

HANNANS

2nd Quarter Activities Report 2017/2018

Fast Facts

ASX Code: HNR

Capital Structure

Shares on issue: 1.98 billion

Market cap: \$41.5M (at 2.1c)

Non-Executive Chairman

Jonathan Murray

Executive Director

Damian Hicks

Non-Executive Directors

Markus Bachmann

Clay Gordon

Amanda Scott

Key Projects

Sole Funded

Forrestania (Nickel & Lithium)

Queen Victoria Rocks (Nickel)

Free-Carried to Decision to Mine

Forrestania (Gold – 20%)

Lake Johnston (15%)

During the 2nd Quarter (October – December 2017) Hannans:

- ∅ Mt Holland (Lithium) – released results of a rotary air blast (RAB) drilling program, received government approvals for the 1st phase of reverse circulation (RC) drilling targeting pegmatite rocks hosting lithium mineralisation and completed a structural interpretation of the rocks with the project using the latest airborne geophysical datasets (Mt Holland West); secured a large package of additional tenure prospective for lithium mineralisation (Mt Holland East)
- ∅ Funding – received ~\$3.6 Million (after costs) from the issue of shares following completion of a share purchase plan, placement and the exercise of options; finished the Quarter with ~\$4.5 Million cash and no debt
- ∅ Corporate – continued assessing potential acquisition opportunities

During the 3rd Quarter (January – March 2018) Hannans aims to:

- ∅ Mt Holland (Lithium) – complete the 1st phase of RC drilling targeting pegmatite rocks hosting lithium mineralisation, receive assays and complete interpretation, plan 2nd phase of in-fill RC drilling and thereafter obtain government approvals (Mt Holland West); complete historical exploration data review of new tenure; complete detailed airborne geophysical - magnetic and radiometric - survey and thereafter interpret the new data; complete interpretation of airborne photographic imagery to map topography and outcrop within the new tenure; complete a field visit to validate features identified during the data reviews (Mt Holland East)
- ∅ Forrestania (Gold) – review updated JORC report expected to be delivered by joint venture partner Classic Minerals Ltd
- ∅ Forrestania (Nickel) – seek joint venture partner
- ∅ Queen Victoria Rocks (Nickel) – seek joint venture partner
- ∅ Corporate – continue assessing potential acquisition opportunities

ABOUT HANNANS LTD

Hannans Ltd (ASX:HNR) is an exploration company with a focus on nickel, gold and lithium in Western Australia. Hannans' major shareholder is leading Australian specialty minerals company Neometals Ltd. Since listing on 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, Lovisagruvan and Montezuma Mining Company. 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 and search for 'Hannans' on Twitter.

Mt Holland Lithium (Hannans 100%)

Hannans' Mt Holland Lithium Project is located adjacent to Earl Grey, a globally significant lithium deposit jointly owned by the world's largest producer of lithium and Kidman Resources Ltd – Earl Grey will underpin a world-class long-life integrated lithium project¹. Hannans major shareholder is Neometals Ltd, a leading Australian specialty minerals company and minority owner of the producing Mt Marion lithium mine. Hannans aims to comprehensively test its 100% owned Mt Holland Lithium Project² with the aim of discovering a lithium deposit comparable to Earl Grey. Exploration activities including drilling (shallow and deep), surface sampling, mapping and geophysics will be ongoing at Mt Holland during the next six months.



Figure 1: Location Map showing Hannans' Forresteria/Mt Holland Projects and Queen Victoria Rocks Project and Lake Johnston Joint Venture Project (Hannans free-carried) and location of major lithium mines and projects in the south-west of Western Australia

1 Earl Grey is owned by New York Stock Exchange listed SQM and emerging Australian mining company Kidman Resources Ltd (ASX:KDR), refer kidmanresources.com.au.

2 Hannans previously referred to its lithium projects as being located at 'Forresteria', however it is more accurate to refer to them as being at 'Mt Holland'. Hannans' nickel and gold projects are located at Forresteria and the Company's lithium projects are located at Mt Holland.

