

# HANNANS

10 August 2016

## ASX & MEDIA ANNOUNCEMENT

### Update on Neometals Transaction

- ∅ **General Meeting of Hannans shareholders to approve Neometals transaction will be held 15 September 2016**
- ∅ **Prospectus lodged today with ASIC to enable in specie distribution of shares in Critical Metals Ltd to Hannans shareholders**
- ∅ **Notice of Meeting to be lodged with ASX and dispatched to Hannans shareholders 12 August 2016**

Hannans Ltd (ASX:HNR) refers to the previously announced<sup>1</sup> strategic collaboration with Neometals Ltd (ASX:NMT) and advises that today it lodged a prospectus (attached) with the Australian Securities and Investments Commission in relation to the proposed in specie distribution of shares in Critical Metals Limited (In Specie Distribution).

Subject to receipt of approval from Hannans shareholders on 15 September 2016 shares in Critical Metals Ltd will be distributed to Hannans shareholders.

The Notice of Meeting setting out all the required information in relation to the In Specie Distribution will be lodged with ASX and dispatched to Hannans' shareholders on Friday 12 August 2016 together with the attached Prospectus. A timetable for the shareholder meeting and proposed In Specie Distribution is provided below:

General Meeting	Thursday, 15 September 2016
ASX informed of Shareholder approval	Thursday, 15 September 2016
Record Date for In-specie Distribution	Tuesday, 20 September 2016
In-specie Distribution of Critical Metals Shares	Tuesday, 27 September 2016

For further information, please contact:

Damian Hicks  
Managing Director  
Hannans  
+61 419 9300 087 (M)  
[damianh@hannansreward.com](mailto:damianh@hannansreward.com) (E)

#### About Hannans Ltd

Hannans Ltd (ASX:HNR) is an exploration company with a focus on lithium, gold, nickel, copper and iron. Since listing on the ASX in 2003 Hannans has signed agreements with Vale Inco, Rio Tinto, Anglo American, Boliden, Warwick Resources, Cullen Resources, Azure Minerals, Neometals, Tasman Metals, Grängesberg Iron AB and Lovisagruvan AB. Shareholders at various times since listing have included Rio Tinto, Anglo American, OM Holdings, Craton Capital and BlackRock. For more information, please visit [www.hannansreward.com](http://www.hannansreward.com).

<sup>1</sup> Refer ASX release dated 4 March 2016

**HANNANS LIMITED**  
**ACN 099 862 129**  
**(COMPANY)**

---

## **SHORT FORM PROSPECTUS**

---

For an offer to transfer Critical Metals Shares to Shareholders of Hannans Limited pursuant to a Capital Reduction by way of In-specie Distribution being the subject of the Capital Reduction Resolution in the Notice of Meeting dated 26 July 2016 and to facilitate secondary trading of those Critical Metals Shares.

### **IMPORTANT INFORMATION**

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with the ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Hannans Directors consider an investment in the Critical Metals Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.

---

## CONTENTS

---

1.	IMPORTANT NOTICE.....	1
2.	THE OFFER .....	1
3.	NOTICE OF MEETING INFORMATION DEEMED TO BE INCORPORATED IN PROSPECTUS.....	2
4.	ADDITIONAL INFORMATION .....	4
5.	HANNANS DIRECTORS' AUTHORISATION .....	5
6.	GLOSSARY.....	6

---

## 1. IMPORTANT NOTICE

### 1.1 General

This Prospectus is dated 10 August 2016 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Critical Metals Shares may be offered or transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Shareholders and professional advisers whom Shareholders may consult.

Defined terms and abbreviations used in this Prospectus are explained in section 6 of this Prospectus.

### 1.2 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 10 August 2016.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Critical Metals Shares under this Prospectus and contains information that will provide Shareholders and their professional advisers to assist them in making an informed assessment of:
  - (i) the rights and liabilities attaching to the Critical Metals Shares; and
  - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of Critical Metals;
- (b) refers Shareholders and their professional advisers to section 3 of this Prospectus which summarises the material

information in the Notice of Meeting deemed to be incorporated in this Prospectus;

- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the period of the Offer; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

### 1.3 Exposure Period

The Corporations Act prohibits the Company from distributing and transferring the Critical Metals Shares to the Shareholders during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the distribution and transfer of Critical Metals Shares. As the General Meeting will be held on Thursday, 15 September 2016, the Exposure Period will have ended by the time the In-specie Distribution occurs, assuming Shareholders approve the Capital Reduction Resolution.

This Prospectus (including the Notice of Meeting) will be made generally available during the Exposure Period by being posted on Hannans' website <http://www.hannansreward.com>. A paper copy will be made available to Australian residents on request to Hannans during the Exposure Period.

