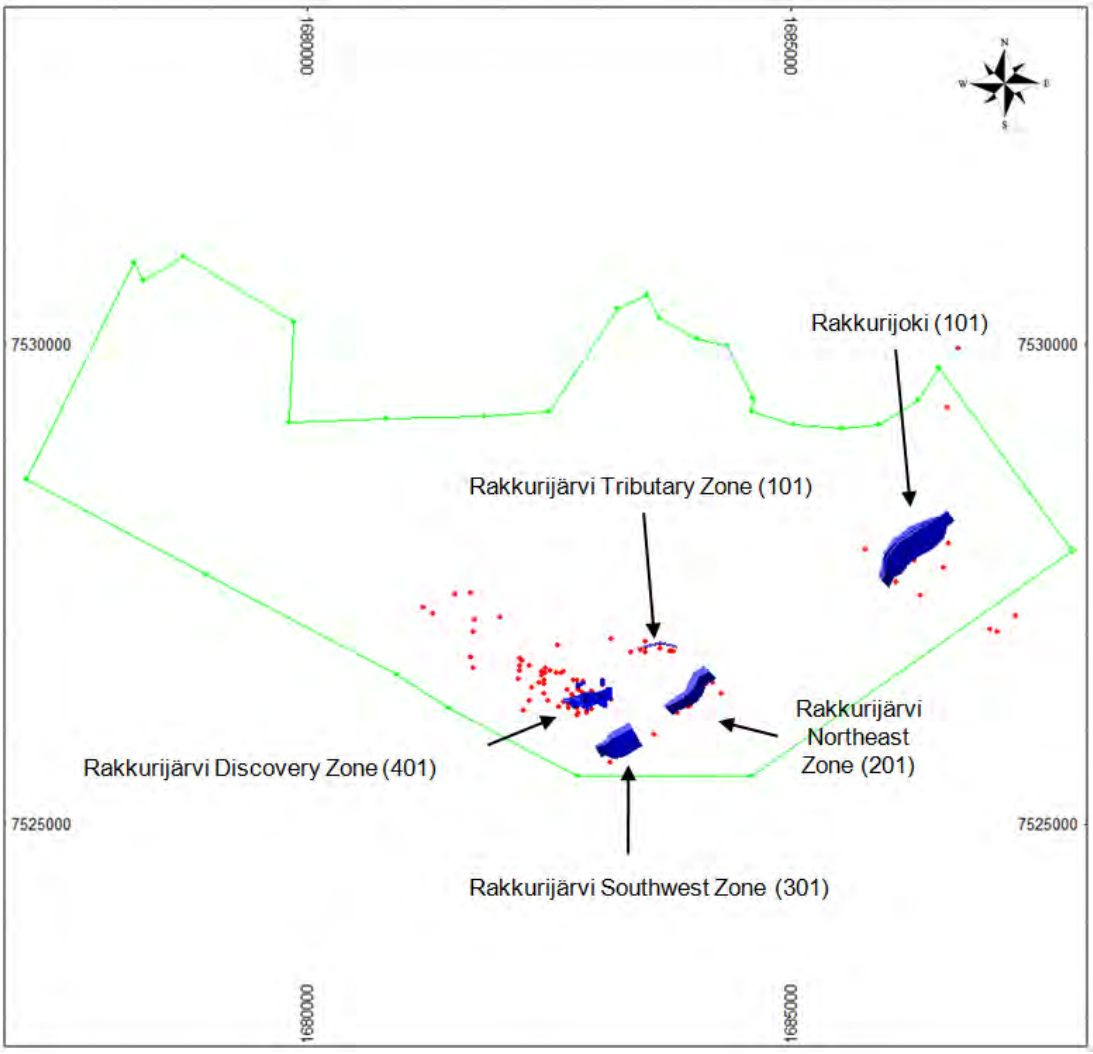

Figure 3-5: Combined exploration licence outline (including those in application) showing drillhole collars and mineralisation wireframes. Only Rakkurijoki is considered in this report

In total, 43 diamond drillholes were included in the database, with a total meterage of 14,833 m, with 2,407 primary assays (excluding QAQC samples). Of the total number of holes drilled, 29 were drilled by the Company.

The drill spacing is approximately 200x150 m at Rakkurijoki. The Rakkurijoki mineralisation follows a trend of 60º azimuth and 70-90º dip to the southeast.

Grade-tonnage curves were produced in order to visualise the distribution of grade with increasing cut-off grades, as shown in Figure 3-6 to Figure 3-12.

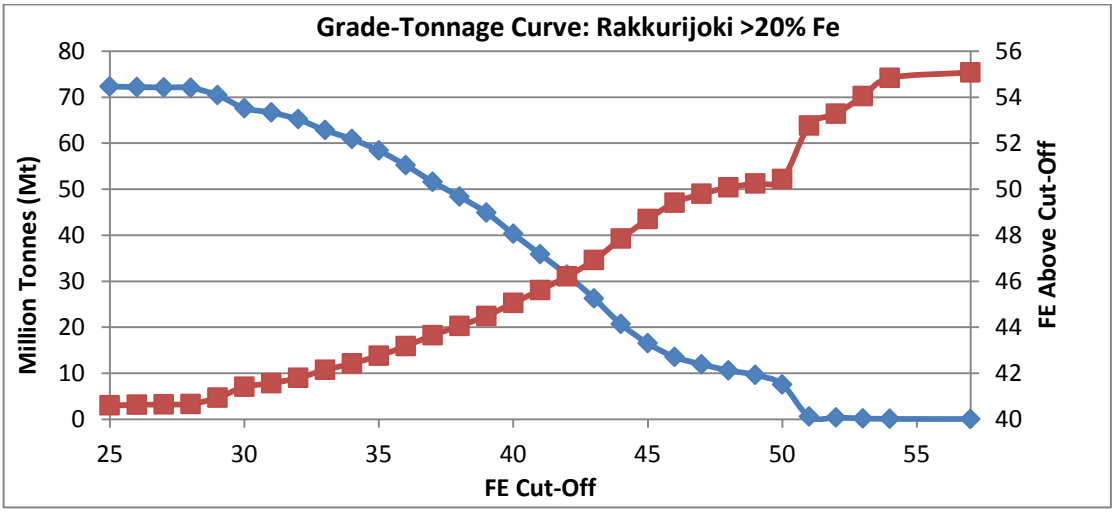

Figure 3-6: Fe% Grade-Tonnage curve for Rakkurijoki >20%

3.3.5 Vieto

The descriptions of Vieto set out below were largely extracted from a Technical Report by ReedLeyton, May 2009, along with *Reed G.C., (2011): 3811_JORC Mineral Resource Statement Sautusvaara and Vieto Iron Ore deposits.*

Location and Access

The Vieto project lies roughly 20km west of Kiruna. Approximate RT90 coordinates for the centre of the Vieto permit are 1 663 950 mE and 7 533 500 mN (Figure 3-3). The average license elevation is approximately 540 masl. The local topography is rolling, with a strong glacial influence that has imparted a south westerly grain that is apparent in the elongated shapes of the lakes and hills. The Vieto project lies between elevations of 500 and 600 masl in an area of low wooded hills and swamps.

The village of Aitejakk lies to the immediate east of the license boundary, whilst the larger town of Kiruna is located 18 km to the east of the project area. A paved road provides access to within 1km of the site, and from there the project is easily access by a well maintained forestry track. The closest rail head is at Kiruna, 20km to the east.

History

Iron ore was discovered at Vieto in 1914 and was investigated with geophysics, trenching and drilling until 1969. A resource was estimated on the basis of this drilling in late 1979.

Local Geology and Mineralisation

Iron ore at Vieto is hosted by the Kiruna Greenstone Group, within the southern part of a larger coherent greenstone area, close to the contact with the felsic porphyries of the Kirunavaara Porphyry Group. The local host sequence consists of limestone/marble, mafic tuff, graphite schist, pillow lava and subordinate mafic subvolcanic intrusive.

2011 Mineral Resource Estimate

The most recent MRE for the Vieto deposit was produced by MMC in July 2011. SRK was provided with a block model, an exploration drilling database, and a set of geological wireframes. The estimate was accompanied by spreadsheets containing grade and tonnage data, and a supporting report which SRK has reviewed.

In total, 55 diamond drillholes were included in the database, with a total meterage of 9,119 m, with 927 assay intervals (210 modern) averaging 1.4 m thickness. Of the drilled holes, 30 contained assayed intervals and only 5 were modern holes drilled by Hannans; the other 25 were drilled between 1919 and 1987. Table 3-6 shows the breakdown of meterage drilled per year, along with the number of holes containing assays.

The drill spacing is 100x50 m but reduces to 50x50 m in areas of increased complexity. The azimuth of drilling changes with the interpreted orientation of the mineralisation, between 160-200^0 towards the southwest/southeast, with an average dip of 55^0.

Table 3-6: Meterage of drilling per year

Year	1919	1967	1968	1969	1971	1978	1987	2011[1]
No. Of holes	4	5	16	11	2	7	5	5
Meterage	369	740	3,303	1,400	289	1,055	959	1,006
No. Of holes with Assays		5	15	5				5

[1] Holes drilled by Hannans

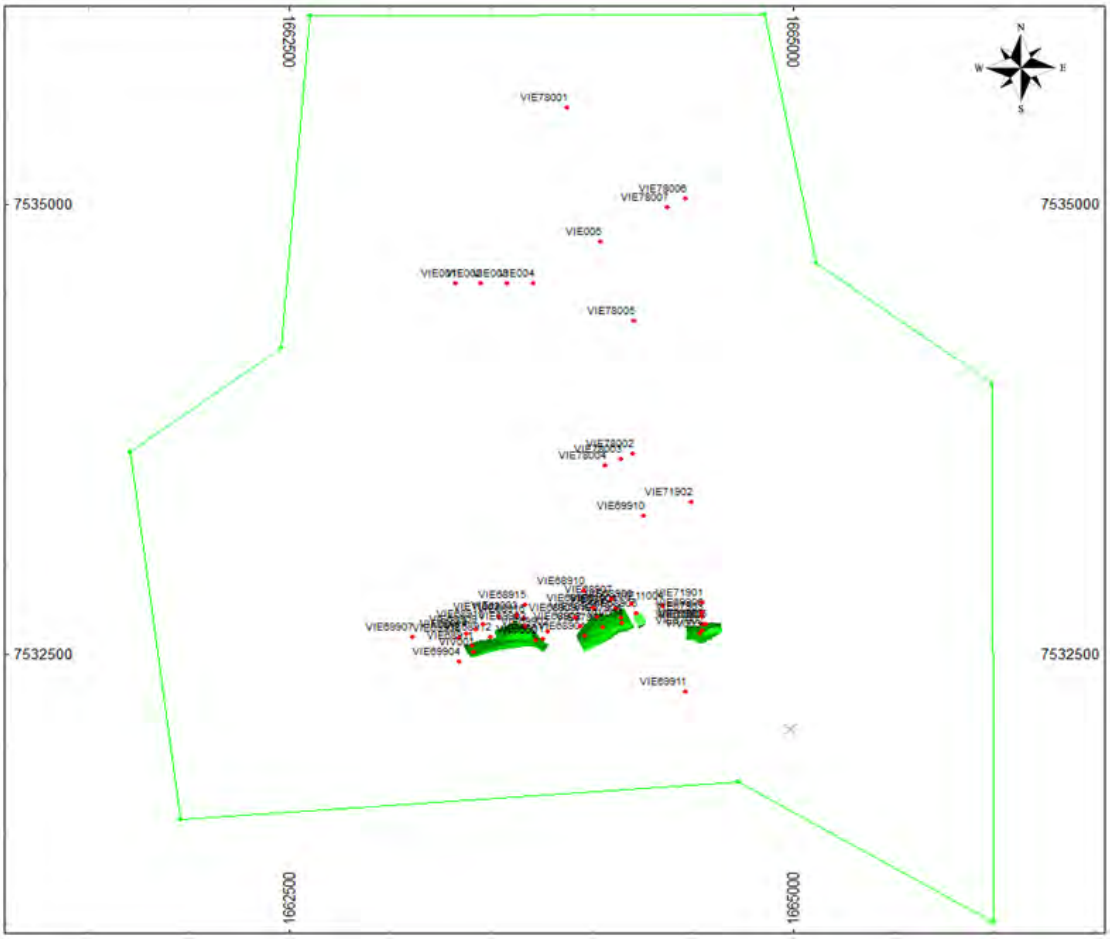

Figure 3-7: Vieto exploration permit boundary relative to drill collars and mineralisation wireframes

A grade tonnage curve was produced in order to visualise the distribution of grade with increasing cut-off grades as shown in Figure 3-8 below. Two populations of data are observed, which represent the low and high grade populations domained separately.

