

## Fast Facts

ASX Code: HNR

## Capital Structure

Shares on issue: 1.68 billion

Market cap: \$20.2M (at 1.2c)

## 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

Forrestania (Gold)

Lake Johnston (Nickel, Gold & Lithium)

During the Quarter (April – June 2017) Hannans:

## Exploration & Business Development

- ∂ **New Opportunity** – initiated dialogue with parties holding advanced lithium and cobalt projects in Western Australia.
- ∂ **Forrestania (Lithium)**
  - ∂ Successfully identified two anomalous trends after completing 1st phase 3,000 metres shallow reconnaissance aircore drilling program. When considered with the air magnetic data the anomalies form an annulus at about 3 to 4 km distance around the interpreted granite, as expected for mineralized pegmatites derived from the granite.
  - ∂ Aircore holes were generally limited to a depth of 12 metres to give a cost effective first pass geochemical sample. The samples were all highly oxidized and there were very few chips of large enough size to allow identification of the rock types. Muscovite was evident in most of the anomalous samples as well as kaolinite and quartz, which could be representative of pegmatites.
  - ∂ 2nd phase of deeper (expected average depth approx. 50m) rotary air blast (RAB) drilling has been designed to penetrate the oxidised (weathered) rock and intersect the top of the fresh rock. Drilling is scheduled to commence in August 2017.
  - ∂ Subject to success of the RAB drilling, the 3<sup>rd</sup> phase of deeper (expected average depth approx. 150m) reverse circulation (RC) drilling will be designed to penetrate the fresh rock to obtain an understanding of the thickness and grade of any lithium bearing pegmatites.
  - ∂ 'First in time' applicant for additional tenure along strike (to the south) of the Earl Grey lithium deposit owned by Kidman Resources Ltd.
  - ∂ Equal 'first-in-time' applicant for additional tenure along strike (to the south) of the Earl Grey lithium deposit, which will be determined by a ballot conducted by the Department of Mines.
  - ∂ Subsequent to the end of the Quarter SQM (NYSE:SQM), a Santiago-based world leader in specialty businesses including lithium (revenue in the 12 months to 31 March 2017: USD2.1 billion) entered into a USD110 million transaction with Kidman Resources Ltd to develop the Mt Holland lithium project. This follows the two agreements entered into by Western Areas Ltd (ASX:WSA) and Kidman in the preceding Quarter over lithium rights.
  - ∂ Hannans' Forrestania lithium project adjoins tenure held by SQM, Kidman and Western Areas (refer attached location map)

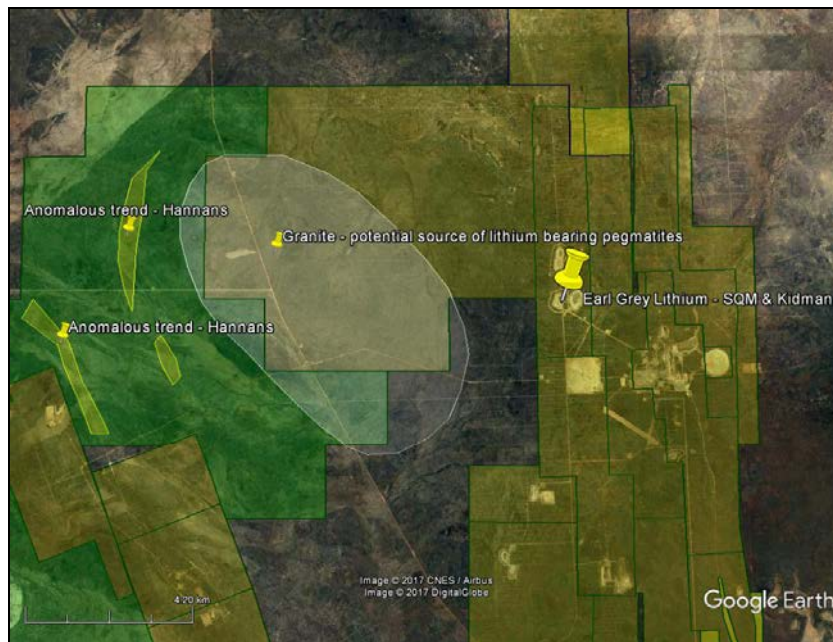


Figure 1: Green tenements are owned by Hannans and yellow tenements are owned by Kidman Resources Ltd. The Earl Grey lithium deposit is the main lithium deposit in the Mt Holland / Forrestania region and is a joint venture between Santiago-based SQM and Perth-based Kidman. The yellow ellipses on the western side of the granite are the anomalous trends identified by Hannans in its 1<sup>st</sup> phase of drilling.