### 1.4 Forwarding-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Hannans Directors and management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements.

---

## 2. THE OFFER

### 2.1 Terms and Conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

In broad terms, the Notice of Meeting includes the Capital Reduction Resolution pursuant to which Hannans proposes an equal reduction of capital (of an amount assessed by Hannans Directors) to be satisfied by the distribution and transfer of 99,987,442 Critical Metals Shares held by Hannans to Shareholders registered as such on the Record Date in proportion to their respective holdings of Shares as at that date.

The In-specie Distribution will only proceed if the following conditions are met (together, the **Transaction Conditions**):

- (a) Hannans obtains Shareholder approval for the In-specie Distribution pursuant to the Capital Reduction Resolution in the Notice of Meeting; and
- (b) Hannans receives a draft class ruling from the ATO confirming the availability of demerger relief (refer to section 2.20 of the Notice of Meeting for further details).

Under ASIC Regulatory Guide 188, the issue of the Notice of Meeting with the Capital Reduction Resolution constitutes an

offer by Hannans of the transfer of the Critical Metals Shares to be distributed and transferred to eligible Shareholders pursuant to Chapter 6D of the Corporations Act and accordingly Hannans has prepared this Prospectus to accompany the Notice of Meeting.

Shareholders should note that the In-specie Distribution of the Critical Metals Shares to overseas Shareholders under the Capital Reduction will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a 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 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 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

Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

## 2.2 Effect of the Offer on the Company

The principal effects of the Offer will be that the Company ceases to hold the 99,987,442 Critical Metals Shares to be distributed and transferred to the Shareholders and that the share capital of the Company will be reduced by the amount to be assessed by the Hannans Directors as the market value of such Critical Metals Shares.

The purpose of the Offer is set out in section 2.1 of this Prospectus.

## 2.3 Action Required by Shareholders

No action is required to be taken by Shareholders under this Prospectus. Should Shareholder approval be obtained for the Capital Reduction Resolution, the Transaction Conditions are satisfied and the Capital Reduction proceeds to be implemented, then the Critical Metals Shares will be distributed and transferred to eligible Shareholders in accordance with the terms of the Capital Reduction Resolution and Hannans' constitution, whether you voted for or against the Capital Reduction Resolution or did not vote at all (or did not attend the Meeting).

In accordance with ASIC Class Order 07/10, no application form is required to be completed or returned to participate in the proposed distribution and transfer of Critical Metals Shares under the Capital Reduction and no application form is included in or accompanies this Prospectus.

If you have any queries regarding this Prospectus, please contact the Company Secretary on +61 8 9324 3388.

---

## 3. NOTICE OF MEETING INFORMATION DEEMED TO BE INCORPORATED IN PROSPECTUS

### 3.1 Short Form Prospectus

This Prospectus is a short form prospectus prepared in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. However, it incorporates by reference information contained in the Notice of Meeting that has been lodged with the ASIC.

### 3.2 Included Information

The Notice of Meeting contains all information that Shareholders require in relation to the Capital Reduction and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus. The material provisions of the Notice of Meeting are summarised below in section 3.3 and will primarily be of interest to Shareholders and their professional advisers or analysts.

The Notice of Meeting will be dispatched to all Shareholders with this Prospectus. In addition, the Notice of Meeting will be made generally available during the Application Period by being posted on the Company's website (<http://www.hannansreward.com>).

### 3.3 Notice of Meeting – Summary of Material Provisions of Notice of Meeting

In accordance with Section 712 of the Corporations Act, set out below is a summary of the information contained in the Notice of Meeting that is deemed to be incorporated in this Prospectus to assist Shareholder and their professional advisers for the purposes of making an informed investment decision in relation to the Critical Metals Shares.

The sections referred to in this section 3.3 are references to sections in the Notice of Meeting.

#### 3.3.1 Important Information Section

This section sets out information on how to vote at the Meeting and other information regarding the content of the Notice of Meeting.

#### 3.3.2 Indicative Timetable Section

This section sets out the indicative timetable for the Capital Reduction.

#### 3.3.3 Section 1.1 – Background on Hannans Limited

This section provides an overview and brief history of the Company, including its acquisition of Scandinavian Resources (a subsidiary of Critical Metals).

#### 3.3.4 Section 1.2 – Acquisition of Reed Exploration Pty Ltd

This section gives details on the Company's proposed acquisition of 100% of Reed Exploration Pty Ltd, a wholly-owned subsidiary of Neometals.

#### 3.3.5 Section 1.3 – About Neometals Limited

This section provides information on Neometals Limited.