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Figure 2: Location Map showing Australia's only three producing lithium mines (Greenbushes, Mt Marion and Mt Cattlin) and lithium exploration projects

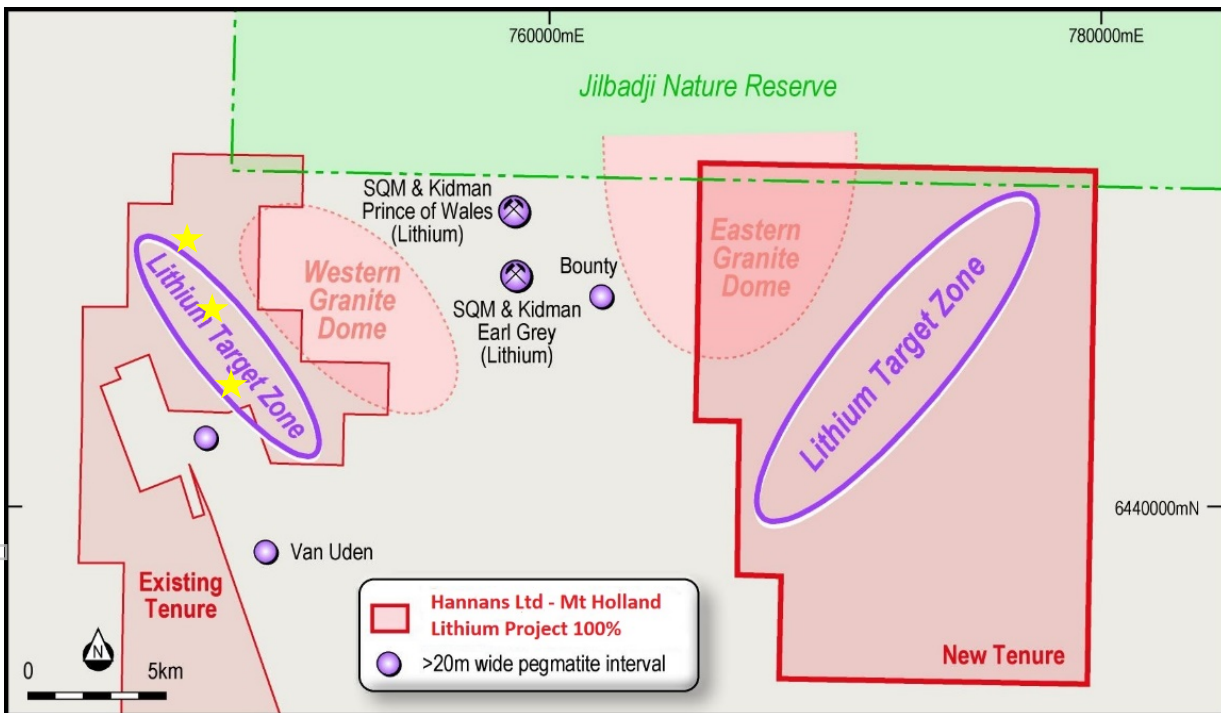


Figure 3: Hannans 100% tenements and applications shown in red. The Mt Holland West (existing tenure) is shown in 'light' red and Mt Holland East tenement applications (new tenure) is shown in 'dark' red. The lithium target zones are located approx. 4kms west of the western granite dome and 4kms east of the eastern granite dome. The globally significant Earl Grey deposit is located approx. 4kms from the interpreted margin of the granites. Yellow stars represent approximate location of initial phase of RC drilling.

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Forrestania Gold (Hannans 20% Free-Carried)

Hannans joint venture partner Classic Minerals Ltd has recently completed a significant amount of drilling and is preparing to upgrade the existing JORC mineral resource for the project.

