

# HANNANS

4<sup>th</sup> Quarter Activities Report 2017/2018

## Fast Facts

ASX Code: HNR

## Capital Structure

Shares on issue: 1.98 billion

Market cap: \$31.3M (at 1.6c)

Cash: \$4.0M

Debt: Nil

## 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 (Nickel & Lithium) 15%

During the 4<sup>th</sup> Quarter (April – June 2018) Hannans:

- ∂ Mt Holland West (Lithium) – commenced 2<sup>nd</sup> phase of RC drilling targeting pegmatite rocks hosting lithium mineralisation (completed July 2018, assays pending)
- ∂ Mt Holland East (Lithium & Gold) – received notification of grant of key tenements hosting major lithium and gold targets, completed desktop flora & fauna survey
- ∂ Forrestania (Gold) – joint venture partner confirmed further high grade cross cutting gold structures within Lady Magdalene and Lady Ada gold deposits; new gold discovery made at Van Uden West (Hannans free-carried at 20%)
- ∂ Forrestania (Nickel) – after giving due consideration to the improving market sentiment for nickel associated with the need for nickel in rechargeable batteries, engaged experienced consulting firm Newexco Services to prepare target generation report prior to commencing joint venture process
- ∂ Queen Victoria Rocks (Nickel) – continued joint venture discussions
- ∂ Corporate (Funding) – received final instalment of funds from sale of North Ironcap gold rights
- ∂ Corporate (New Projects) – continued assessing potential acquisition opportunities

During the 1<sup>st</sup> Quarter (July – September 2018) Hannans aims to:

- ∂ Mt Holland West (Lithium) – receive assays from 2<sup>nd</sup> round of RC drilling and subject to encouraging results, commence 3<sup>rd</sup> round of RC drilling
- ∂ Mt Holland East (Lithium & Gold) – receive government approval to explore new tenements; commence 1<sup>st</sup> round of auger drilling over lithium and gold targets
- ∂ Forrestania (Gold) – review gold exploration drilling results from joint venture partner
- ∂ Forrestania (Nickel) – review target generation report and commence joint venture process
- ∂ Queen Victoria Rocks (Nickel) – execute joint venture agreement

## 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, visit [www.hannansreward.com](http://www.hannansreward.com) and search for 'Hannans' on Twitter.



**Figure 1:** Location Map showing Hannans' Forrestania/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

#### **Mt Holland Lithium Project (Hannans 100%)**

The Mt Holland Lithium Project is located adjacent to Earl Grey, one of the most significant hard rock lithium deposits in the world jointly owned by New York Stock Exchange listed SQM and ASX listed Kidman Resources Ltd. Earl Grey will underpin a world-class long-life integrated lithium project.<sup>1</sup> Hannans' exploration goal at Mt Holland is to discover a lithium deposit comparable to Earl Grey.

Hannans' major shareholder is Neometals Ltd, a leading Australian specialty minerals company and minority owner of the producing Mt Marion lithium mine<sup>2</sup>. Dr Bryan Smith is a consulting exploration geoscientist to both Neometals and Hannans and was previously responsible for exploration at Mt Marion. Dr Smith said, "I'm very familiar with this region and Hannans' Mt Holland East project appears to be a standout target for lithium and gold. I've reviewed Hannans' detailed airborne survey data and have validated the geological and structural interpretation. I recommend Hannans focus its future exploration efforts on Mt Holland East as it's the area most likely to host a major lithium and or gold deposit. In saying that we've only scratched the surface at Mt Holland West so far in terms of exploration for lithium."

Exploration activities including drilling (shallow and deep), surface sampling, mapping and geophysics will be ongoing at Mt Holland during the next six months.

<sup>1</sup> Refer [kidmanresources.com.au](http://kidmanresources.com.au)

<sup>2</sup> Neometals Ltd ([neometals.com.au](http://neometals.com.au)) owns 36% of Hannans

Mt Holland East (MHE)

Hannans believes it has identified a major new target zone for lithium and gold within Mt Holland East. The target zone represents the intersection of (north-south) structures and a complex (east-west) dyke system within the proximity of margins of granite plutons. This is considered to be a favourable setting for mineral deposition (refer Figure 3 on page 4).