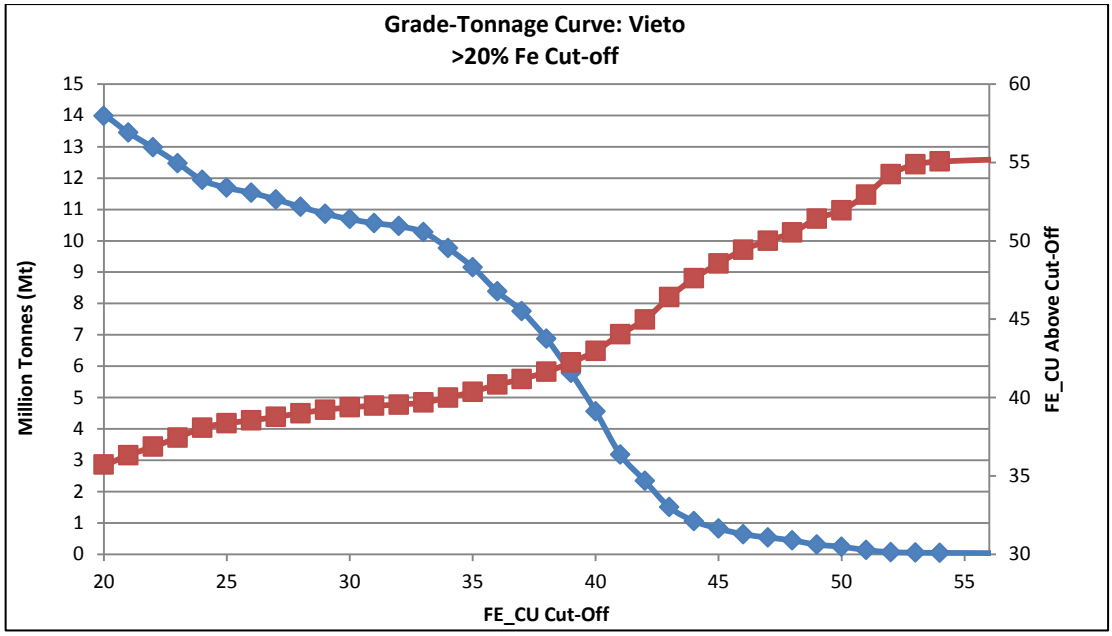

Figure 3-8: Fe% Grade-Tonnage curve for Vieto >20%

Metallurgical Testwork

Document number "J475-RP-000-003-0" was produced by Mineral Engineering, Perth in December 2010, and outlines metallurgical testwork performed on samples from Vieto, including DTR, head assay, and magnetic susceptibility tests. The tests were performed on selected samples from 45 individual drill core samples representing a total intersection of 44.5m from a single drillhole.

Magnetic susceptibility tests confirmed that the vast majority of Fe-rich samples for Vieto were magnetic, presumed to be predominantly magnetite.

The head assay results showed elevated S and P values for Vieto, along with a mixture of Fe grades from <10% to >58%, with an average grade of 32%. It was clear therefore that the ore would require beneficiation to create a saleable product.

In total, 49 composites (including samples from other projects) were chosen for DTR testwork, some were ejected due to the extreme low Fe content. The results show a consistent 70% Fe concentrate grade can be achieved from the majority of samples. This showed that even the lowest magnetite grades were easily upgraded. The Al_2O_3 and SiO_2 grades were considered acceptable. Vieto showed some samples with high S concentrate grades, but acceptable P grades.

3.3.6 Harrejaure and Renhagen

The descriptions of Harrejaure and Renhagen set out below were largely extracted from *Reed, G.C., (2012) Kiruna_Iron_ AB_ DRAFT_ Mineral_Resource_Estimate_Report_v01.*

Location and Access

The Renhagen and Harrejaure projects are located 33 km west-southwest of Kiruna (Figure 3-3) and covered by a single exploration permit, Harrejaure nr1. Access in the summer is via helicopter and by snow scooter during the winter months.

History and Geology

Outcropping mineralisation was first discovered at Renhagen in 1949 by the SGU and was followed up by ground magnetic and trenching. The SGU undertook magnetic and gravity measurements between 1962 and 1963, and completed 5 diamond drill holes for a total of 891m in 1968. A BHP Billiton JV project drilled two drill holes in 2002. A resource for Renhagen was reported by the SGU in 1971 comprising 4.8 Mt with 42% Fe and 6.5 Mt with 28% Fe, to a depth of 175m. GeoVista AB carried out modelling of geophysical data in 2010, and Hannans has now drilled 7 holes totalling 1236m.

The Harrejaure iron occurrence was discovered in the 1940's as a result of an airborne magnetic survey. A northwest trending magnetic anomaly was identified over a distance of greater than 1000m. The mineralisation has been tested by "Rederiaktiebolaget Nordstjernan" who drilled 18 holes over 1.7 km of strike. The reported resource for Harrejaure is 5 Mt of ore with 65.5% Fe, 0.015% P and 0.03% S. In 2011 Hannans completed ground magnetic and gravity surveys at Harrejaure which identified coincident magnetic and gravimetric anomalies. In addition, Hannans has drilled 5 holes as part of a programme of 6 holes for a total of 1,005m.

2011 Harrejaure Mineral Resource Estimate

The most recent MRE for the Harrejaure deposit was produced by (MMC) in January 2012. SRK was provided with a block model, an exploration drilling database, and a set of geological wireframes. The estimated model was accompanied by a draft report outlining details of the estimate.

In total, 32 diamond drillholes were included in the database, with a total meterage of 6,017 m, with 714 assay intervals averaging 1.1 m thickness. Table 3-7 shows the breakdown of meterage drilled per year, alone with number of holes containing assays.

Table 3-7: Meterage of drilling per year

Year	1950	1960	1961	1962	1963	2011[1]
Count	9	2	9	5	1	6
Meterage	1,016	323	2,093	1,259	295	1,031
Count with Assays	0	0	0	0	0	6

[1] Holes drilled by Hannans

A grade tonnage curve was produced by SRK to visualise the distribution of grade with increasing cut-off grades as shown in Figure 3-9 below.

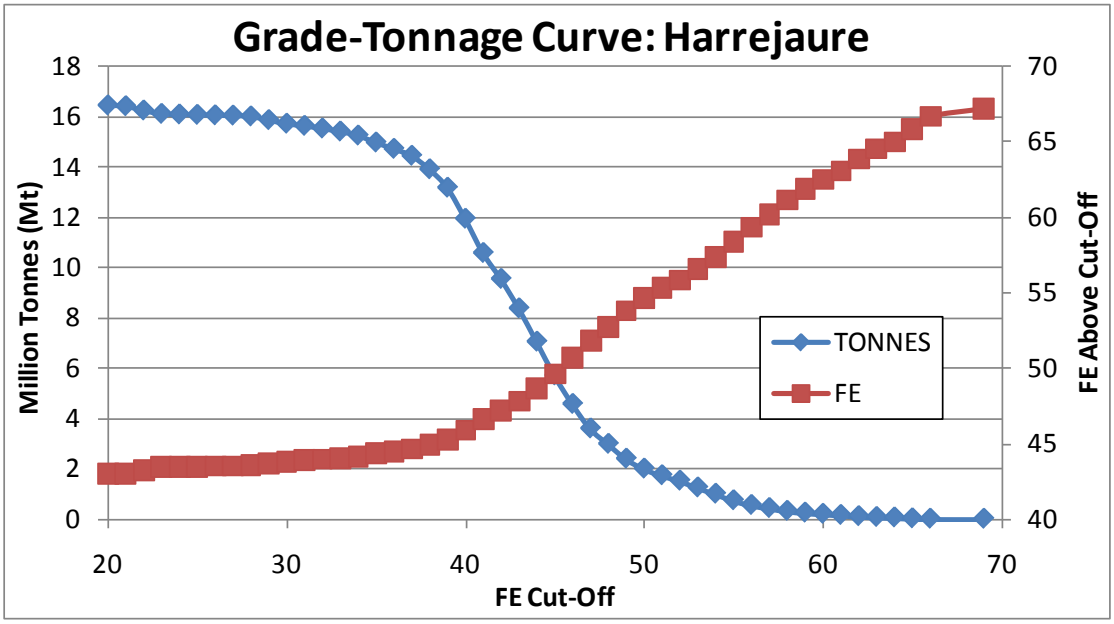

Figure 3-9: Fe% Grade-Tonnage curve for Harrejaure

2011 Renhagen Mineral Resource Estimate

The most recent MRE for the Renhagen deposit was produced by MMC in January 2012. SRK was provided with a block model, an exploration drilling database, and a set of geological wireframes. The estimated model was accompanied by a draft report outlining details of the estimate.

In total, 14 diamond drillholes were included in the database, with a total meterage of 2,512 m, with 966 assay intervals (733 modern) averaging 1.5 m thickness. Table 3-8 shows the breakdown of meterage drilled per year, along with the number of holes containing assays.

Table 3-8: Meterage of drilling per year

Year	1968	2001	2011[1]
Count	5	2	7
Meterage	889	375	1,248
Count with Assays	5	1	7

[1] *Holes drilled by Hannans*

A grade tonnage curve was produced in order to visualise the distribution of grade with increasing cut-off grades as shown in Figure 3-10 below.

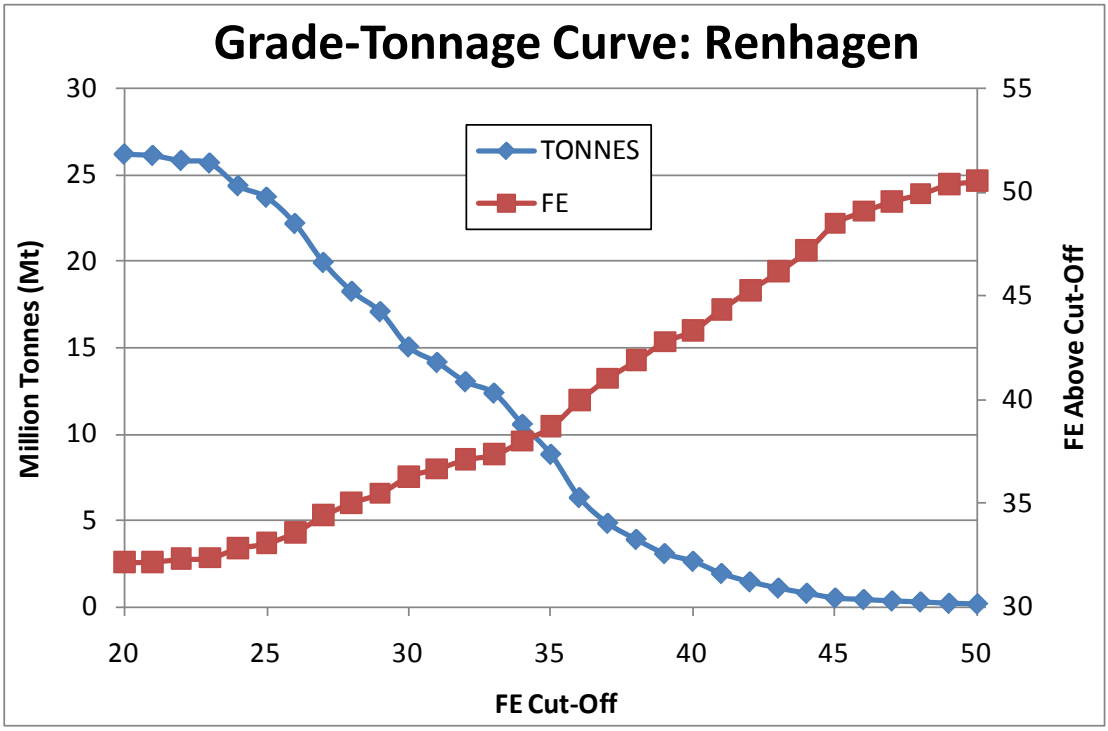

Figure 3-10: Fe% Grade-Tonnage curve for Renhagen

3.3.7 Pahtohavare Copper-Gold Project

Introduction

The Pahtohavare Cu-Au project is the Company's main non-iron asset, having been mined historically by Outokumpu during the 1990's (historic production of 1.7 Mt grading 1.9% Cu and 0.9 g/t Au). The Project is currently under a joint venture agreement with Lovisagruvan AB, who are managing exploration (see also Section 2.2, Agreements).