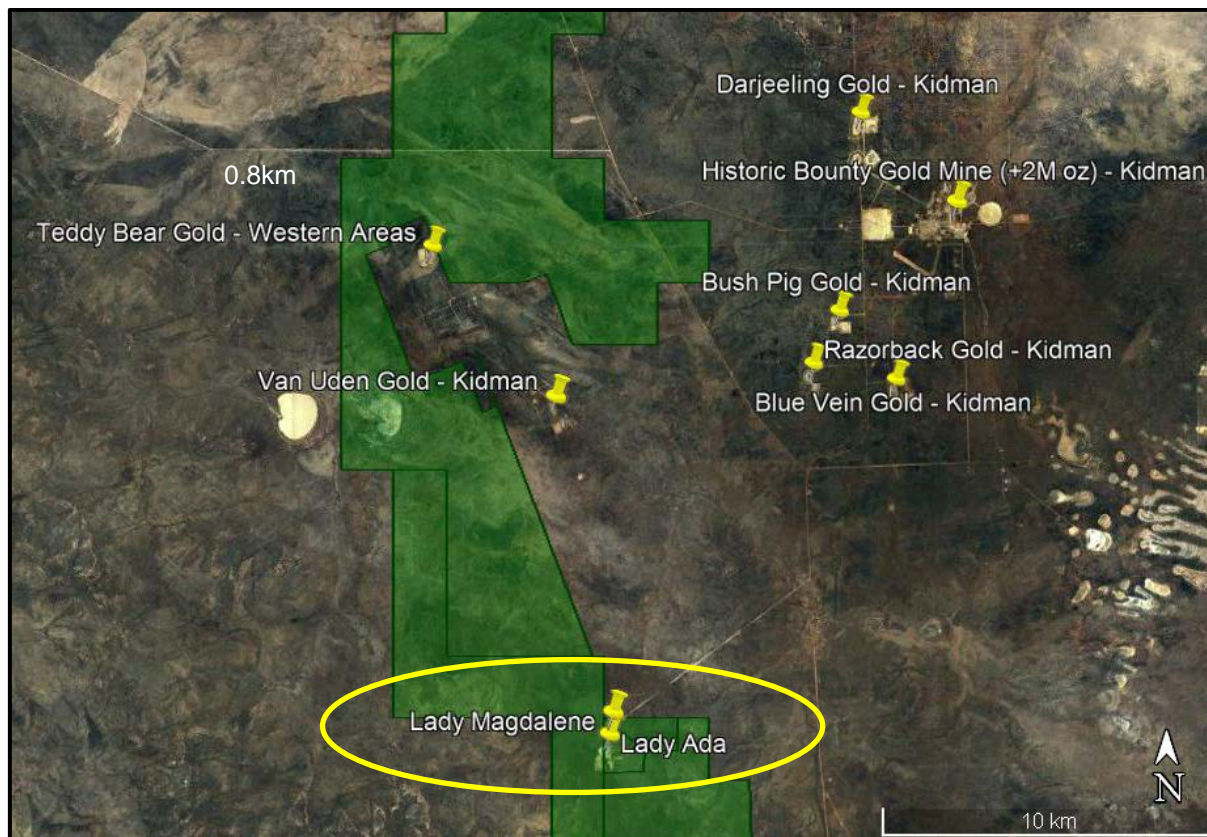


Figure 4: Hannans owns 20% of the gold rights within the green tenements.

Prospect	Indicated			Inferred		
	Tonnes	Grade (Au/t)	Ounces Au	Tonnes	Grade (Au g/t)	Ounces
Lady Ada	283,500	1.78	16,200	260,000	2.2	18,750
Lady Magdalene	1,828,500	1.08	63,700	2,450,000	1.5	118,000
Total	2,112,000	1.17	79,900	2,710,000		136,750

The mineral resource is extracted from an ASX release made by Classic Minerals Ltd (ASX:CLZ) on 12 September 2017. The mineral resource is classified in accordance with JORC, 2012 Edition. The effective date of the mineral resource estimate is 31 December 2016. The mineral resource is reported at 0.5g/t Au cut-off grade. Depletion of the resource from historic open pit mining has been taken into account. Additional technical detail on the Mineral Resource Estimate is contained in the JORC Table 1 attached to announcements by CLZ on 14 March 2017 and 21 March 2017.