∂ **Forrestania (Gold)**

- ∂ During the Quarter joint venture partner Classic Minerals Ltd (ASX:CLZ) completed a Scoping Study on the Forrestania Gold Project (FGP) that indicated the FGP was economically and technically viable with upside that justified progressing to a pre-feasibility study. Subsequent to the end of the Quarter, Classic Minerals intersected further shallow high-grade gold mineralisation in RC and diamond drilling at the FGP.
- ∂ The FGP contains a JORC compliant resource containing 136,750 Oz of gold. Hannans owns 20% of the FGP and is 'free carried to a decision to mine', meaning Hannans shareholders are exposed to exploration success without the need to fund exploration.

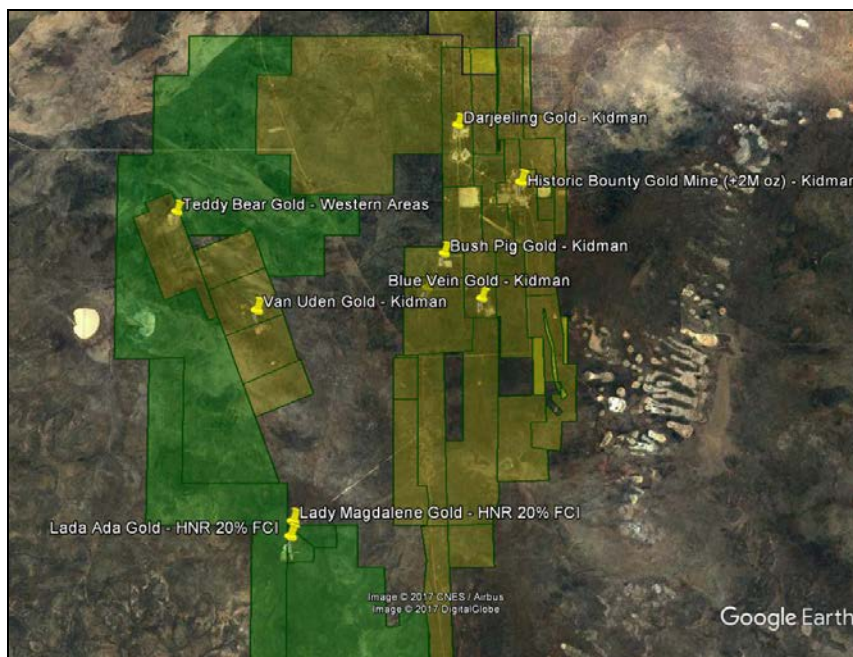


Figure 2: Hannans owns 20% of the gold rights within the green tenements.

o Forrestania (Nickel)

- o Hannans' Forrestania nickel project is located along strike from world class operating high grade nickel sulphide mines owned by Western Areas Ltd (ASX:WSA) (refer location map). 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.