Location and Access

The project is located in the Kiruna District of Northern Sweden, centred on RT90 (2.5 gon W) coordinates X: 1680500, Y: 7527500 (Figure 3-3 and Figure 3-4). The main access to the project is from the north, along a paved turning to gravel road entering the project on its western boundary. This road must be accessed via the LKAB mine so notification to mine security is required.

There is a gravel road from the south, which is accessed from the Nikkaluokta highway. This road does cross a small creek just before entering the Pahtohavare project so it is not suitable for car access, the crossing can be made during winter using a snowmobile.

History and Geology

The Pahtohavare project was discovered in 1984 following intensive exploration activities by the State Mining Property Comission (NSG) and later by the Swedish state-owned exploration company SGAB. Exploration activities comprised geophysical and geochemical surveying, followed by diamond drilling late in 1984. SGAB continued exploration until 1989, when the project was bought by Outokumpu, who began mining (operated by subsidiary Viscaria Mining AB) in 1990 through to closure in 1997.

In 2002, a joint-venture ("JV") between Anglo American Exploration BV (Anglo) and Rio Tinto Mining & Exploration Ltd (Rio Tinto) acquired the property and conducted limited exploration (including one diamond drillhole and geophysical testwork). Lundin Mining AB (Lundin) then conducted exploration throughout 2005, as part of an option agreement with the JV partners.

The project was acquired from the Anglo and Rio Tinto JV in 2010 by Hannans. In total, 170 of the 311 holes are in the core storage facilities at Malå.

2013 Mineral Resource Estimate

The 2013 Mineral Resource estimate (Table 3-5),was prepared by SRK on behalf of Scandinavian Resources AB and made compliant with the 2012 JORC Code. The report was prepared by Mr Ben Parsons (MAusIMM(CP)) and Mr Johan Bradley (FGS CGeol, EurGeol), who are both Competent Persons as defined by the JORC Code.

Mr Bradley undertook a site visit to the Project area on 25 June 2013, and also the core storage facility in Malå, Sweden on 22 April 2013, in order to assess geological information used for this study.

Data Quality

The data used in the estimation was provided by SCR and comprises mainly historic drilling from the 1980s. SCR has performed check assaying and density measurements in order to verify the historic data. It is the opinion of SRK that the results of the verification show that a reasonable level of confidence can be attributed to the drillhole samples used in the Mineral Resource estimate.

Geological Model

The Pahtohavare project comprises five main mineralised areas: Central, Southeast, South, East and Northwest. The geological model produced by SRK encompasses all bar the Northwest area (due to the sparse drilling and low grade of mineralisation).

Each area comprises several bodies of Cu-Au mineralised material, mainly hosted by a hydrothermally altered package of rocks and graphite schist.

SRK created a geological model based on a statistical review of the validated drillhole data. Mineralisation wireframes created were based on statistical grade breaks with a 0.4% Cu cut-off being applied to the mineralisation domains. Lithological wireframes were created based on logged lithologies.

Mineral Resource Estimate

A 5 m composite file was used in a geostatistical study, which enabled Ordinary Kriging (OK) to be used as the interpolation method. All surfaces have been treated as hard boundaries during the domaining process. The interpolation used an orientated elliptical search following the predominant localised dip and dip direction of the geological domains via dynamic anisotropy. The results of the variography and a quantitative kriging neighbourhood analysis (QKNA) were utilised to determine the most appropriate search parameters.

The interpolated block model was validated through visual checks, a comparison of the mean composite and block grades and through the generation of section validation slices. SRK is

confident that the interpolated grades are a reasonable reflection of the available sample data.

Mineral Resource Statement

The Mineral Resource Statement generated by SRK is divided into open pit and underground Mineral Resources (. Slope angles, mining recoveries and revenue assumptions were used to demonstrate economic viability in the Whittle optimisation and underground cut-off grade calculation. The open pit and underground material defined in the Mineral Resource statement represents the material which SRK considers demonstrates reasonable prospects for eventual economic extraction.

The statement has been classified in accordance with the definitions and guidelines of the JORC Code (2012), by the Competent Person (CP), Ben Parsons (MAusIMM(CP)), who is an independent consultant with no relationship to a SCR employee and has never been employed by SCR. It has an effective date of 12 July 2013.

Copper equivalent (CuEq) has been calculated using metal selling prices of USD3.56 / lb for Cu and USD1,510 / Oz for Au, along with metal recoveries of 90% for Au and 65% for Cu in sulphide material and 80% for Au and 50% of Cu in oxide material. The following equations were used:

- Oxide: CuEq = (1.12 x Au (ppm) grade) + (0.98 x Cu% grade)
- Sulphide: CuEq = (0.97 x Au (ppm) grade) + (0.99 x Cu% grade)

The open pit Mineral Resource is restricted to all material falling within a Whittle pit shell, and above a CuEq cut-off grade of 0.56% for oxide material, and 0.43% for sulphide material. The underground Mineral Resource is restricted to all sulphide material underneath the Whittle shell above a copper equivalent cut-off grade of 1.48%.

The Pahtohavare project has an Inferred Resource of 2.3 Mt grading 1.7% Cu and 0.56 ppm Au. SRK has not delineated any Measured or Indicated Resources. The reported Resource has been depleted for mining during the 1990s by Outokumpu using historic mine plan maps and sections, along with assumed stope locations.

Grade-Tonnage Curves

Grade-tonnage curves for the Resource blocks are shown in Figure 3-11 and Figure 3-12 for Cu (ppm) and Au (ppm), respectively. The curve shows the relationship between the modelled tonnage and grade at increasing cut-off grades.

The Cu curve shows a steeply decreasing tonnage with an associated increasing Cu grades between cut-offs of 5,000 – 20,000 ppm, then a shallowing of the curve where a higher-grade portion of the Resource shows a flatter curve. This shows that a relatively large portion of the Resource, ~0.5 Mt, is >20,000 ppm Cu. The Au curve shows a similar pattern, with the majority of the Resource blocks between cut-offs of 0.1 – 0.7 ppm Au.

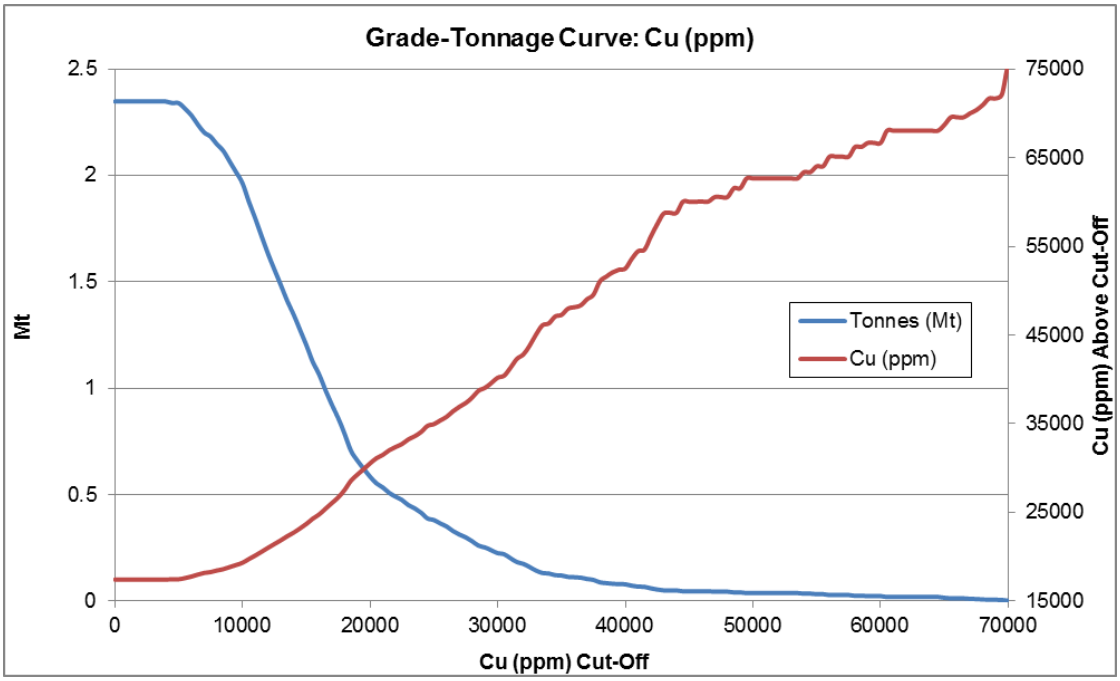

Figure 3-11: Grade-Tonnage curve for Cu (ppm) for all Resource blocks

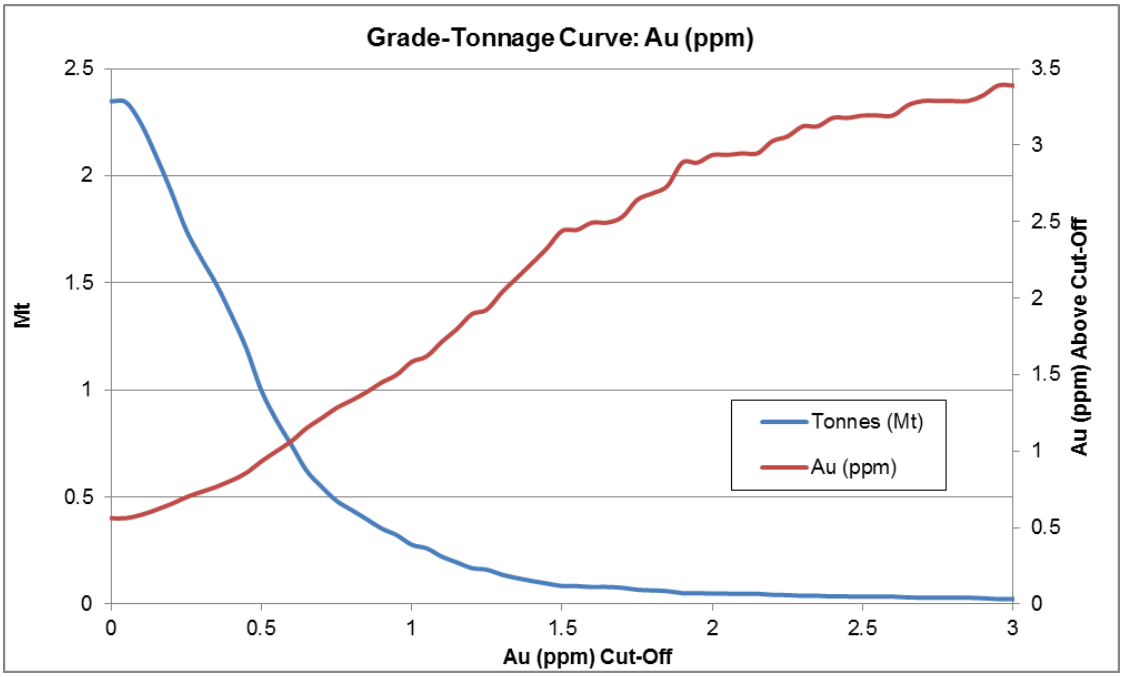

Figure 3-12: Grade-Tonnage curve for Au (ppm) for all Resource blocks

Exploration Target

As part of the 2013 Mineral Resource estimate, SRK also delineated an Exploration Target of between 2 – 4 Mt of material grading between 0.3 – 0.7% Cu (with negligible Au grades) for the East area, based on blocks within the digitised mineralisation wireframes, but not reported above a cut-off grade. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Metallurgical Testwork

In 2014 Hannans engaged Independent Metallurgical Operations Pty Ltd (IMO) from Perth, Western Australia to oversee preliminary metallurgical testwork designed to test the recoverability of copper and gold from the oxide ore. Activation Laboratories Ltd (Actlabs) located in Ontario, Canada was awarded the contract to undertake the physical testwork.

