

HANNANS

10 November 2017

Dear Shareholder,

PURCHASE HANNANS SHARES AT A 20% DISCOUNT

On 7 November 2017 Hannans Ltd (ACN 099 862 129) (Hannans or the Company) announced an exclusive offer only available to Hannans shareholders.

Eligible Hannans shareholders can purchase up to \$15,000 worth of Hannans shares at a discount via a Share Purchase Plan (SPP) in accordance with the pricing methodology set out below. Importantly the SPP closes on Monday 27 November 2017 and may close early so we encourage you to act promptly to avoid missing out.

In summary it is anticipated that the SPP will raise approximately \$2.5 million and the funds will be used to:

- (a) continue exploration for lithium at Forrestania in Western Australia near the Earl Grey lithium project which is currently being developed by one of the world's largest producers of lithium New York Stock Exchange listed SQM and ASX listed Kidman Resources Ltd;
- (b) continue the process to joint venture our nickel sulphide exploration projects located at Forrestania and Queen Victoria Rocks in Western Australia;
- (c) secure additional projects by applying for more tenure;
- (d) pay costs associated with due diligence on potential acquisitions; and
- (e) for general working capital purposes.

Full terms and conditions of the SPP are contained in Annexure A. If you would like to know more about Hannans' current activities, please visit www.hannansreward.com and follow Hannans on Twitter.

HOW MUCH WILL THE SHARES COST?

The final issue price will be determined at the end of the SPP and will be equal to a 20% discount to the volume weighted average share price (VWAP) in the five days prior to the SPP closing (including the day the offer closes). The number of Shares that will be issued will be determined by dividing the application amount by the issue price rounded down to the nearest whole Share.

HOW MUCH CAN YOU INVEST?

Eligible Shareholders can apply for Shares to the value of either:

\$1,000	\$2,500	\$5,000	\$7,500	\$10,000	\$12,500	\$15,000
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SHAREHOLDERS ELIGIBLE TO PARTICIPATE IN THE SPP

The right to participate is available exclusively to shareholders who are registered as holders of Shares at 5pm (WST) on 6 November 2017 (Record Date) and whose registered address is in Australia or New Zealand (Eligible Shareholders).

If you are an Eligible Shareholder and would like to participate in the SPP you can either:

- Pay for your Shares via BPAY®¹ in which case you do not need to send in the Application Form. The reference number can be found on the Application Form; or
- Pay for your Shares using a cheque and deliver the enclosed Application Form via mail, post or hand to the Company's share registry.

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Please consider all the attached information before deciding whether to invest. Participation in the SPP is subject to the Terms and Conditions enclosed with this letter.

We believe Hannans has a very bright future and encourage you to consider participating in the SPP after consideration of the relevant investment risks.

If you have any questions please don't hesitate to contact me, Mr Damian Hicks, or Mr Ian Gregory, Company Secretary on +61 (8) 9324 3388.

Yours faithfully



Damian Hicks
Executive Director

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¹ ® Registered to BPAY Pty Ltd, ABN 69 079 137 518

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HANNANS

Share Purchase Plan(SPP)

November 2017

IMPORTANT INFORMATION

PAYING FOR YOUR SPP SHARES

- Make a BPAY® payment by using the Biller Code and Reference Number shown on your Application Form. If you have multiple holdings you will have multiple BPAY Reference Numbers. To ensure you receive your Shares under the SPP in respect of that holding you must use the specific Biller Code and Reference Number shown on each personalised Application Form when paying for any Shares that you may wish to apply for in respect of that holding. If you inadvertently use the same Reference Number for more than one of your applications, you will be deemed to have applied only for that application to which that Reference Number applies and any excess amount will be refunded. If you make your payment using BPAY® you do not need to return your Application Form. New Zealand holders will not be able to make a payment using BPAY®. Payments made by BPAY® received after 5pm (WST) on Monday, 27 November 2017 will not be accepted. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.
- Complete the enclosed Application Form and send it together with your payment by cheque made payable to "Hannans Ltd" and drawn in Australian currency for the correct amount, to the Company's share registry to be received by the share registry no later than 5pm (WST) on the Closing Date of Monday 27 November 2017:

By mail or post

Computershare
GPO Box 505
Melbourne VIC 3001

Hand delivered

Computershare
Level 11, 172 St Georges Terrace
Perth WA 6000

or

Computershare Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

No late applications will be accepted.

SHAREHOLDERS ELIGIBLE TO PARTICIPATE

Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the SPP.