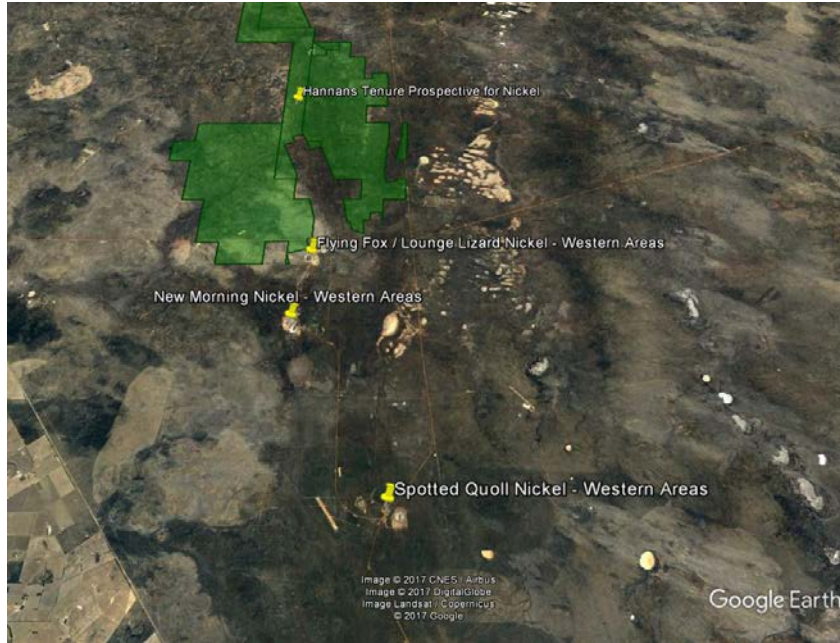


Figure 3: Hannans owns 100% of the nickel rights in the green tenements which are interpreted to cover the western ultramafic unit that hosts the world class Spotted Quoll and Flying Fox operating nickel sulphide mines owned by Western Areas Ltd.

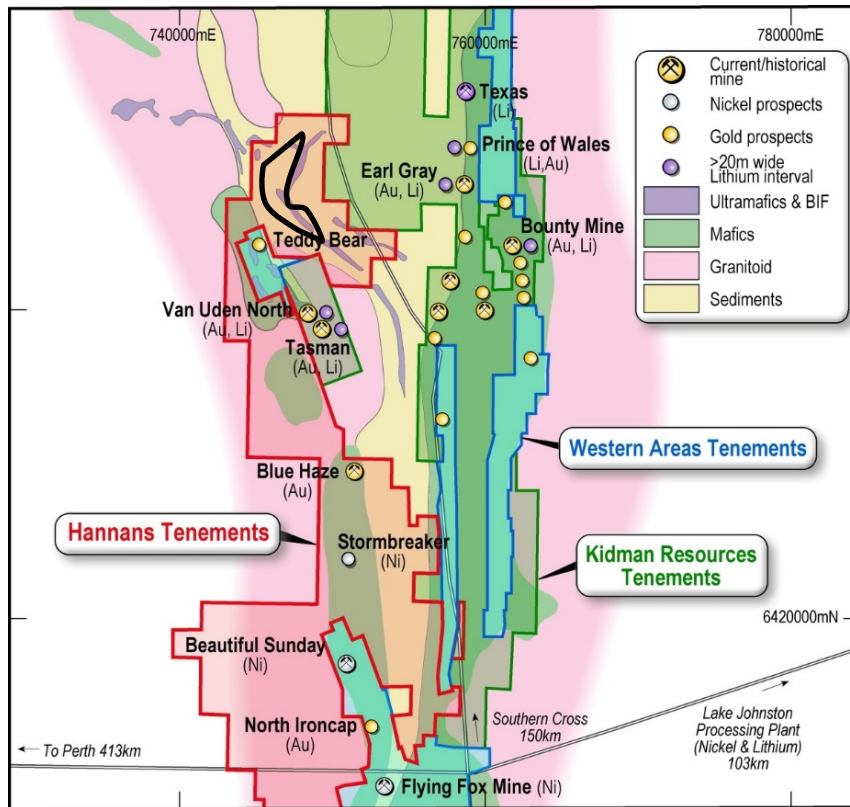


Figure 4: Forrestania project map, black ellipse shows Hannans main area of interest for lithium exploration (Hannans 100%); the Blue Haze gold deposit is now called Lady Ada (Hannans 20%), the nickel exploration acreage in Hannans tenure is 100% owned