IMO completed a detailed review of historical metallurgical testwork reports from Pahtohavare and developed a testwork flow-sheet focussed on ore characterisation, grinding and preliminary leaching testwork Stage 1 (2014).

Using a 600kg bulk sample (comprising reverse circulation crusher rejects from Hannans 2013 RC drilling campaign) two separate master composites were produced. The Stage 1 (2014) master composite was mistakenly homogenised to the Whittle optimized cut-off grade of 0.56% Cu rather than the current resource grade of 1.8% Cu. Whilst not optimal, it was not believed to not have significantly reduced the value of the test.

Stage 1 (2014) – Ore Characterisation & Solubility

- The ore characterisation (i.e. copper speciation) testwork determined both the percentage of copper contained within oxides, carbonates, sulphides and silicates and what percentage of the copper is acid soluble. In summary:
- 94-99% of all copper bearing minerals are present as chrysocolla or chrysocolla with chlorite/smectite or iron oxide/hydroxides (>94%) across all size fractions;
- <5% of the copper containing minerals are present as chalcopyrite, bornite and chalcocite;
- no observations of malachite or azurite;
- 80% of the copper can be recovered using an acid leach; and
- 4-8% by weight of the master composite is comprised of copper containing minerals.

Stage 1 (2014) – Bond Ball Work index (BBWi) Grindability

BBWi (a separate 50kg historical core sample) testwork was completed at a final screen size of 106µ and produced a value of 8.2kWh/t for the weathered composite and 11.6kWh/t for the fresh composite. These values indicate that the weathered material can be classified as soft and the fresh material can be classified as medium hardness.

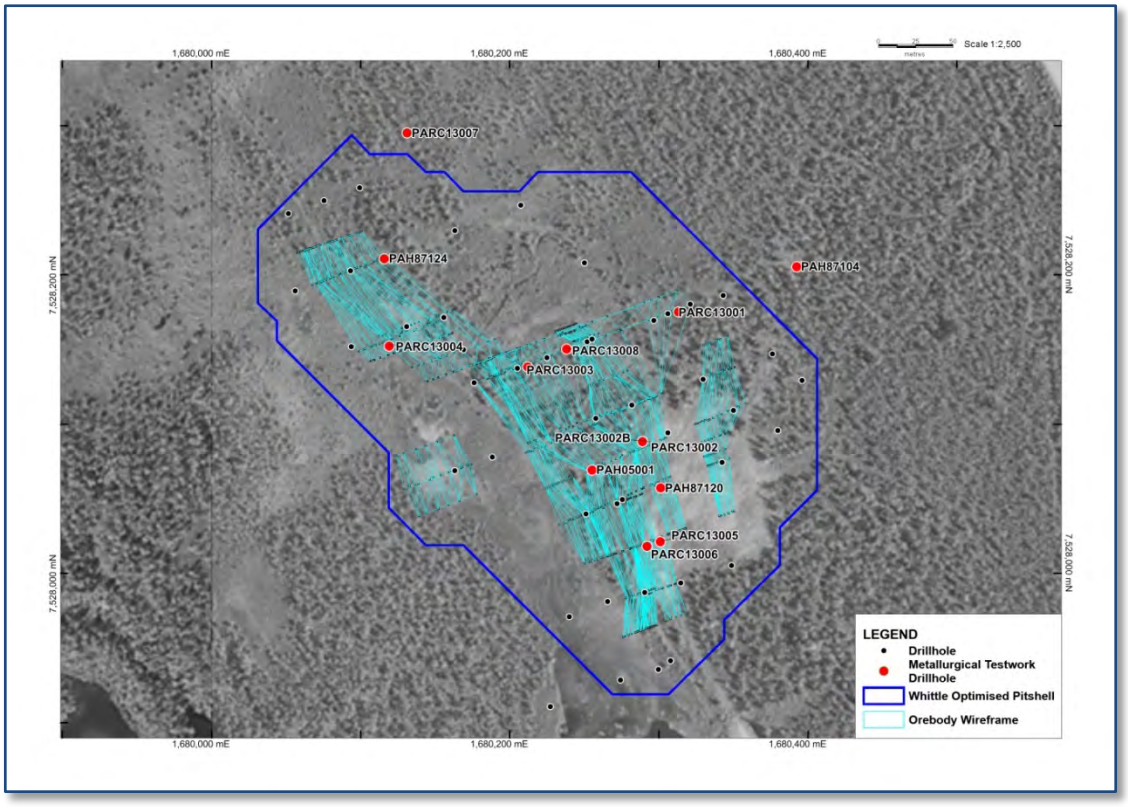

Figure 3-13: Map showing the location of the drillholes used in the metallurgical testwork in relation to the orebody wireframes and Whittle optimised pitshell.

After receiving positive initial metallurgical testwork on oxide ore from the Central deposit a second stage of testwork was designed, again by Independent Metallurgical Operations Pty Ltd (IMO) from Perth, Western Australia and implemented by Activation Laboratories Ltd (Actlabs) located in Ontario, Canada.

The aims of the Stage 2 (2015) testwork were to:

- Generate a new master composite from available samples with resultant feed grade closer to the current resource grade of 1.8% Cu and 0.6 g/t Au.
- Complete an acid leach followed by cyanide leach bottle rolls on weathered and fresh samples at varying crush/grind sizes (212µ & 106µ) to assess the amenability of deposit to traditional agitated leaching and continuous vat leaching (CVL). The recovery of copper and gold together with reagent consumptions were to be assessed.
- Complete additional copper speciation testwork using the new master.
- Complete viscosity testwork to ascertain any material handling issues due to the presence of swelling clays, noting the presence of swelling clays from Stage 1 XRD testwork.

The Stage 2 (2015) copper speciation testwork was undertaken using an aggressive acid (H_2SO_4) concentration of 50g/L over 1 hour. The acid leach residue was then leached with 5% NaCN (cyanide) for 30 minutes. The results of the Stage 2 (2015) copper speciation testwork can be summarised as follows:

- The percentage of acid soluble copper for each of the three composites ranged from 83.10-87.85%.
- The percentage of refractory copper (the amount reporting to the residue) for each of the three composites ranged from 11.43-13.86%.
- Cyanide soluble extractions were low for all three composites.

The mineralogy results indicated that only a small portion of the refractory copper was as chalcopyrite; the refractory residue grades may indicate a proportion of the cupriferous clays is retaining copper at a fine size (below a P_{80} size of 106µ). Further mineralogical testwork of the residues are required to confirm this.

Intermittent Bottle Roll (IBR) acid leach testing was intended to be performed on the Stage 2 (2015) Master Composite, but was done on completed on drill core from PAH05002 and not on the more representative Master Composite comprised of crusher reject material from multiple holes across the orebody which was comprised of crusher reject material from multiple holes across the orebody. The change was recommended by IMO as their opinion was is of the opinion that any leaching testwork on samples from the Master Composite will not be indicative of actual leaching given that the size fraction of the material was to fine grained and they recommend that any future leaching testwork is again completed on drillcore.

The IBR acid leach testing was undertaken using an initial acid (H_2SO_4) concentration of 10g/L for two hours, subsequently maintained at 5g/L. Solution samples were taken after 2, 4, 8, 12 and 24 hours and subsequently taken every 24 hours through to completion after 168 hours or 7 days. The IBR acid leach results show that the leach kinetics at a sustained acid concentration of 5g/L are slow, with the extraction rate decreasing substantially after 2hrs.

IMO completed forward kinetic modelling to assess the leach extraction and acid consumption rate based on a sustaining acid concentration of 10g/L over the same retention times used in the actual IBR acid leach tests. The results of the modelling can be summarised as follows:

- The average acid consumption for the weathered material in the crush size range of 6mm-1mm after 48 hours is ~19kg/t returning a copper extraction of ~45%.
- The average acid consumption for the weathered material in the crush size range of 6mm-1mm after 168 hours is ~23.5kg/t returning a copper extraction of ~55.2%.
- The average acid consumption for the fresh material for a crush size of 3mm after 48 hours is ~7kg/t returning a copper extraction of ~87.9%.
- The average acid consumption for the fresh material for a crush size of 3mm after 168 hours is ~8.5kg/t returning a copper extraction of 87.9%.

The modelling concluded that an acid concentration in the range of 15-20g/L is likely required for the weathered or oxidised material to achieve optimal copper extraction levels. The IBR acid leach tests indicated there is a low sensitivity to crush size which is positive.

3.4 Description of Exploration Targets with potential tonnage and grade ranges.

Hannans reports that these Assets have been subjected to diamond drill testing, ground geophysics and historic interpretation by the SGU, which has then been subject to review by Mr Thomas Lindholm of GeoVista AB. The location of these assets are presented in Figure 3-14 and Figure 3-15 below.