Table 1: JORC Table for Forrestania Gold Project

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Forrestania (Nickel)

Hannans' Forrestania nickel project is located along strike from world class operating high grade nickel sulphide mines owned by Western Areas Ltd (ASX:WSA). Hannans will focus its resources on exploring for economic lithium deposits at Forrestania and will therefore seek a joint venture partner to share the risks and rewards of exploring this world class nickel sulphide province.



Figure 5: Hannans owns 100% of the nickel rights in the green tenements which are interpreted to cover the western ultramafic unit that hosts the world class Spotted Quoll and Flying Fox operating nickel sulphide mines owned by Western Areas Ltd.

Continued...

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ASX ANNOUNCEMENTS FOR 2nd QUARTER 2017/2018

Date	Announcement
16/01/2018	Mt Holland Lithium
15/12/2017	Appendix 3Y
14/12/2017	Major Lithium Ground Position
13/12/2017	Change of Substantial Holder
13/12/2017	Forrestania High Grade Gold
11/12/2017	Oversubscribed Capital Raising
24/11/2017	Exercise of Options
22/11/2017	New Closing Date for SPP
10/11/2017	Share Purchase Plan (SPP) Offer
07/11/2017	Cleansing Notice
07/11/2017	Capital Raising to Support Growth Strategy
06/11/2017	Appendix 3Ys
06/11/2017	Issue of Options
01/11/2017	1st Quarter Activities Report
31/10/2017	1st Quarter Cashflow Report
27/10/2017	AGM Results
27/10/2017	AGM Presentation
25/10/2017	Reinstatement to Official Quotation
25/10/2017	Hannans - Forrestania Lithium Project
24/10/2017	Request for voluntary suspension
24/10/2017	Suspension from Official Quotation
20/10/2017	Trading Halt
16/10/2017	Response to ASX Price & Volume Query

Table 2: ASX Announcements since 1 October 2017

CONTACT DETAILS

For further information, please contact:

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APPENDIX A – TENEMENT STATUS FOR 2nd QUARTER 2017/2018

CURRENT TENEMENTS

Tenement number	Interest 2 nd Quarter 2017/2018		Note	Tenement number	Interest 2 nd Quarter 2017/2018		Note
	Start	End			Start	End	
REED EXPLORATION PTY LTD ¹							
Location: Queen Victoria Rocks, Australia							
E15/1416	100%	100%					
Location: Forresteria, Australia							
E77/2207-I	100%	100%	1	E77/2303	100%	100%	1
E77/2219-I	100%	100%	1	P77/4290	100%	100%	1
E77/2220-I	100%	100%	1	P77/4291	100%	100%	1
E77/2239-I	100%	100%	1				
Location: Lake Johnston, Australia							
E77/1750 & E77/1838	0%	0%	2				

Note:

- Hannans Ltd (through its wholly owned subsidiary) holds a 100% interest in all minerals other than gold, in which it holds a 20% free-carried interest.
- Hannans holds a 15% interest in all minerals, free-carried through to a decision to mine. The tenements are registered in the name of Montezuma Mining Company Ltd.

TENEMENTS UNDER APPLICATION

Tenement number	Tenement number
REED EXPLORATION PTY LTD	
Location: Forresteria, Australia	Location: Lake Johnston, Australia
E77/2460	E63/1865
E77/2468 (subject to ballot)	
E77/2469 (subject to ballot)	
E77/2488	
E77/2489	
E77/2498	

RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Tenement number	Interest 2 nd Quarter 2017/2018		Note
	Start	End	
REED EXPLORATION PTY LTD			
Location: Lake Johnston, Australia			
E63/1365	100%	0%	

COMPLIANCE STATEMENT

The information in this document that relates to exploration results at Forresteria is based on information compiled by Dr Bryan Smith, a Competent Person who is a Member of the Australian Institute of Geoscientists. Dr Smith is a consultant to Hannans Ltd and its subsidiary companies. Dr Smith has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Dr Smith consents to the inclusion in the report of the matters based on his information in the form and context to which it appears.