## Queen Victoria Rocks (Nickel)

- ∂ Consultants Newexco Services Pty Ltd planned and managed drill testing of the highest priority off-hole down-hole electromagnetic (DHEM) target at QVR with new diamond hole QVD15.1 After terminating hole QVD15 at 367m two DHEM surveys using the latest technology were completed, one in QVD15 and a re-survey within historic hole QVD13. Newexco Services together with consulting geochemist Gordon Kelly subsequently logged the drill core from QVD15 and interpreted the two DHEM survey results. An analysis of the most recent DHEM surveys was also completed by geophysicist Ben Jones. XRF analysis was undertaken on sections of the drill core after completion of the logging and DHEM interpretation. Thin section analysis of drill core was also completed by Roger Townend and reviewed by Jon Hronsky.
- ∂ Despite a thorough analysis of the drill core and interpretation of the latest DHEM survey results the highest priority off-hole DHEM plate (QVD13\_p3 located at 290m downhole) targeted by diamond drill hole QVD15 was unable to be explained by any rocks intersected in the drilling. With the benefit of this information historic hole QVD13 was re-surveyed to further validate the DHEM target. The DHEM response was re-modelled and the DHEM target was re-confirmed. Newexco Services recommended no further drilling should be completed until a better explanation is established for the DHEM anomaly in QVD013 and results from QVD015.
- ∂ Platinum group element (PGE) anomalism within the Spargos Prospect suggests that the targeted area is highly fertile for nickel sulphides and this is evident from historic drilling which has encountered nickel sulphides in the ultramafic rocks. It is also evident from the interpretation and modelling of Hannans diamond drill holes QVD13, 14 and 15 that the most prospective basal contact has not been systematically explored and requires additional testing. It is also evident from recent activities that the Spargos Prospect at QVR is complex, folded and faulted.
- ∂ Hannans will seek a joint venture partner to share the risks and rewards of future exploration at QVR.

## Corporate & Compliance

- ∂ **Deed of Acknowledgement** – Hannans received \$240,000 (net) from Mine Builder during the Quarter.
- ∂ **ATO Class Ruling and In-Specie Distribution of Shares in Critical Metals Ltd**
  - ∂ Hannans shareholders are advised that the in-specie distribution of shares in Critical Metals Limited will be considered a return of capital by the Australian Taxation Office (ATO). The taxation impact of this decision is twofold, Hannans shareholders will need to reduce the cost base of their Hannans shares by 0.124 cents per share; and furthermore, the initial tax cost base for each share received in Critical Metals Limited is deemed to be 1.24 cents per share. Hannans shareholders need to include this information in their Income Tax Return for the year ended 30 June 2017.
  - ∂ By way of further information in September 2016 Hannans applied to the ATO for a Class Ruling confirming Hannans shareholders would be entitled to concessional tax treatment under the demerger relief provisions of the Income Tax Assessment Act in relation to the in-specie distribution. Hannans recently withdrew its Class Ruling application after receiving feedback from the Company's advisers and the ATO that the application was unlikely to be successful, due to a very restrictive interpretation of the law by the ATO. Despite the additional certainty provided by a Class Ruling the impact on Hannans shareholders was not deemed to be sufficiently material to justify the time and cost of seeking orders confirming the tax position. An example of how to calculate the tax cost base of your Hannans shares and the starting cost base for your Critical Metals shares is included on the following page.
  - ∂ Shareholders and or their taxation advisers are welcome to contact Mrs Mindy Ku at Corporate Board Services Pty Ltd via email [mindyk@corpbservices.com](mailto:mindyk@corpbservices.com) for clarification of the taxation calculations, or visit [www.corpbservices.com](http://www.corpbservices.com).

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<sup>1</sup> Refer ASX releases dated 31 March 2017 and 2 May 2017

The following is an example of how to calculate your new Hannans tax cost base and Critical Metals tax cost base.

- ∅ Mary owned 100,000 Hannans shares with an aggregate cost base of \$1,000 (\$0.01 cents per share) prior to the in-specie distribution. She received 9,938 shares in Critical Metals Ltd representing a non-assessable return of capital.
  - Step 1: Mary assesses if the non-assessable return of capital (i.e. the value of the Critical Metals shares) is more or less than the cost base of her shares in Hannans.
  - Step 2: In this instance, the non-assessable return of capital of \$120 (100,000 Hannans shares x \$0.0012) is less than her Hannans cost base of \$1,000.
  - Step 3: Mary reduces the tax cost base of her Hannans shares by the non-assessable return of capital (\$1,000 – \$120 = \$880).
  - Step 4: Mary records the new tax cost base for her Hannans shares and Critical Metals shares as follows:
    - Hannans tax cost base for 100,000 shares of \$880 (\$0.0088 cents per share)
    - Critical Metals tax cost base for 9,938 shares of \$123.23 (\$0.0124 per share)
- ∅ Please note that Shareholders should seek their own independent tax advice in relation to the preparation of their income tax returns and the use of the amounts in the table above.