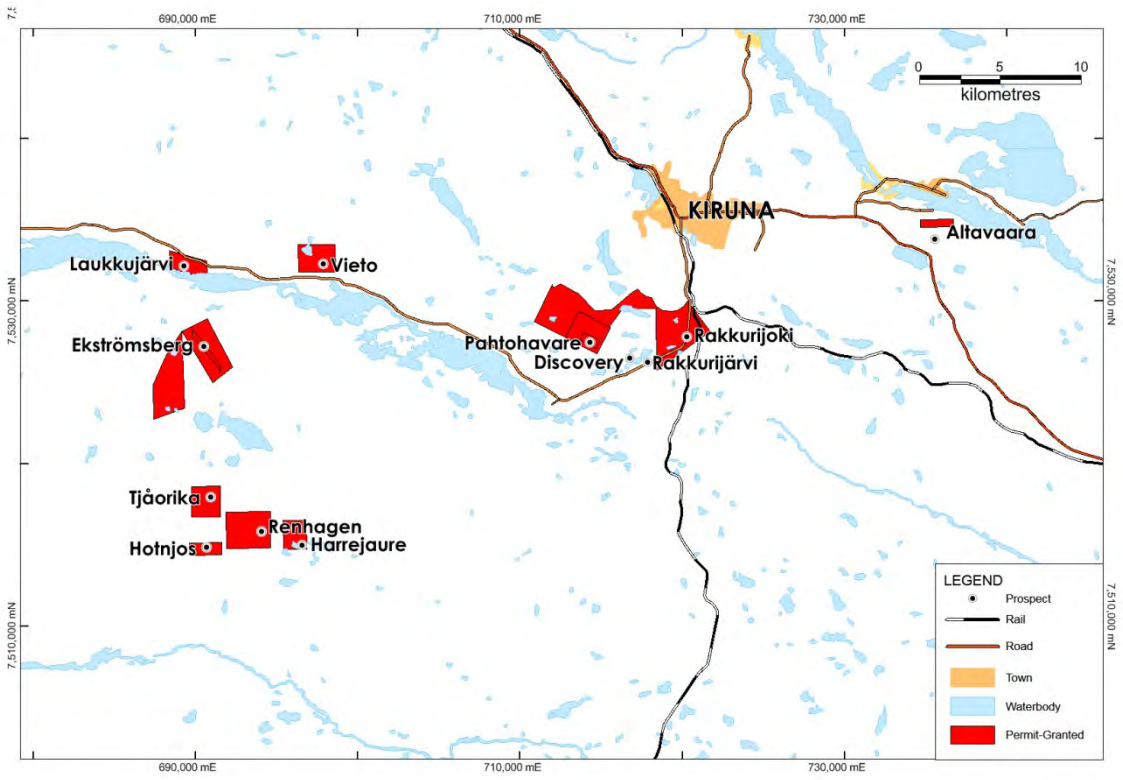

Figure 3-14: Asset location in the Kiruna Area

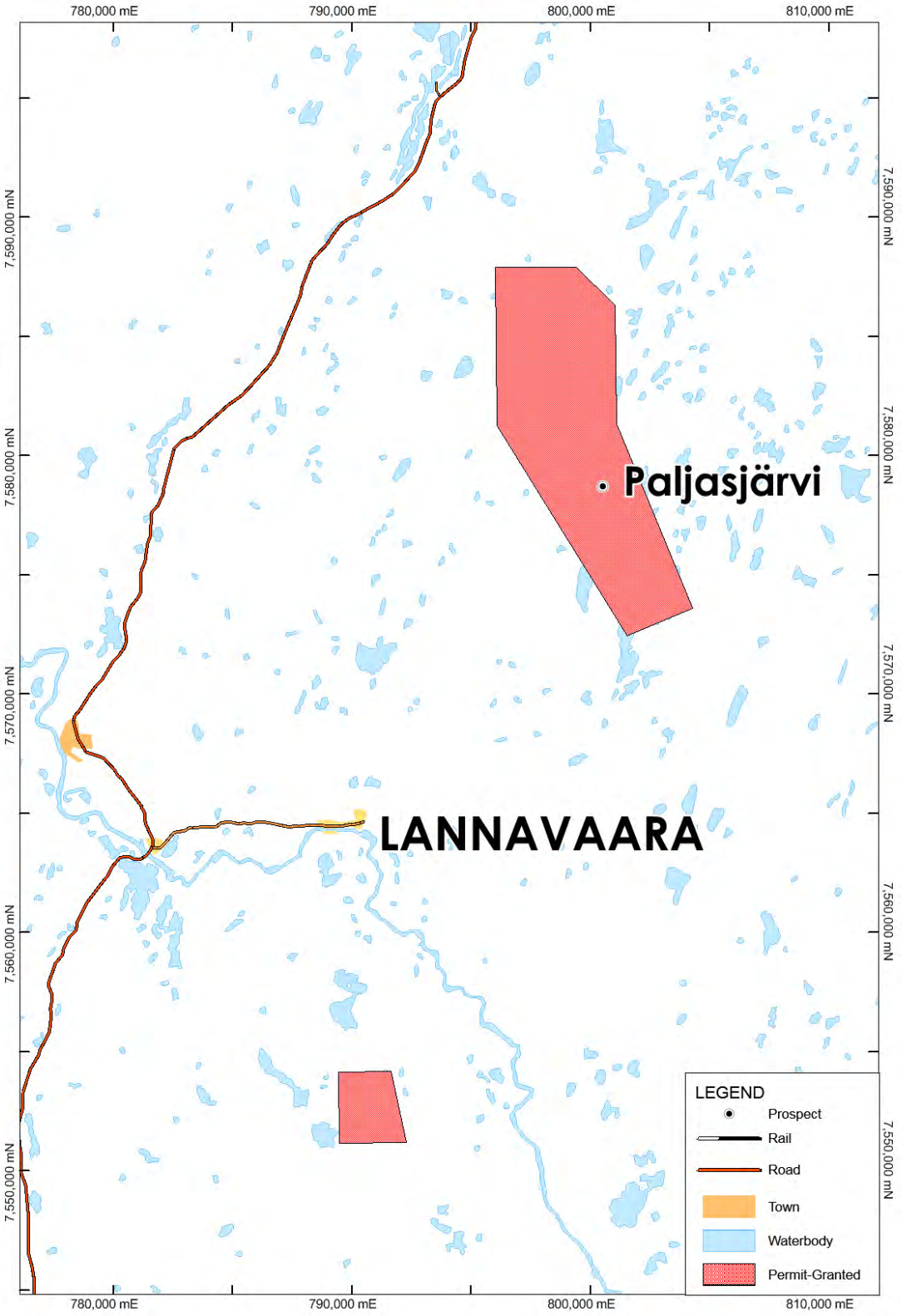

Figure 3-15: Asset location in the Lannavaara area

SRK notes that the potential tonnage and grade ranges presented in Table 3-9 below are conceptual in nature, that there is either insufficient exploration data and/or interpretation to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Table 3-9: Hannans JORC Compliant Exploration Targets Fe Projects, September 2015

Hub 1 - Kiruna Hub		
Prospect	**Mt**	**Fe (%)**
Laukkujärvi	4-8	30-35
Tjåorika	15-30	45-55
Total Hub 1	**19-38**	**38-45**
Hub 2 – Lannavaara Hub		
Prospect	**Mt**	**Fe (%)**
Paljasjärvi	40-60	30-40
Total Hub 2	**40-60**	**30-40**
Total	**Mt**	**Fe (%)**
Hub 1 & 2	59-98	33.6-42.5

Table 3-10: Hannans JORC Compliant Exploration Target, Pahtohavare Project, September 2015

Prospect	**Mt**	**Cu (%)**
Pahtohavare	2-4	0.3-0.7

A description of each asset is presented below, along with comments by SRK. See Section 3.3.7 for a description of the Pahtohavare project.

3.4.1 Laukkujärvi

The Laukkujärvi project is located approximately 30km west of Kiruna, just north of the paved road toward Nikkaluokta (Figure 3-3).

The Laukkujärvi magnetite mineralisation was discovered 1898. SGU measured the magnetic vertical field and the gravity field in the between 1950 and 1970 and drilled 5 drillholes on the iron occurrence. The mineralisation occurs within the Kiruna Greenstones and is classified as a skarn iron ore. The southernmost lens is largely altered to martite. Chalcopyrite mineralisation occurs within the iron mineralisation (best section 22 m with 0.38% Cu) and within conglomerate and porphyries c. 500 m west of the iron deposit (best section 12.07 m with 1.1% Cu and 0.1 g/t Au).

A resource estimate was produced by the SGU in 1973 who reported 6 Mt at 25-30% Fe, 0.07-0.3% P and 1-2% S to a depth of 100 m. GeoVista carried out an interpretation and modelling exercise of ground magnetic, airborne magnetic and regional gravity in 2010.

Metallurgical testwork from drill core samples was carried out by Mineral Engineering (2010). Magnetic susceptibility tests confirmed that the vast majority of Fe-rich samples for Laukkujärvi were magnetic, presumed to be predominantly magnetite. Head assays showed

mixed results, with one sample containing very high Fe (45-51%), with low P (0.02-0.04%), S (0.009-0.1%), but high Al_2O_3 (4%) and SiO_2 (16%), and another sample with extremely low Fe (2-9%), which was considered waste material. The high grade sample still required beneficiation to account for the high Al_2O_3 and SiO_2. Davis Tube test work results confirmed all samples had acceptable P and S grades from Laukkujärvi, suggesting that a saleable concentrate could be produced through magnetic separation alone.

3.4.2 Paljasjärvi

Paljasjärvi is located 90 km northeast of Kiruna and 12 km east of the road between Vittangi and Karesuando. The magnetic anomaly associated with the mineralisation is located between the ridge formed by Rangasvaara, next to Sautustunturi and the small creek Sautusjoki.

Paljasjärvi is a skarn iron ore typical of the upper part of the Karelian greenstones consisting of magnetite together with serpentine, pyroxene, amphibole and minor amounts of pyrite. The ore horizon is about 3,800m long, and dips steeply towards the east. Historic drilling suggests the mineralisation is approximately 30m wide.

The Paljasjärvi deposit was explored by Jonson & Co in 1963, who drilled 7 drillholes for a total of 830m, estimating a tonnage and grade of 45Mt at 40% Fe to a depth of 300m.

The Paljasjärvi area was recently flown by the Geological Survey of Finland (GTK), although the date and technical specifications of the survey are not known. Through modelling of this data and utilising the results of historic drilling as control, the Company's geophysical consultant (GeoVista AB) has derived a potential grade and tonnage range for Paljasjärvi (Table 3-10).

3.4.3 Tjåorika

The Tjåorika project is located 33 km west-southwest of Kiruna (Figure 3-3) and covered by a single exploration permit, Harrejaure nr1. Access in the summer is via helicopter and by snow scooter during the winter months.

The Tjåorika iron occurrence was discovered in the 1950s by a private Swedish exploration company and was subsequently investigated by "Rederiaktiebolaget Nordstjernan" who carried out geophysical measurements and drilled 4 holes. A historic resource estimate has not been derived for the Tjåorika project. However, the SGU estimated a conceptual exploration target for Tjåorika, of 2.5 million tonnes of ore with 57% Fe.

3.5 Early stage iron projects in the Kiruna Area

Table 3-11 provides a summary of the early stage exploration projects considered prospective for iron mineralisation within the Kiruna area. Methods of exploration performed to date are noted and include work carried out by the Company and previous exploration groups.

Table 3-11: Summary of Hannans early stage exploration projects

Region	Asset / Project Name	Diamond Drilling	Trenching / Test Pits	Ground Geophysics	Reconnaissance Sampling
Kiruna Area	Piedjastjåkko	√		√	
	Lannavaara			√	

The projects are very early stage exploration targets, with limited exploration data. These assets are not considered of material importance to the valuation, and have not been described in detail due to the lack of supporting information. Notwithstanding this, SRK has considered these as part of the valuation as discussed below.

3.6 Early stage lithium projects in the Skellefteå Area (Northern Sweden)

3.6.1 Introduction

Sweden has several well-known lithium occurrences, including the Varuträsk (Li) deposit, located near the city of Skellefteå and the Järkvissle (Li-Sn) deposits located in central Sweden. Seven licences covering areas considered prospective for lithium-bearing granites / pegmatites were recently acquired by the Company. All seven licences lie in the Skellefteå area of northern Sweden. Licence details for these are summarised in Table 3-12 and location presented in Figure 3-16 below.

Table 3-12: Lithum Asset Licence Summary

Licence Name	Area (ha)	Expiry
Tvärliden nr 1	44	March 2019
Varuträsk nr 1	15	March 2019
Vorrmyran nr 1	42	March 2019
Klöverfors nr 1	259	April 2019
Nide nr 1	82	April 2019
Hällberg nr 1	42	May 2019
Hällberg nr 2	21	May 2019
Total Area (ha)	505	

These prospects are at an early stage of development and the Company is in the process of developing an exploration plan for these. The Company notes that these targets are mostly conceptual in nature and require field verification.

Given the early stage and conceptual nature of these lithium prospects, SRK have not considered these assets as part of the valuation and understand from the Company that a separate report will be prepared for these.