Hannans has completed a detailed airborne magnetic / radiometric survey and an interpretation of the geophysical data over Mt Holland East. Several field trips have now also been completed which have aided in refining the geology and structural targets. A desktop flora and fauna survey has been completed.

The main tenements at Mt Holland East have recently been granted, and the Company is expecting approvals from the government enabling ground disturbing exploration (i.e. clearing and drilling) to commence in August. The aim of this first comprehensive drill program will be to identify robust lithium and gold anomalies that justify infill and deeper drilling. Details of this program will be released to ASX shortly after commencement of the exploration.

Mt Holland West (MHW)

Hannans has recently completed its 2<sup>nd</sup> phase of RC drilling at MHW.

The program comprised 14 reverse circulation (RC) drill holes for 1,540 metres in total. The RC drill holes were spaced at approximately 200 metre intervals along an east-west line and the average hole depth was 120m. The rig will return to site pending receipt of encouraging assay results and government approvals for additional drill holes. Drilling intersected pegmatites in most of the holes drilled, however Hannans must wait for the assay results to determine if the pegmatites host lithium. Assays are expected back from the laboratory within the next three weeks, after which they will be interpreted and released to ASX.

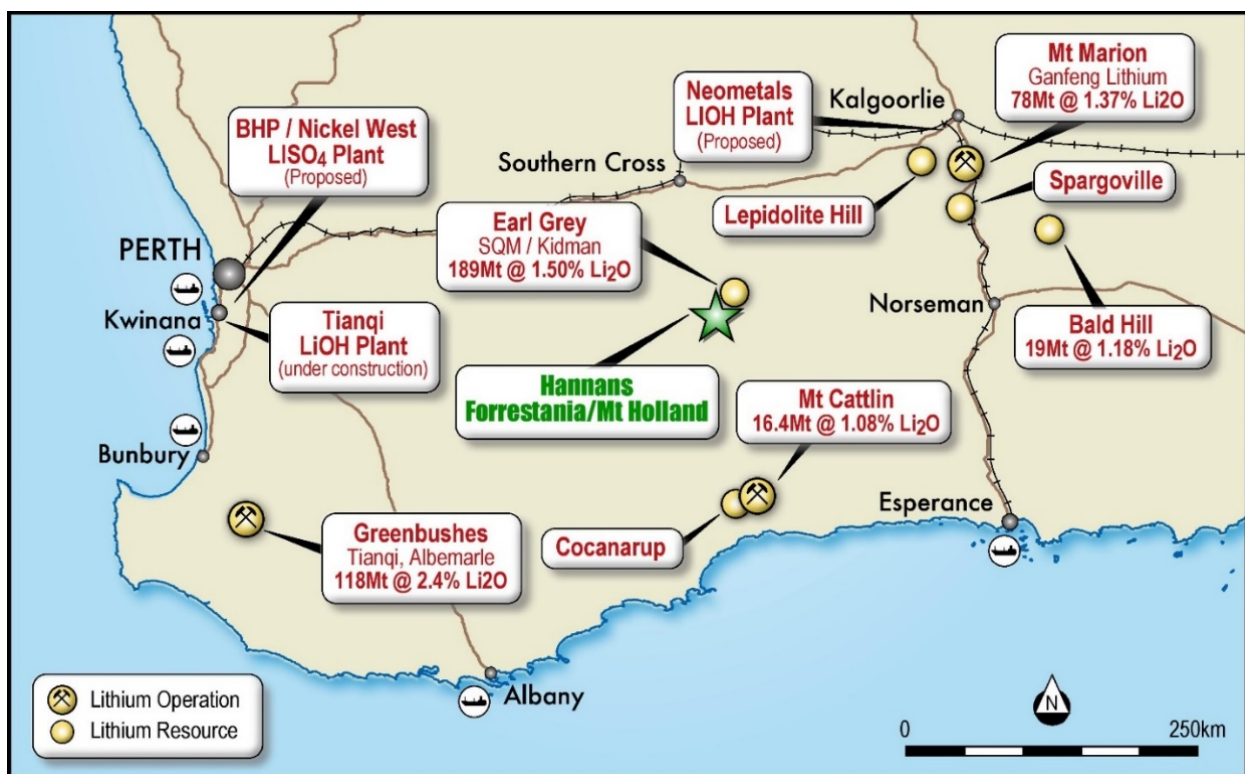


Figure 2: Location Map showing Australia's only three producing lithium mines (Greenbushes, Mt Marion and Mt Cattlin) and lithium exploration projects