## AIM FOR THE 1<sup>ST</sup> QUARTER 2017/2018

During the 1<sup>st</sup> Quarter (July – September 2017) Hannans aims to:

- ∅ New Opportunity – secure tenure prospective for lithium and cobalt mineralisation;
  - ∅ Forrestania (Lithium) – complete a 2<sup>nd</sup> phase of drilling (RAB) to test rocks prospective for lithium mineralisation, and plan 3<sup>rd</sup> phase of drilling;
  - ∅ Forrestania (Gold) – enter into a substantive joint venture agreement with Classic Minerals Ltd and follow continued gold exploration results from JV partner;
  - ∅ Lake Johnston (Lithium) – follow activities of joint venture partner Montezuma Mining Ltd;
  - ∅ Forrestania (Nickel) – seek joint venture partner;
  - ∅ Queen Victoria Rocks (Nickel) – seek joint venture partner; and
- Deed of Acknowledgement – receive an additional \$160,000 (net) from Mine Builder Pty Ltd.

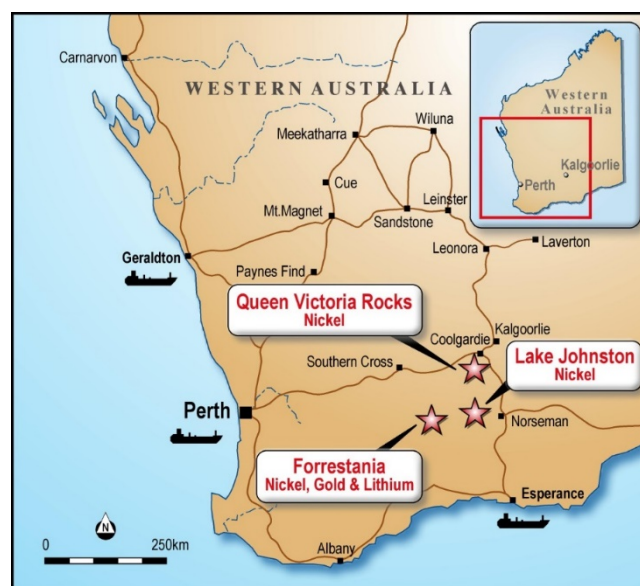


Figure 5 Project location map

## ASX ANNOUNCEMENTS FOR 4<sup>th</sup> QUARTER 2016/2017

Date	Announcement
25/7/2017	High Grade Gold
19/7/2017	Near Surface High Grade Gold Zone
11/7/2017	Classic Discovers New High-Grade Gold Zone
5/7/2017	Compelling Gold Intersections at FGOP
20/6/2017	Response to ASX Query
13/6/2017	Issue of Shares
1/6/2017	Change of Registered Office
31/5/2017	Lithium Drilling
2/5/2017	Diamond drilling in progress at QVR
1/5/2017	3 <sup>rd</sup> Quarter Activities Report
27/4/2017	3 <sup>rd</sup> Quarter Cashflow Report
12/4/2017	Forrestania Gold Drilling

**Table 1:** ASX Announcements since 1 April 2017

### CONTACT DETAILS

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### 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. Hannans has a strategic relationship with West Australian based mining services company Australian Contract Mining. 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](http://www.hannansreward.com).