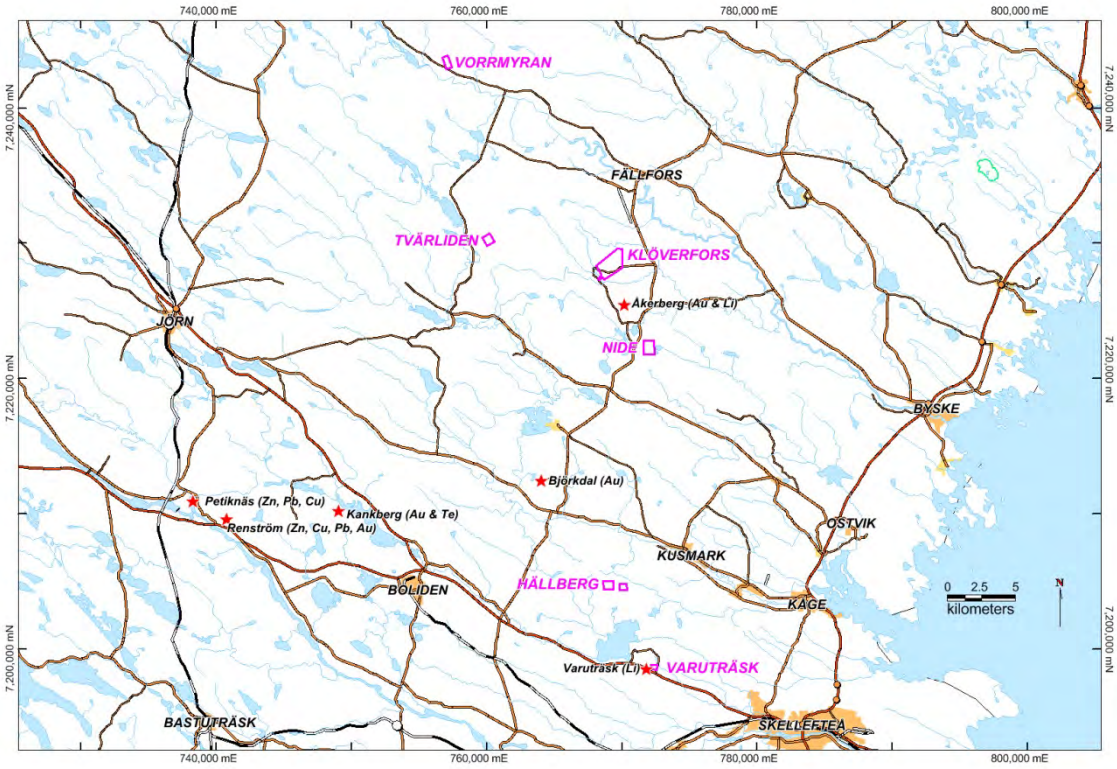

Figure 3-16: Lithium Asset Location Map, Skellefteå Area

A brief summary of each asset is presented in the following sections, based on an internal memo-style report prepared by the Company. In addition to those described briefly below, the Klöverfors and Nide prospects are considered to host pegmatite dykes and pegmatite granites respectively.

3.6.2 Varuträsk

The Varuträsk pegmatite is located approximately 10km northwest of the city of Skellefteå. The pegmatite was first discovered in 1933 by a private land owner and was subsequently investigated and mined by Boliden from 1936-46 through underground and open-cut mining. The following historic production figures have been reported: 2059t quartz, 387t feldspar, 1382t petalite, 837t spodumene, 238t amblygonite, 100t lepidolite, 1.6t beryl, 0.7t muscovite and a total of 90.5t lithium and 63.3t cesium produced from processing of this material.

Between 1983 and 1984, Swedish Geological AB (on behalf of Boliden), completed Quaternary mapping, moraine sampling, trenching and diamond drilling at Varuträsk. This prospecting work identified a new pegmatite lens located approximately 1km north of the previously mined pegmatite. The drilling extended the strike length of the main pegmatite to 550m but no notable lithium mineralisation was identified.

Based on an initial review of historic data, the Company consider good potential to for the lithium-bearing pegmatite(s) to be open along strike and depth.

3.6.3 Tvärliden

Roughly 11km northwest of the historic Åkerberg mine, lies an occurrence of Skellefte-type granite. This mapped unit is approximately 900m in strike length, with the Company's licence covering roughly half of this (the remainder is covered by an existing permit owned by a third party). Tourmaline has been noted at this occurrence, which the Company consider a positive indication for lithium-bearing pegmatite. The Company notes that successful exploration programme will likely depend on reaching a joint venture agreement with the owner of the adjoining licence covering this prospect.

3.6.4 Vorrmyran

13km north-northwest of Tvärliden is another occurrence of Skellefte-type granite, approximately 780m in strike length. This intrusive has now been covered by the Company.

3.6.5 Hällberg

6.5km north-northwest of Varuträsk are two relatively large units mapped as Skellefte-type granite; one unit of these is over 2km in strike length and the second is approximately 1km in strike length. Two permits covering the main areas of these units have been acquired by the Company.

4 VALUATION OF MINERAL ASSETS HELD BY HANNANS

4.1 Introduction

Hannans has interests in a number of exploration projects in Sweden. This section presents a valuation of these Assets which is valid at 27 June 2016. The majority of the licences held by Hannans are at an early stage of development

The following section presents the technical valuations derived by SRK for the Assets by method and development stage. All valuations presented herein have been adjusted to reflect Hannans ownership of the Assets. The Assets are 100% owned by Hannans, with the exception of:

- Pahtohavare, which is 49% owned (see Section 2.2 Agreements); and
- Tjåorika, Laukkujärvi, Renhagen Harrejaure and Vieto, which are 25% owned by Tasman Metals AB.

The recently acquired licences covering lithium assets (Section 3.6), are not considered as part of the valuation.

While the VALMIN Code states that decisions as to which valuation methodology is used are the responsibility of the Practitioner, where possible, SRK considers a number of methods. The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

Valuations of such projects are subjective and SRK's approach is to consider various valuation methodologies to derive a range of appropriate values. The methods used by SRK in this case were as follows:

- Multiples of Exploration Expenditure (MEE);
- Joint Venture Terms Method (expenditure-based);
- Modified Kilburn Method (area based); and
- Comparable Transaction Method.

4.2 Valuation Approaches

The three generally accepted Valuation approaches, as listed and defined in the CIMVAL Code (2003) are:

- Income Approach;
- Market Approach; and
- Cost Approach.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the property, and hence the amount and quality of the information available on the mineral potential of the property.

In general these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market derived data. Various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some

instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

In general these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market derived data.

The **"Market Value"** is defined in the VALMIN Code as, is the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion. The Market Value is usually comprised of two components, the underlying Technical Value (defined below) of the mineral asset, and a premium or discount related to market, strategic or other considerations.

The **"Technical Value"** is defined in the VALMIN Code as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

4.3 Market and Transactions

4.3.1 Iron Ore

The variation of iron ore price in USD as well as the Swedish krona (SEK) exchange rate against the USD for the period January 2010 to March 2016 is shown in Figure 4-1.

Figure 4-1: Iron ore price and USD:SEK exchange rates (Source:Infomine)

The price of iron ore has been in general decline since 2011 in USD terms. The Swedish Krona was relatively stable against the USD between 2011 to mid-2014, demonstrating a

general depreciation since that time, to the present day.

4.3.2 Iron Comparable Market Transactions

In assessing a valuation factor for iron resource tonnes, SRK analysed 12 transactions of iron properties where sufficient data was available and considering the following asset criteria:

- Magnetite iron;
- Early stage projects in Reserve Development (those without Reserves); and
- Projects containing less than 150Mt of total Mineral Resources.

The transactions were analysed in terms of the implied purchase price in USD and the declared resource base at the time of the transaction. All values and factors quoted are in USD. Consideration paid in shares was considered at a 10% discount to cash consideration and contingent payments were risk weighted. Share prices at the time of the announcement of the transactions were considered where shares formed a part of the consideration and the timing of payments, as set out in the initial agreements, was also taken into account.

The iron price at the time of the transaction was considered, and the implied USD/tonne contained iron transaction price was normalised to April 2016 iron ore price of 62.8USD/tonne (Iron Ore 62% China Imp CFR).

Of these original 12 transactions (Table 4-2), only those having taken place since January 2011 were considered, in an effort to reflect the bearish market sentiment towards iron the iron ore price since this time. In addition, two additional transactions were eliminated as outliers with respect to their implied USD/t contained iron.

The remaining four transactions deem suitable for comparison are highlighted in blue in Table 4-1 below.

Considering these remaining 4 transactions, the implied price in USD per tonne contained iron (when normalised to the average November 2015 iron ore price of 62.8USD/tonne), ranges from USD0.02 to 0.37, with a median of USD0.27 and a weighted average of USD0.08 (Table 4-1).

SRK notes that the normalised weighted average implied price considering all 12 transactions is very similar, at USD0.10 per tonne contained iron in resources.

In summary, SRK considers the derived value of USD0.08 per tonne contained iron to be a reasonable factor on which to base the valuation of those assets with existing Mineral Resource estimates.

Table 4-1: Selected iron transactions used for comparison

	*Normalised USD/tonne
Number	4
Min	0.03
Max	0.42
Mean	0.27
Median	0.31
Weighted average	0.10

* Normalised to the April 2016 iron ore price of 62.8USD/tonne

Table 4-2: Comparative Iron Transactions

Project	Country	Transaction Announcement Date	Transaction Type	Buyer	Seller	Equity	Synopsis
Pearson	Canada	29/5/2013	Cash	Private interest	Pacific Iron	100.0	Agreement to sell all interests in Pearson Project for USD5.6M to a private corporation based in British Columbia.
El Sol	Canada	13/11/2012	Cash	Ontario Iron Mining Inc	Northern Iron Corp	100.0	Acquisition of El Sol for USD5M cash. This agreement seen as first step in OIMI and Northern's collaboration in developing the district and acquiring the strategic funding required for building the mining infrastructure in the area.
San Gabriel	Chile	7/12/2011	Cash	Hierro Tal Tal SA/	Anaconda Mining Inc	50.0	Sale of Chilean iron ore exploration assets to a private Chilean company, Hierro Tal Tal S.A., for up to USD11M cash in Compania Portuaria Tal Tal S.A. ("CPTT").
Lannavaara	Sweden	6/9/2011	Contingent Payments	Scandinavian Resources Ltd	Boliden	100.0	Contingent payments for exploration and mining of iron (only) in the Lannavaara licence.
Cerro Ccopane	Peru	22/7/2011	Cash	Strike Resources Ltd	Cuervo Resources Inc.	49.0	Investment agreement, under which Strike will provide two-stage financing of up to $CDN 15 million to Cuervo to fund advanced exploration.
Ekströmsberg	Sweden	6/6/2011	Cash + Stock	Scandinavian Resources Ltd	Roslagen Resources	100.0	Acquisition of four early stage exploration properties for USD6.4M.
Magnetite Range	Australia	13/9/2010	Cash	Xingang Resources (HK) Ltd	Accent Resources NL	9.4	Placement raising USD4.5M made to a wholly owned subsidiary of 3.3 million tonne per annum (expanding to 4.5 million tons per annum) Chinese steel producer Xinyang Iron and Steel, a potential off take partner for ACS.
Wilcherry Hill Iron	Australia	15/4/2010	Cash	MCCM Capital Management Co Ltd	IronClad Mining	50.0	IronClad Mining and Trafford Resources, participants in the Wilcherry Hill iron ore joint venture, have signed an agreement with MCCM Capital Management Co. Ltd. whereby MCMC can earn a 50% interest in Stage One of the Wilcherry Hill Project in South Australia by spending AUD$35 Million.