#### 3.3.6 Section 1.4 – In specie distribution of Critical Metals Limited

This section provides information on the In-specie Distribution to be undertaken by the Company.

#### 3.3.7 Section 1.5 – Capital Structure

This section gives background on the capital structure of the Company following completion of the acquisition of Reed Exploration Pty Ltd.

#### 3.3.8 Section 2.1 – Overview of the Spin-out

This section provides information on the proposed demerger of the Scandinavian Assets via the Company's subsidiary company, Critical Metals.

#### 3.3.9 Section 2.2 – Realisation of the Spin-out

This section provides information and reasoning as to why the Company is proceeding with the Spin-out, being the best means of realising the true value of the Scandinavian Assets, and also the short- and medium term ambitions of the Company and Critical Metals.

- 3.3.10 Section 2.3 – Capital Reduction**  
 These sections provide information on the Capital Reduction including the legal procedure required to be followed by the Company and the effect of the Capital Reduction on the Shareholders.
- 3.3.11 Sections 2.4 & 2.11 and Schedules 2 & 3 – Pro forma financial position of the Company and Critical Metals upon completion of the Spin-out**  
 These sections and schedules to the Notice of Meeting contain the unaudited pro forma statement of financial position of the Company assuming completion of the Capital Reduction (based on the statement of financial position of the Company as at 31 December 2015) and the pro forma statement of financial position for Critical Metals reflecting the proposed balance sheet of Critical Metals again assuming completion of the Capital Reduction.
- 3.3.12 Section 2.5 – Advantages and Disadvantages of the Spin-out (assuming completion of the Spin-out and In-specie Distribution)**  
 This section sets out further information on the principle advantages and disadvantages to Shareholders of the Spin-out.
- 3.3.13 Section 2.6 – Failure to achieve completion of the Spinout**  
 This section sets out the Company's potential future plans in the event that the Spin-out is not completed.
- 3.3.14 Section 2.7 and Schedule 1 – Background of the Scandinavian Assets**  
 This section and Schedule provide background information on the Scandinavian Assets. A summary of each of the Scandinavian Assets is set out in Schedule 1.
- 3.3.15 Section 2.8 – Critical Metals Structure and Board**  
 This section provides information on the current structure of the Critical Metals Board of Directors, and the fact that it is anticipated that further executive appointments may be made in the medium term.
- 3.3.16 Section 2.10 and Schedule 4 – Risk Factors**  
 This section and schedule set out information regarding the general and specific risk factors which may affect Critical Metals and the value of its securities.
- 3.3.17 Section 2.12 – Effect of Proposed Capital Reduction on Shareholders of Hannans**  
 This section provides information on the effect of the proposed Capital Reduction on the Shareholders, including answers to the following questions:
- (i) What will you receive?
  - (ii) What is the impact on your shareholding in Hannans?
  - (iii) Do you have to do anything to receive your Critical Metals Shares?
  - (iv) Will I be able to trade my Critical Metals Shares?
  - (v) What are the taxation implications of the Spin-out?
  - (vi) What will happen if Resolution 1 is not approved?
- 3.3.18 Sections 2.13 & 2.14 – Additional information**  
 These sections provide additional information in respect of the Capital Reduction including:
- (i) the current capital structure of the Company;
  - (ii) the proposed capital structure of Critical Metals assuming completion of the Capital Reduction;
  - (iii) information regarding the Record Date; and
  - (iv) information in relation to the trading prices of the Shares.
- 3.3.19 Section 2.15 and 2.16 – Section 256C of the Corporations Act and ASX Listing Rule 7.17**  
 These sections provide information on the legal and regulatory requirements relating to the Capital Reduction.
- 3.3.20 Section 2.17 – Effect of Shareholder approval**  
 This section outlines the effect the Capital Reduction will have on eligible Shareholders, the treatment of overseas Shareholders and the effect the Capital Reduction will have on the existing options for Shares on issue in the Company.
- 3.3.21 Sections 2.18 & 2.19 – Information on Critical Metals & Critical Metals Shares**  
 This section provides information on the intentions of Critical Metals in the period following Shareholder approval of the In-specie Distribution, as well as the rights and liabilities attaching to the Critical Metals Shares.
- 3.3.22 Sections 2.20 & 2.23 – Taxation**  
 These sections provide a general summary of the Australian taxation consequences for Shareholders who receive Critical Metals Shares in respect of the Capital Reduction based on applicable taxation law as at the date of the Notice of Meeting. Information is also given in respect of the Company's application to seek a class ruling from the ATO in respect of the availability of demerger tax relief.
- The summary is not intended, and should not be relied upon, as specific taxation advice to any particular Shareholder. The comments in the summary are of a general nature only, may not apply to a Shareholder's specific circumstances and cannot be relied upon for accuracy or completeness. Each Shareholder should seek and rely on its own professional taxation advice, specific to its particular circumstances, in relation to the taxation consequences of the proposed Capital Reduction. Neither Hannans, nor any of its officers or advisers, accepts liability or responsibility with respect to such consequences or the reliance of any Shareholder on any part of the summary.
- 3.3.23 Section 2.21 – Directors' Interests**  
 This section 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 assuming completion of the Capital Reduction.
- 3.3.24 Section 2.22 – Directors' Recommendations**  
 This section sets out the voting recommendations of the Directors, encouraging Shareholders to vote in favour of the Capital Reduction.
- 3.3.25 Annexure A – Independent Expert Report**  
 The Independent Expert Report enclosed with the Notice of Meeting includes information relating to the proposed issue of Shares to Neometals in consideration for the acquisition by the Company of Reed Exploration Pty Ltd.
- Whilst the Independent Expert Report does not related specifically to the Capital Reduction and In-Specie Distribution, the Independent Expert Report contains a valuation report prepared by SRK Consulting which sets out extensive information relating to the Scandinavian Assets.