## APPENDIX A – TENEMENT STATUS FOR 4<sup>th</sup> QUARTER 2016/2017

### CURRENT TENEMENTS

Tenement number	Interest 4 <sup>th</sup> Quarter 2016/2017		Note	Tenement number	Interest 4 <sup>th</sup> Quarter 2016/2017		Note
	Start	End			Start	End	
<b>HANNANS LTD</b>							
Location: Lake Johnston, Australia							
E63/1365	20%	20%	1				
<b>REED EXPLORATION PTY LTD <sup>2</sup></b>							
Location: Lake Johnston, Australia				Location: Queen Victoria Rocks, Australia			
E63/1365	80%	80%	1	E15/1416	100%	100%	
Location: Forresteria, Australia							
E77/2207-I	100%	100%	2	E77/2303	100%	100%	2
E77/2219-I	100%	100%	2	P77/4290	100%	100%	2
E77/2220-I	100%	100%	2	P77/4291	100%	100%	2
E77/2239-I	100%	100%	2				

**Note:**

- Hannans Ltd holds 20% interest and Reed Exploration Pty Ltd holds 80% interest.
- Reed Exploration Pty Ltd is the registered holder and has a 100% interest in non-gold rights and a 20% interest in gold rights

### TENEMENTS UNDER APPLICATION

Tenement number

**REED EXPLORATION PTY LTD**

Location: Forresteria, Australia

E77/2460

E77/2468 (subject to a ballot)

E77/2469 (subject to a ballot)

### RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Nil.

### COMPLIANCE STATEMENTS

The information in this document that relates to exploration results at Queen Victoria Rocks is based on information compiled by Mr Adrian Black, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Black is a full time employee of Newexco Services Pty Ltd who consult to Hannans Ltd and its subsidiary companies. Mr Black has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Black 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 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 her information in the form and context in which it appears.

## JORC Code, 2012 Edition – Table 1

### Section 1 Sampling Techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	<p><b>Diamond Drilling based on DHEM Targets (QVR Nickel)</b></p> <p>QVD Diamond Drill Hole Collar</p> <p>Hole QVD015 MGA East 300199 MGA North 6533694 RL 465 Dip -67.5 degrees, Azimuth 138 degrees, hole drilled from 0m - 367m.</p> <p>Down-Hole Electromagnetic (DHEM surveys)</p> <p>∂ DHEM surveys were contracted to Vortex Geophysics and designed/managed by Newexco Services. Survey parameters include:</p> <ul style="list-style-type: none"> <li>○ 200x200m &amp; 500x500m loops (200 amps &amp; 100 amps)</li> <li>○ Vortex VTX-100 high powered transmitter</li> <li>○ EMIT Digi Atlantis 3-Component fluxgate probe</li> <li>○ EMIT SAMRTem24 receiver</li> <li>○ Base frequency 2.083Hz</li> <li>○ Stacks 3x128</li> <li>○ Sampling interval 5m/10m</li> </ul>
<i>Drilling techniques</i>	<p>∂ Geological exploration involved completion of 1 diamond drill hole, with both HQ core and NQ2 core being collated onto labelled plastic core trays, then being transported off-lease down to Perth for processing. Drill core types and details are standard mining industry types. Both HQ core and NQ2 core was recovered.</p>
<i>Drill sample recovery</i>	<p>∂ QVD015 was cored from surface employing triple tubing techniques to assist core recovery in broken ground and to ensure hole stayed on track and within parameters to hit drill target. The hole was drilled HQ until 131.8 metres and then NQ2 to 367 metres, the end of hole. Recoveries were excellent and all drill run depths were recorded. Overall core recovery of weathered material was very good and fresh rock recovery was excellent. Drill core was retained on site at QVR and then transported to a secure core yard in Kalgoorlie for safe storage and then to Hannan's facility in Perth.</p>
<i>Logging</i>	<p>∂ All drill core was logged by Gordon Kelly up to the standard established by Kambalda Nickel Operations and subsequent academic breakthroughs in the understanding of komatiite volcanism and its alteration. This is accepted by all workers as being industry best practice and is quantitative in nature and is adequate to qualify for any appropriate Mineral Resource estimations and any mining feasibility studies.</p>
<i>Sub-sampling techniques and sample preparation</i>	<p>∂ Selected lengths of recovered core were marked up in preparation for sampling and multi-element assay. It was subsequently decided to carry out XRF sampling of drill core prior to any splitting for multi-element assay. This sampling and analysis was carried out at 0.5m intervals on all the ultramafic core and at varied intervals over other core and lithological units to determine the potential intervals to be assayed. The ultramafic unit(s) generally reported between 0.2 – 0.3% nickel with two intervals reporting over 0.4% Ni and 0.5% Ni respectively. As no core reported greater than 1% Ni it was decided that no laboratory analysis of core was necessary. The XRF instrument used was an Olympus DP-6000-C Delta mining Premium Cam, Serial Number: 510993. Nickel standards and blanks were also run in conjunction with the XRF analysis. The core was cleaned, washed and dried before sampling was undertaken. The sampling is semi-quantitative at best and was used to give an indication if any core intervals had nickel values in excess of 1% Ni. The XRF sampling was also useful in determining the rock types in the hole based on trace and major element content (e.g. ultramafics, mineralised ultramafics, basalts, sediments and intrusives).</p>
<i>Quality of assay data and laboratory tests</i>	<p>∂ Not applicable</p>
<i>Verification of sampling and assaying</i>	<p>∂ Not applicable</p>
<i>Location of data points</i>	<p>∂ QVD015 was set out using a Garmin hand-held GPS to +/- 4m accuracy. MGA coordinates based on GDA 1994 datum in Zone 51. The hole bearing was initially established using a</p>