\$1,000	\$2,500	\$5,000	\$7,500	\$10,000	\$12,500	\$15,000
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Once an application has been made it cannot be revoked. Applications received before the Closing Date of Monday 27 November 2017 will be accepted on a first come first served basis, at the Company's discretion. If the exact amount of money is not tendered with your application, the Company reserves the right to either:

- return your Application Form and/or payment and not allot any Shares to you; or
- allot to you the number of Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any shareholder may apply for will remain \$15,000 even if a shareholder receives more than one offer under the SPP (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account). It is the responsibility of the applicant to ensure that the aggregate of the application price paid for the Shares the subject of the application and any other shares and interests in the class applied for by you under the SPP or any similar arrangement in the 12 months prior to the date of submission does not exceed \$15,000.

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CUSTODIANS AND NOMINEES

Eligible Shareholders who hold Shares as Custodian or Nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of A\$15,000 worth of Shares in respect of each Beneficiary who is resident in Australia or New Zealand, subject to providing a Custodian Certificate to Hannans, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.

ACCEPTANCE OF RISK FACTORS

On the last trading day immediately prior to the announcement date of the SPP, the closing price of the Shares traded on ASX was \$0.018. The market price of Shares in Hannans may rise and fall between the date of the SPP and the date that any Shares are issued to you as a result of your application under the SPP.

By making an application under this offer and applying for Shares under the SPP, each Eligible Shareholder will be acknowledging that although the purchase price per Share is at a discount to the market price as traded on ASX, Shares are a speculative investment and the price of Shares on ASX may change between the date of Hannans announcing the SPP and the date of issue of Shares under the SPP and that the value of the Shares received under the SPP may rise or fall accordingly.

The Board recommends that you obtain your own financial advice in relation to the offer and consider price movements of Shares in Hannans prior to making an application under the SPP.

ADDITIONAL INFORMATION AND IMPORTANT DATES

The offer of Shares under the SPP is made in accordance with ASIC Class Order 09/425 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act (2001) (Cth) (**Corporations Act**).

The offer cannot be transferred and the Directors of Hannans reserve the right in their absolute discretion to reject or scale back, any application. Shares allotted under the SPP will be issued no later than 10 business days after the Closing Date of the SPP. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum amount proposed to be raised under the SPP is \$2,500,000. The Company, however, reserves absolute discretion regarding the final amount raised under the SPP, subject to the maximum amounts permitted under the ASX Listing Rules.

The Company has engaged Euroz Securities Limited and Arlington Group Asset Management Ltd to assist with the SPP and the placement of any shortfall.

In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications. Scale-back for Shares held by Custodians will be applied at the level of the underlying Beneficiary. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions.

If the Company rejects or scales-back an application, the Company will promptly return to the applicant the relevant application monies, without interest.

FOREIGN OFFER RESTRICTIONS

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

New Zealand Shareholders

The Shares offered under the SPP are not being offered or sold to the public within New Zealand other than to existing shareholders of Hannans with registered addresses in New Zealand and to whom the offer is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand

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law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

SHORTFALL PLACEMENT

In the event that less than \$2,500,000 is applied for by Eligible Shareholders, the full amount of the shortfall may be placed at the discretion of the Board subject to compliance with the necessary legal requirements.

INDICATIVE TIMETABLE

Record Date for Share Purchase Plan	5pm (WST) on Monday, 6 November 2017
Announce Share Purchase Plan	Tuesday, 7 November 2017
Dispatch Share Purchase Plan booklet to shareholders and release Offer Letter on the ASX	Friday, 10 November 2017
Share Purchase Plan Opens	Friday, 10 November 2017
Closing date for Share Purchase Plan	Monday, 27 November 2017
Lodge Appendix 3B, Issue of new Shares under the Share Purchase Plan	Monday, 4 December 2017
Quotation on ASX of new Shares under the SharePurchasePlan	Tuesday, 5 December 2017

These dates are indicative only. Hannans may vary the dates and times of the SPP, including closing the SPP early, without notice. It is the intention of the Board to close the SPP as soon as subscription funds for \$2,500,000 have been received. Accordingly, shareholders are encouraged to submit their Application Forms as early as possible.

SHAREHOLDER SHARE PURCHASE

TERMS AND CONDITIONS

PURPOSE

The purpose of the Shareholder Share Purchase Plan (the **Plan**) is to offer shareholders of Hannans Ltd (ACN 099 862 129) (**Hannans** or the **Company**) the opportunity to acquire additional fully paid ordinary shares in Hannans (**Shares**) for a subscription price of up to a maximum of \$15,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan). The issue price will be a 20% discount to the VWAP in the five days prior to the close of the Plan (including the date of close) and will be confirmed and announced by the Company the day after the closing date of the Plan. Shares will also be issued without the need to pay brokerage costs and without the need for Hannans to issue a prospectus. The Plan is governed upon such terms and conditions as the board of directors of the Company, in its absolute discretion, sees fit.