A copy of the Notice of Meeting accompanies this Prospectus.

## 4. ADDITIONAL INFORMATION

### 4.1 Interests of Critical Metals Directors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) no Critical Metals Director holds, or during the last two years before lodgement of this Prospectus with the ASIC, held, an interest in:
  - (i) the formation or promotion of Critical Metals;
  - (ii) property acquired or proposed to be acquired by Critical Metals in connection with its formation or promotion or the Offer; or
  - (iii) the Offer; and
- (b) no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Critical Metals Director, either to induce him to become, or to qualify, as a Critical Metals Director or otherwise for services rendered in connection with the formation or promotion of Critical Metals or the Offer.

### 4.2 Remuneration of Critical Metals Directors

Critical Metals has not paid any remuneration to its Board since incorporation to the date of this Prospectus.

For each of the Critical Metals Directors, the proposed annual remuneration for the financial year following implementation of the Capital Reduction and the Company being admitted to the official list of ASX together with the relevant interest of each of the Critical Metals Directors in the securities of Critical Metals as at the date of this Prospectus is set out in the table below.

Critical Metals Director	Remuneration <sup>1</sup>	Critical Metals Shares <sup>2</sup>	Critical Metals Options
Damian Hicks	Nil	600,000	Nil
Markus Bachmann	Nil	5,858,235	Nil
Mindy Ku	Nil	100,000	Nil

<sup>1</sup> Critical Metals Directors may also receive securities in Critical Metals as part of their incentive based remuneration.

<sup>2</sup> Includes approximate number of Critical Metals Shares to be issued to the Critical Metals Directors pursuant to the In-specie Distribution in respect of the Shares in the Company held at the date of this Prospectus.

### 4.3 Interests of Experts and Others

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
  - (b) promoter of the Company or Critical Metals;
- holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:
- (a) the formation or promotion of the Company or Critical Metals;
  - (b) any property acquired or proposed to be acquired by the Company or Critical Metals in connection with:
    - (i) its formation or promotion; or
    - (ii) the Offer; or
  - (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of Critical Metals or the Company; or

- (b) the Offer.

Steinepreis Paganin has acted as lawyers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$5,000 (exclusive of GST) in respect of these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received fees from the Company for legal services of \$49,264.

### 4.4 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as the Independent Expert to the Company in this Prospectus and to the inclusion by reference in this Prospectus of the Independent Expert Report in the Notice of Meeting, in the form and context in which the report is included in the Notice of Meeting. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

SRK Consulting (Sweden) AB has given its written consent to being named in this Prospectus and to the inclusion by reference in this Prospectus of the report entitled "Valuation of Mineral Assets Held by Hannans Reward" in the Notice of Meeting, in the form and context in which the report is included in the Notice of Meeting. SRK Consulting (Sweden) AB has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Ravensgate International Pty Ltd has given its written consent to being named in this Prospectus and to the inclusion by reference in this Prospectus of the report entitled "Technical Project Review and Independent Valuation Report" in the Notice of Meeting, in the form and context in which the report is included in the Notice of Meeting. Ravensgate International Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

### 4.5 Substantial Critical Metals Shareholders

As at the date of this Prospectus, Critical Metals is a wholly owned subsidiary of the Company.

Based on information known at the date of this Prospectus, those persons holding 5% or more of the Critical Metals Shares on issue following implementation of the Capital Reduction are shown in the table below.