Criteria	Commentary
	Suunto hand-held compass. In order to collar the hole precisely Gyro Australia were engaged and used their "Keeper" north seeking Gyro tool to finalise the layout dip and azimuth of the hole. Final Gyro surveys at end of hole were also carried out by Gyro Australia with stations every 5 metres downhole. Readings were also taken on a regular basis (every 12 or 18 metres) by the drillers Westralian Diamond Drillers using a "Reflex" tool to monitor hole progress.
<i>Data spacing and distribution</i>	∂ Only one hole was drilled
<i>Orientation of data in relation to geological structure</i>	∂ Diamond hole QVD015 was drilled across strike to intersect a geophysical target. This was done to hit the postulated target in an orthogonal sense and to give the best chance of intersection the conductive plate models.
<i>Sample security</i>	∂ Drill core was retained on site at QVR and then transported to a secure core yard in Kalgoorlie for safe storage and then to Hannan's facility in Perth.
<i>Audits or reviews</i>	∂ No audits were applicable.

Criteria	Commentary
<i>Sampling techniques</i>	<b>Aircore Drilling (Forrestania Lithium)</b> ∂ Air-core drilling of vertical holes drilled at spacing along lines of 100 metres. The sampling lines were the old nickel exploration lines established by AMAX Mining in 1974. The lines are at variable spacing oriented generally in an ENE/WSW direction and never closer than 800 metres spacing.
<i>Drilling techniques</i>	∂ The holes were drilled vertically to 12 metres depth with some holes being extended down to oxidized rock at greater than 20 metres depth. The recoveries were high and there was no contamination.
<i>Drill sample recovery</i>	∂ The recoveries of the air core samples were greater than 90 percent.
<i>Logging</i>	∂ The core samples were geologically logged with reference being made to chip samples that had been sieved from each metre. The chip samples have been stored in labelled plastic chip trays for later reference.
<i>Sub-sampling techniques and sample preparation</i>	∂ The analyses that were completed are: Au, Ag, Al, As, B, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sr, Ta, Te, Ti, Tl, V, W and Zn. The results for Li and Cr have been plotted at 1:25,000 scale in ppm.
<i>Quality of assay data and laboratory tests</i>	∂ Intertek laboratories has carried out QA/QC testing on all of the analytical batches and they all met the NATA standards required for accreditation.
<i>Verification of sampling and assaying</i>	∂ A series of duplicate samples verified the original results.
<i>Location of data points</i>	∂ The drill hole were located by hand held GPS using GDA 94 coordinates to an accuracy of +/- 3 metres.
<i>Data spacing and distribution</i>	∂ The drill holes were spaced at 100 m intervals along lines and the lines were a variable distance apart prescribed by the access available which averaged about 800 metres.
<i>Orientation of data in relation to geological structure</i>	∂ Drill hole traversed were normal to the interpreted geological structures.
<i>Sample security</i>	∂ The samples were secured by the field personnel and by the Intertek laboratory staff.
<i>Audits or reviews</i>	∂ Nil