SHAREHOLDERS ELIGIBLE TO PARTICIPATE

Holders of Shares who are registered with an Australian or New Zealand address as at 5pm (WST) on 6 November 2017 are eligible shareholders (Eligible Shareholders) and may participate in the Plan unless such registered shareholder holds Shares on behalf of another person who resides outside Australia or New Zealand. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these Terms and Conditions. Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any Shares offered under the Plan). Eligible Shareholders who wish to take up Shares issued under the Plan agree to be bound by the Company's constitution in respect of Shares issued under the Plan.

CUSTODIANS, TRUSTEES AND NOMINEES

If you are an Eligible Shareholder and hold Shares as a custodian (as defined in ASIC Class Order CO 09/425 (refer below) (**Custodian**)), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian provided you annexe to your Application Form a certificate to Hannans (**Custodian Certificate**) with the following information:

- that you held Shares on behalf of one or more other persons who are resident in Australia or New Zealand (each a **Participating Beneficiary**) at 6 November 2017 who have subsequently instructed you to apply for Shares under the Plan on their behalf;

- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied under the SPP for each Participating Beneficiary for whom you act plus the application price for any other Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- that a copy of the written offer document was given to each beneficiary; and
- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order CO 09/425 you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that allows you to perform custodian or depository services or operate IDPS accounts;
- is exempt from holding an Australian financial services licence by virtue of:
 - (a) paragraph 7.6.01(1)(k) of the Corporations Regulations 2001 (the **Regulations**);
 - (b) paragraph 7.6.01(1)(na) of the Regulations;
 - (c) Class Order CO 05/1270 to the extent that it relates to Class Order CO 03/184;
 - (d) Class Orders CO 03/1099, CO 03/1100, CO 03/1101, CO 03/1102, CO 04/829 or CO 04/1313;
 - (e) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (d) above; or
 - (f) paragraph 911A(2)(h) of the Corporations Act 2001 (Cth);
- is a trustee of a self managed superannuation fund;
- is a trustee of superannuation master trusts;
- is a responsible entity of IDPS like schemes;
- is noted on Hannans' register of members as holding the shares on account of another person.

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If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact Company Secretary, Mr Ian Gregory on +61 (8) 9324 3388 at any time from 8.30am to 5.00pm (Perth time) Monday to Friday during the offer period.

The Company reserves the right to reject any application for Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

PRICE OF SHARES

The price of Shares to be issued under the Plan will be a 20% discount to the VWAP in the five days prior to the close of the Plan (including the day the Plan closes). The price will be confirmed and announced by the Company the day after the closing date of the Plan.

APPLICATIONS AND NOTICES

The Company will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Shares under the Plan, and accompanied by these Terms and Conditions of the Plan and an Application Form. Applications will not be accepted after the closing date of the offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by the Company to participants may be given in any manner prescribed by its Constitution.

PLACEMENT OF SHORTFALL

Any shortfall from the Plan may be placed at the discretion of the Directors.

ISSUE OF SHARES

Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of the Company in the offer letter (or as otherwise announced by the Company if that date is extended).

Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Shares issued under the Plan. The Company will, promptly after the issue of Shares under the Plan, make application for those Shares to be listed for quotation on the official list of ASX.

MODIFICATION AND TERMINATION OF THE PLAN

The Company may modify or terminate the Plan at any time. The Company will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer Shares than the person applied for under the Plan if the issue of Shares applied for would contravene any applicable law or the Listing Rules of ASX.

RAISING AMOUNT AND SCALE BACK

The Company seeks to raise approximately \$2,500,000. However the maximum number of Shares that can be issued is 350,000,000 Shares and the Company reserves absolute discretion regarding the final amount raised under the Plan.

In the event the Plan is oversubscribed by the closing date, the Directors may, in their absolute discretion, scale-back applications. If the Company rejects or scales-back an application or purported application, the Company will promptly return to the applicant the relevant application monies, without interest.

DISPUTE RESOLUTION

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of the Company under these conditions may be exercised by the directors of the Company or any delegate of the directors of the Company.

QUESTIONS AND CONTACT DETAILS

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Mr. Ian Gregory, Company Secretary on +61 (8) 9324 3388.