Apurimac	Peru	27/7/2009	Cash	Strike Resources Ltd	Iron Associates Corporation (IAC)	50.0	Strike announced reached a comprehensive settlement with its partners in Peru, through which all legal disputes regarding Strike's interest in Peruvian company Apurimac Ferrum S.A. (AF) were fully resolved. Key details include settlement with a direct 44% equity interest in AF, an option to move to 63% for USD21.1M and potentially to 100% through a 'shootout offer' mechanism which can be initiated at Strike's election. Also Strike's net liabilities to its partners D&C and MAPSA, totalling approximately USD24.25M were cancelled. Strike may instead, at its election, advance to AF up to USD20M over the next 3 years (from transaction date) to progress development of AF's iron ore concessions, secured with a first registered mortgage over AF's concessions.
Southdown	Australia	31/5/2007	Cash, Contingent Payments	SOJITZ CORP	Grange Resources	30.0	Grange Resources announced a wholly owned subsidiary of the Japanese trading company Sojitz Corporation has 31/05/07 entered into a binding Joint Venture Implementation Agreement to become a 30% joint venture partner in Grange's Southdown Project.
Guelb el Aouj	Mauritania	25/5/2006	Cash	Investor Group	Sphere Investments limited	17.2	Sphere investments signed a Share Placement Agreement with Qatar Steel Company plus other consortium companies.
Iron Mountain	USA	26/8/2005	Cash	LUXOR CAPITAL GROUP LP	Western Utah Copper and Palladon	50.0	Palladon announced that Luxor Capital Partners had become an equal partner participant in the Iron Mountain Project, acquiring a full 50 percent interest, with Western Utah Copper giving up its original 35 percent, and Palladon reducing its interest from the original 65 percent, to 50 percent. This was in return for Luxor's assistance in restructuring the original USD10.3M loan that allowed Palladon and Western to purchase the Iron Mountain Project

4.3.3 Iron Comparative Transactions – Area Based

Two of the transactions presented in Table 4-2 and highlighted in red were analysed in terms of implied value per square kilometre of tenement area. The implied USD/km^2 values for the two relevant transactions when normalised to April 2016 iron ore price of 62.8USD/tonne ranged from USD11 731/km^2 to USD41 612/km^2, with the area-weighted average value of 28 003USD/km^2.

SRK notes that both these projects were at similar development stages (historic resource estimates), similar in area (2.6km^2 and 3.1km^2 respectively) and location. Indeed, some of these assets were acquired by the Hannans group through these transactions and remain within the Company's portfolio. The reason for the range of area based values is the number of assets contained within the licences (two and four respectively).

4.4 Valuation

4.4.1 Valuation Basis

SRK's valuation basis is summarised in Table 4-3.

Table 4-3: Valuation basis by development stage

Development Stage	Valuation Basis	Applied Valuation Methods
Early Stage	Areal extent and exploration potential Past exploration expenditure	Comparable - Area Based Modified Kilburn Multiples of Exploration Expenditure
Exploration Target with potential grade-tonnage range	Areal extent and exploration potential Past exploration expenditure	Comparable - Area Based Modified Kilburn Multiples of Exploration Expenditure
Mineral Resource Estimate	Declared Mineral Resource Past exploration expenditure Joint Venture Terms	Comparable – Contained Metal Multiples of Exploration Expenditure Joint Venture Terms

4.4.2 Multiples of Exploration Expenditure (MEE)

This Cost based method measures the amount of monies spent on the project to date and evaluates the contribution to value made by these funds. In applying this method, there is an assumption that the value of the property has a direct correlation to the funds spent. This method is typically used for less advanced exploration projects.

SRK has reviewed Hannans management information and historical expenditure that has increased knowledge of the asset and added value to it (Table 4-4).

Historical expenditure (prior to Hannans ownership) is based primarily on the number of drill holes intersecting mineralisation at each asset, valued in terms of how much this work would likely cost in today's terms. This historic expenditure is then discounted by 75%, to reflect the absence or uncertainties in supporting data, for example; QAQC, surveyed collar locations, down-hole surveys, core recovery as well as missing archived core.

Exploration expenditure by Hannans valued in Swedish Kroner, has been converted to USD using an exchange rate of 1 USD = 7.10 SEK, which represents the average rate over the

period 1 January 2007 to April 2016.

Table 4-4: Summary of total exploration expenditure by asset

Asset	Discounted Historic Expenditure (USDk)	Hannans Expenditure (USDk)	Total Spend (USDk)
Piedjastjåkko		1	1
Lannavaara		25	25
Sub-total Early Stage Assets		**26**	**26**
Tjåorika	45	111	156
Laukkujärvi	50	774	824
Paljasjärvi/Sautusjärvi	60	198	258
Sub-total Expl Targets	**155**	**1 084**	**1 239**
Renhagen	70	111	181
Harrejaure	115	111	226
Ekströmsberg	501	85	586
Rakkurijoki	275	4 424	4 699
Pahtohavare	1 592	739	2 331
Vieto	431	416	846
Sub-total MRE's	**2 983**	**5 887**	**8 870**
Totals (USDk)	**3 138**	**6 997**	**10 135**

The bulk of Hannans exploration expenditure has been focused on drilling priority assets in order to elevate these from historical to modern resource estimates. In the majority of these cases, a significant amount of drilling had been undertaken and expenditure incurred by previous operators. Broadly, the Company's strategy has been to develop a number of iron assets within the Kiruna area, with a view to providing feed to a central processing facility.

Work done to advance the Exploration Target assets has included limited drilling, geophysics and field mapping / sampling.

SRK considers the work done by the Company to be systematic and well considered. In most cases, this work has added value and provided a platform for further studies to assess economic viability. There would seem to be promising exploration potential in the majority of cases.

Table 4-5 below provides the factors used as a guide in selecting the Prospectivity Enhancement Multipliers (PEM).

Table 4-5: Multiples Of Exploration Expenditures (M.E.E.) Method Typical Past Expenditure (Prospectivity Enhancement) Multipliers (PEM)

Category	Technical Appraisal	Applicable PEM Range
1	Limited potential for mineralisation of economic significance and/or prospectivity has been downgraded by exploration carried out prior to valuation date.	0.5-1.0
2	Exploration data (historical and/or current) consists of pre-drilling surveys with results sufficiently encouraging to warrant further exploration.	1.0-1.5
3	One or more prospects defined by geology, geochem. and /or geophysics to the extent they present drill targets having likely economic potential.	1.5-2.0
4	One or more targets with significantly mineralised drill hole intersections within a clearly prospective geological context.	2.0-2.5
5	Exploration well advanced and infill drilling warranted in order to define or up-grade to the stage that mineral resources can be estimated.	2.5-3.0
6	Indicated resources have been defined but a pre-feasibility study has not recently been completed.	3.0+

Table 4-6 below provides the value for each asset through consideration of past expenditure and application of an appropriate PEM.

Table 4-6: Cost Based Valuation

Asset	Total Spend (USDk)	Selected PEM (Category)	Cost Based Valuation (USDk)
Piedjastjåkko	1	1.5 (2)	1
Lannavaara	25	1.5 (2)	38
Sub-total Early Stage Assets	26		39
Tjåorika*	156	1.0 (2)	117
Laukkujärvi*	824	1.0 (2)	618
Paljasjärvi/Sautusjärvi	258	2.0 (3)	517
Sub-total Exploration Targets	1 239		1 252
Renhagen*	181	2.0 (3)	271
Harrejaure*	226	2.0 (3)	340
Ekströmsberg	586	2.0 (3)	1 172
Rakkurijoki	4 699	0.8 (1)	3 759
Pahtohavare	2 331	0.8 (1)	1 748
Vieto*	846	0.8 (1)	476
Sub-total Mineral Resource Estimates	8 870		7 766
Totals (USDk)	10 135		9 058

*Adjusted to reflect 75% ownership

4.4.3 Joint Venture Terms Method

The Joint Venture (JV) Terms Method takes into account existing JV agreements on the asset being valued and is often a useful method for properties at exploration stage. Only arm's length JV agreements that involve committed expenditures are considered.

This method has been applied to the Pahtohavare Copper-Gold project. SRK notes that the

Company's JV partner (Lovisagruvan AB) has elected to proceed with Stage 2 of the agreement (see Section 2.2).

SRK has considered the minimum expenditure commitments of the Company's JV partner over the initial two phases of the agreement for Pahtohavare. For the purposes of the valuation, subsequent phases of investment have been ignored, given that these are subject to results and considered to be uncertain at this stage.

SRK has estimated that total exploration expenditure by Lovisagruvan AB through Stage 2 of the agreement will likely be in the region 0.5USDm (plus/minus 50%). The total consideration payable to the Company over these stages amounts to 0.7USDm (5SEKm), bringing the total estimated spend by Lovisagruvan AB to 1.2USDm for a 51% interest in the Pahtohavare project. The valuation of the Pahtohavare asset as a whole derived through this method is 2.4USDm and the Company's share of this at Stage 2 (49%) is 1.2USDm. The valuation range for this method was derived through applying a 50% uncertainty in estimated exploration expenditures for Stages 1 and 2.

4.4.4 Modified Kilburn Method

SRK has applied the Modified Kilburn Method to the Company's Early Stage assets and those with identified Exploration Targets.

As part of this, SRK has considered the expenditure requirement to maintain the tenements in good standing, the expenditure to date related to licence fees the exploration potential of the tenements. The intrinsic value is referred to as the Base Acquisition Cost (BAC), and is critical as it forms the standard base from which to commence a valuation.

The Geoscientific or Modified Kilburn method of valuation, as described by Kilburn (1990), attempts to quantify the relevant technical aspects of a property through the use of appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value. The intrinsic value is referred to as the Base Acquisition Cost (BAC), and is critical as it forms the standard base from which to commence a valuation. It represents "the average cost to identify, apply for and retain a base unit of area of title".

Multipliers or factors are considered for Off-property aspects, On-property aspects, Anomaly aspects and Geological aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further Market Factor is then considered to derive a Market Value.

It is worth noting that practitioners calculate the BAC in varying ways. For the Purpose of evaluating Hannans Assets, SRK has used a BAC of 320USD/km^2. In the case of the Paljasjärvi/Sautusjärvi asset, SRK has applied a 50% reduction to the licence area consideration through application of the Modified Kilburn method. This is to bring the valuation in line with the other Hannans assets being valued by this method and is justified by the limited relatively target anomaly area, relative to the licence area as a whole. SRK has assigned a Market Factor so that the average USD/km^2 factor for all licences assessed is considered to derive a market analysis.

The rating criteria used for assessing the modifying factors are provided in Table 4-7 below. The ratings per tenement are provided in Table 4-8.

Table 4-7: Geoscientific ratings table (after Xstract, 2010)

Rating	Off Property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.1				Unfavourable geological setting
0.5			Extensive previous exploration gave poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, undercover
1	No known mineralisation in district	No known mineralisation on lease	No targets outlined	Generally favourable geological setting
1.5	Minor workings	Minor working or mineralised zones exposed	Target identified, initial indications positive	
2	Several old workings in the district	Several old workings or exploration targets identified		Favourable geological setting with structures or mineralised zones
2.5			Significant grade intercepts evident, but not linked on cross or long section	
3	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production		
3.5			Several economic grade intercepts on adjacent sections	
4	Along strike from a major deposit(s)	Major mine with significant historical production		
5	Along strike from a world class deposit			
10		World class mine		

Table 4-8: Modified Kilburn Valuation Table (Paljasjärvi/Sautusjärvi area reduced by 50%*)**

Project	Exploration Stage	Area Km2	Equity	BAC	Off Property		On Property		Anomaly		Geology		Technical Value		Market Factor	Valuation (USD)		
					Low	High	Low	High	Low	High	Low	High	Low	High		Low	High	Preferred
Piedjastjåkko nr 6	**Early Stage**	6.8	100%	889	4	5	1.5	1.5	1.5	2	1	2	8 005	26 684	4	32 021	106 737	69 379
Lannavaara nr 8	**Early Stage**	7.5	100%	974	4	5	1.5	1.5	1.5	2	1	2	8 766	29 221	4	35 065	116 883	75 974
Subtotals	**Subtotals**	**14.3**											**16 771**	**55 905**		**67 086**	**223 620**	**145 353**
Tjåorika	**Exploration Target**	4.5	100%	858	4	5	2	2.5	2.5	3	2	2.5	25 753	60 359	4	97 590	228 727	163 159
Laukkujärvi	**Exploration Target**	2.5	100%	469	4	5	2	2.5	2.5	3	2	2.5	14 071	32 979	4	53 322	124 973	89 147
Paljasjärvi/Sautusjärvi	**Exploration Target**	33.2	100%	6 315	4	5	1.5	2	1.5	2.5	1	2	56 838	315 768	4	215 387	1 196 594	705 990
	Subtotals	**41.1**											**103 356**	**421 655**		**366 299**	**1 550 294**	**958 296**
	Totals	**55.4**											**120 127**	**477 560**		**433 385**	**1 773 914**	**1 103 649**

4.4.5 Resource Based Transactions

Comparative Transactions

SRK considered 12 transactions involving iron ore (magnetite) exploration properties with declared Resources but not Reserves, and that were not in development at the time of the transaction. These transactions were in Scandinavia, South America, Canada, Africa and Australia, and occurred between August 2005 and May 2013.