Critical Metals Shareholder	Approximate Critical Metals Shares <sup>1</sup>	Approximate % shareholding interest in Critical Metals <sup>1</sup>
Neometals Limited	6,375,000	6.38%
Craton Capital Funds	6,110,000	6.11%
MCA Nominees	8,330,333	8.33%

<sup>1</sup> These figures will be diluted in the event that any new Hannans Shares are issued prior to the Record Date for the In-Specie Distribution. The Company does not propose to issue any additional Shares prior to

the Record Date, however, additional Shares may be issued in the event that any Hannans Options are exercised prior to the Record Date.

<sup>2</sup> After completion of the In-Specie Distribution, Neometals will have the right, but not the obligation, 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.

#### 4.6 Litigation

As at the date of this Prospectus, 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 Hannans 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.

Other than as set out above, as at the date of this Prospectus, Critical Metals is not involved in any other legal proceedings and the Hannans Directors are not aware of any legal proceedings pending or threatened Critical Metals.

#### 4.7 Dividend Policy

The Company anticipates that significant expenditure will be incurred in the furtherance of Critical Metals' development. These activities are expected to dominate the two year period following implementation of the Capital Reduction. Accordingly, the Company does not expect Critical Metals to declare any dividends during that period.

Any future determination as to the payment of dividends by Critical Metals will be at the discretion of the Critical Metals Directors and will depend on the availability of distributable earnings and operating results and financial condition of Critical Metals, future capital requirements and general business and other factors considered relevant by the Critical Metals Directors. No assurance in relation to the payment of dividends by Critical Metals or franking credits attaching to dividends can be given by the Company.

#### 4.8 Privacy

Hannans collects personal information about its Shareholders' holdings of Shares in accordance with the Corporations Act. Hannans will share that personal information with its advisers and service providers and with Critical Metals and its advisers and service providers in connection with the Capital Reduction and In-specie Distribution.

Shareholders can contact Hannans' Share Registry, Computershare Investor Services Pty Limited on 1300 555 159 (within Australia) or +61 3 9415 4062 (outside Australia) if they have any questions about their personal information.

---

#### 5. HANNANS DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Hannans Directors.

In accordance with Section 720 of the Corporations Act, each Hannans Director has consented to the lodgement of this Prospectus with the ASIC.



---

Damian Hicks  
Managing Director  
For and on behalf of  
Hannans Limited

---

## 6. GLOSSARY

**Application Period** means the period commencing at the end of the Exposure Period and ending on the date that the Meeting is held.

**ASIC** means the Australian Securities and Investments Commission.

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

**ATO** means the Australian Taxation Office.

**Capital Reduction** means the equal reduction of capital of the Company proposed to be satisfied by the In-specie Distribution and transfer to eligible Shareholders (in proportion to their holdings of Shares) of 99,987,442 Critical Metals Shares held by the Company.

**Capital Reduction Resolution** means Resolution 1 of the Notice of Meeting to be put to Shareholders at the General Meeting to approve the Capital Reduction.

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

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

**Critical Metals** means Critical Metals Ltd (ACN 614 136 864).

**Critical Metals Director** means a current director of Critical Metals.

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

**Critical Metals Option** means an option to acquire a Critical Metals Share.

**Explanatory Statement** means the explanatory statement accompanying and forming part of the Notice of Meeting.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**Director** or **Hannans Director** means a director of the Company as at the date of this Prospectus.

**General Meeting** or **Meeting** means the general meeting of the Company convened by the Notice of Meeting.

**In-specie Distribution** means the proposed in-specie distribution and transfer of 99,987,442 Critical Metals Shares by Hannans to eligible Shareholders.

**Neometals** means Neometals Limited (ACN 099 116 631).

**Notice of Meeting** means the Notice of General Meeting and Explanatory Statement of the Company dated 26 July 2016.

**Offer** means the offer of Critical Metals Shares to Shareholders pursuant to the Notice of Meeting.

**Prospectus** means this short form prospectus prepared in accordance with section 712 of the Corporations Act.

**Record Date** means the record date for determining entitlements to the distribution and transfer of Critical Metals Shares under the Capital Reduction to be set by the Hannans Directors in accordance with the indicative timetable in the Notice of Meeting.

**Scandinavian Assets** means the assets of Critical Metals and its subsidiaries set out in Schedule 1 of the Notice of Meeting.

**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 Assets via the In-specie Distribution.

**Transaction** means the acquisition by the Company of 100% of Reed Exploration Pty Ltd, a wholly owned subsidiary of Neometals, in consideration for the issue of 620,833,333 Shares to Neometals.

**Transaction Conditions** has the meaning given in section 2.1 of this Prospectus.