SRK considers the derived value of USD0.10 per tonne contained iron to be a reasonable factor on which to base the valuation of those iron assets with existing Mineral Resource estimates (Section 4.3.2). This has been applied to assets with existing Mineral Resource estimates and the derived value for each asset is presented in Table 4-9.

Due to the comparative technical risk inherent in Inferred Resources, SRK recommends a range of 30% above and below this target factor.

Table 4-9: Valuations based on contained metal within Mineral Resources

Asset Name	Preferred Value (USDm) +/- 30%
Renhagen*	0.60
Harrejaure*	0.50
Ekströmsberg	3.57
Rakkurijoki	2.82
Vieto*	0.36
Totals	7.86

*Adjusted to reflect 75% ownership

4.4.6 Area Based Comparable Transactions

SRK considered the implied value of the ground holding by applying an area-based valuation factor derived from the analysis of comparative transactions, as described in Section 4.3.3. SRK considers the derived value of 28 000USD/km^2 to be a reasonable factor on which to base the valuation for those iron assets at Exploration Target and Early Stage development, as presented in Table 4-10. SRK recommends applying a range of 30% above and below this target factor, which considers the range of implied unit values per area and per asset in the selected area based comparable transactions.

Table 4-10: Valuation based on Tenement Area

	Preferred Value (USD)
Piedjastjåkko nr 6	0.19
Lannavaara nr 8	0.21
Sub-total Early Stage	0.40
Tjåorika	0.09
Laukkujärvi	0.05
Paljasjärvi/Sautusjärvi	1.86
Sub-total Exploration Targets	2.08
Total	2.41

5 CONCLUSIONS

SRK has considered several valuation methods in deriving a valuation for the Assets, including valuations based on the analysis of comparative market transactions (both in terms of tenement area and in terms of Mineral Resource), multiples of Exploration Expenditure (MEE), as well as a valuation based on the Geoscientific Rating (modified Kilburn) method and Joint Venture Terms. A summary of valuations is presented in Table 5-1 below.

Table 5-1: Summary valuations of Hannans assets

Asset	Exploration Stage	Low Value (USDm)	Preferred Value (USDm)	High Value (USDm)
Piedjastjåkko	Early Stage Assets	0.00	0.07	0.19
Lannavaara nr 8		0.04	0.08	0.21
Sub-total Early Stage Assets		0.04	0.15	0.40
Tjåorika	Exploration Target	0.09	0.17	0.86
Laukkujärvi		0.05	0.09	0.62
Paljasjärvi/Sautusjärvi		0.52	0.75	1.86
Sub-total Exploration Targets		0.66	0.96	3.34
Renhagen	Mineral Resource	0.27	0.60	0.60
Harrejaure		0.34	0.50	0.50
Ekströmsberg		1.17	3.57	3.57
Rakkurijoki		0.49	2.82	3.76
Pahtohavare		0.11	1.16	1.75
Vieto		0.08	0.36	0.48
Sub-total Mineral Resource Assets		2.46	9.02	10.67
Totals (USDm)		3.17	10.12	14.41

In choosing a Preferred Value and Valuation Range for each Exploration Area, SRK considered the valuation ranges and the preferred values from each of the methods applied, with the Preferred Values informed primarily by the market-based methods and adjusted by the Geoscience Rating method and MEE, where appropriate.

SRK considers that the Technical Value of the proportion of the Assets held by Hannans lies in the range of 3USDm to 14USDm. SRK's preferred value is **10USDm**.

6 DECLARATIONS

SRK is part of the international consulting group, SRK Consulting (Global) Limited (the SRK Group). The SRK Group comprises over 1,500 staff, offering expertise in a wide range of resource engineering disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project. The SRK Group has a demonstrated track record in undertaking independent assessments, project evaluations and audits, Mineral Experts Reports, Competent Persons' Reports, Independent Valuation Reports and independent feasibility studies to bankable standards on behalf of exploration and mining companies and financial institutions worldwide.

Contributors to this report are listed in Table 6-1 below.

Table 6-1: Contributors to this report

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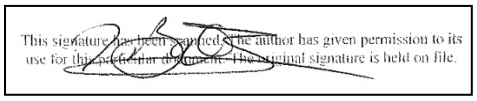
Neither SRK nor the contributors to this report listed in Table 6-1 above have any business relations with either Hannans or BDO, other than the carrying out of individual consulting assignments as engaged.

Neither SRK nor the contributors to this report listed in Table 6-1 above nor their immediate families have any interests in Hannans. SRK has no pecuniary interest, association or employment relationship with Hannans or BDO.

SRK is being paid a fee according to its normal per diem rates and out of pocket expenses in the preparation of this report. SRK's fee is not contingent upon the outcome of the transaction upon which this report is based.

This report and its conclusions are effective as at 04 May, 2016.

For and behalf of SRK Consulting (Sweden) AB



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Definitions

ASX	Australian Securities Exchange
CF	Confidence Factor
Dmtu	Dry metric tonne unit
Ga	billion years
Hannans	Hannans Reward Limited
IOCG	iron oxide copper gold
JORC Code	the 2004 Edition of the "Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves"
LKAB	Luossavaara-Kiirunavaara Aktiebolag
Masl	metres above sea level
mE	metres Easting
MMC	Runge Limited trading as Minarco-MineConsult
mN	metres Northing
MRE	Mineral Resource estimate
NOK	Norwegian Krone
PM	Prospectivity Multiplier
SEK	Swedish Krona
SGU	Swedish Geological Survey
USc	United States cents
USD	United States dollars
USDm	million United States dollars
VALMIN Code	the 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets
VMS	Volcanogenic massive sulphide

Units

T	Metric tonnes
Kt	Thousand Tonnes
Mt	Million metric tonnes
SG	Specific Gravity
DTR	Davis Tube Recovery
Fe	Iron (element)
Cu	Copper (element)
S	Sulphur (element)
P	Phosphorous (element)
Au	Gold (element)
Co	Cobalt (element)

APPENDIX

A GEOVISTA LETTER

Luleå 2016-06-01

The Directors
Hannans Ltd
6 Outram Street
West Perth WA 6005

Dear Sirs

Purpose of Report & Consent

The report below has been prepared by GeoVista AB for Hannans Ltd (**HNR**) in relation to a Notice of Meeting and accompanying Expert's Reports prepared for the purpose of seeking various shareholder approvals.

This report provides a list of permits held by Kiruna Iron AB and Scandinavian Resources AB, being wholly owned subsidiary companies of HNR and which are relevant to the valuation report prepared by SRK Consulting (Sweden) AB. It has been prepared for the purpose of satisfying the requirements of paragraph 67 of the Valmin Code.

GeoVista AB consents to the public release of this report.

Independence

GeoVista AB does not have an interest in HNR, its subsidiaries or the permits considered in this report. GeoVista AB have acted as consulting geoscientists and specialist permit managers to HNR and its subsidiaries in Sweden and confirms it is familiar with the legal, environmental, landowner laws, regulations and policies that need to be managed by mining and exploration companies.

Responsibility for Information Contained in this Report

GeoVista AB has made its own enquiries in relation to general matters pertaining to the validity of the Permits.

Sweden permits

The result of our enquiries confirms that HNR has made valid applications for permits in Sweden, details of which are set out in the attached Appendix. We are not aware of any matter that would restrict HNR from exploration activities on the permits (including native title) if the activities are carried out in accordance with the Swedish mining and environmental laws.

Special Conditions & Encumbrances

After due enquiry of our own records and available Government information, it is GeoVista AB's opinion that there are no special conditions attaching to any of HNR's

GeoVista AB

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S-971 08 LULEÅ
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Fax: +46-920-21 18 01

exploration permits that would restrict exploration activities if the exploration activities are carried out in accordance with the mining and environmental laws.

Litigation

GeoVista AB is not aware of any litigation, pending or actual in relation to the Company's permits in Sweden.

Restrictions

GeoVista AB is not aware of any restrictions that would prohibit HNR from exploring its Permits if the exploration activities are carried out in accordance with the Swedish mining and environmental laws.

If you have any questions you are welcome to contact us.

GeoVista AB

Thomas Lindholm

Appendix: Permit list

Företag, Kiruna Iron AB, 2016-06-01

Namn Kiruna Iron AB

Adress del 1 Storgatan 48

Adress del 2

Postnummer 93070

Ort MALÅ

Land

Org.nr 5568118060

E-post

Aktiv ☑

Webbadress

Telefon

Fax

Beskrivning

Notering

Gällande Undersökningstillstånd

Tillståndsid	Namn	Kommuner	Mineral	Giltig		Andel	Areal (ha)
2010:166	Altavaara Norra	Kiruna	järn	2010-11-05	2016-11-05	100%	88,0700
2007:208	Ekströmsberg nr 4	Gällivare	järn	2007-08-01	2017-08-01	100%	66,0700
2007:352	Ekströmsberg nr 5	Gällivare	järn	2007-12-21	2017-12-21	100%	520,6100
2008:16	Harrejaure nr 1	GÄLLIVARE	järn	2008-01-17	2018-01-17	75%	1355,4196
2008:169	Laukujärvi nr 3	Kiruna	järn	2008-08-22	2018-08-22	75%	246,8600
2009:18	Pahtohavare nr 2	Kiruna	koppar	2009-01-20	2019-01-20	100%	337,3400
2009:103	Pahtohavare nr 4	Kiruna	koppar	2009-06-09	2019-06-09	100%	58,5000
2011:65	Piedjastjåkko nr 6	GÄLLIVARE	järn	2011-04-12	2017-04-12	100%	684,2090
2007:43	Rakkurijärvi nr 2	Kiruna	koppar	2007-02-05	2017-02-05	100%	1742,1800
2008:53	Vieto nr 1	KIRUNA	järn	2008-02-20	2018-02-20	75%	387,5714
Antal	***10***				***Total areal***		***5486,8300***

Företag, Scandinavian Resources AB, 2016-06-01

Namn	Scandinavian Resources AB	**Beskrivning**	
Adress del 1	Storgatan 48		
Adress del 2			
Postnummer	93070		
Ort	MALÅ	**Notering**	
Land			
Org.nr	556737-6263		
E-post			
Aktiv	☑		
Webbadress			
Telefon			
Fax			

Gällande Undersökningstillstånd

Tillståndsid	Namn	Kommuner	Mineral	Giltig		Andel	Areal (ha)
2016:43	Hällberg nr 1	SKELLEFTEÅ	litium, tantal, niob,	2016-04-29	2019-04-29	100%	41,9600
2016:44	Hällberg nr 2	SKELLEFTEÅ	litium, tantal, niob,	2016-04-29	2019-04-29	100%	21,5600
2016:38	Klöverfors nr 1	SKELLEFTEÅ	litium, tantal, niob,	2016-04-14	2019-04-14	100%	258,8000
2011:146	Lannavaara nr 8	Kiruna	järn	2011-08-19	2017-08-19	100%	749,2500
2016:39	Nide nr 1	SKELLEFTEÅ	litium, tantal, niob,	2016-04-14	2019-04-14	100%	81,5000
2011:45	Paljasjärvi nr 2	KIRUNA	järn	2011-02-25	2017-02-25	100%	6647,7443
2016:34	Tvärliden nr 1	SKELLEFTEÅ	litium, tantal, niob,	2016-03-31	2019-03-31	100%	44,0800
2016:35	Varuträsk nr 1	SKELLEFTEÅ	litium, tantal, niob,	2016-03-31	2019-03-31	100%	15,0300
2016:36	Vorrmyran nr 1	SKELLEFTEÅ	litium, tantal, niob,	2016-03-31	2019-03-31	100%	41,8200
Antal	***9***				***Total areal***		***7901,7443***