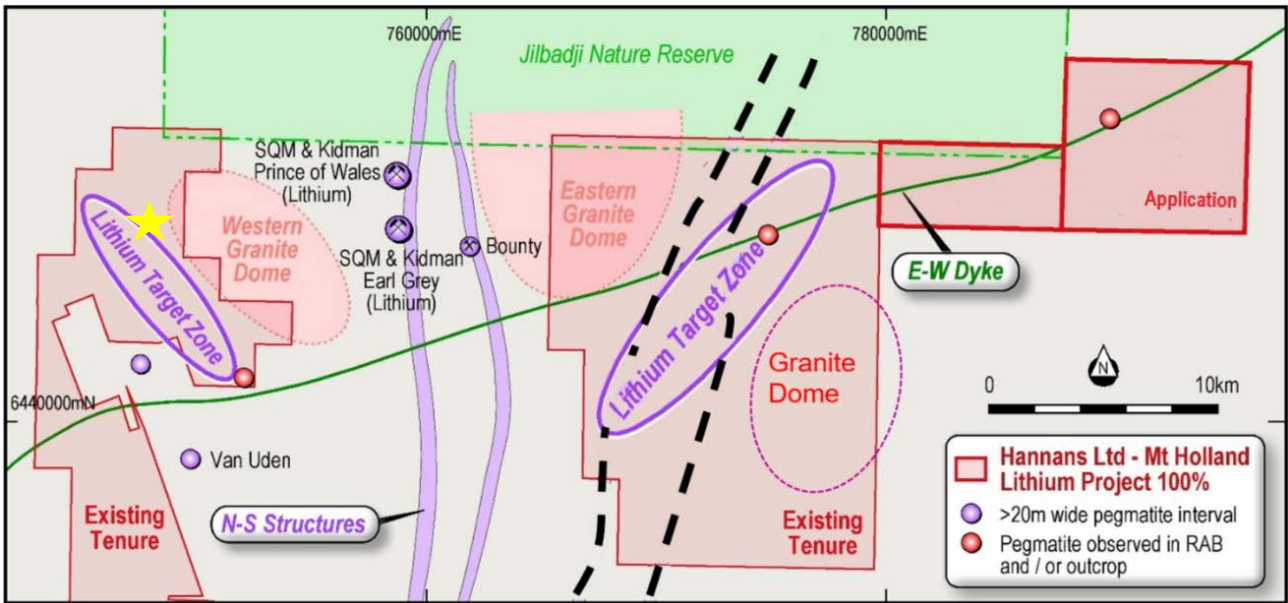


Figure 3: Plan view of Hannans Mt Holland Lithium Project. The yellow star shows the approximate location of the 2<sup>nd</sup> round of RC drilling highlighted in Figure 4 below.

The Earl Grey lithium deposit (shown in Figure 3 above) is one of the most significant hard rock lithium deposits in the world. The Bounty mine produced more than 1.3M oz of gold and hosts significant lithium mineralisation. Hannans’ Mt Holland project is prospective for lithium and gold.

The black dashed lines (shown in Figure 3 above) represent N-S structures identified from the recent airborne geophysical survey. The purple N-S structures represent known ultramafic units. The E-W Dyke contains a complex series of dykes within the MHE project. The dykes may be using structural weaknesses that have some bearing on pegmatite mineralisation, however there is no suggestion that the dykes and pegmatites are linked genetically.

Hannans’ subsidiary is the registered owner of the tenements. Hannans owns 100% of the mineral rights at MHE and 100% of the mineral rights at MHW, excluding gold. Hannans owns a 20% interest in the gold rights at MHW free-carried to a decision to mine.

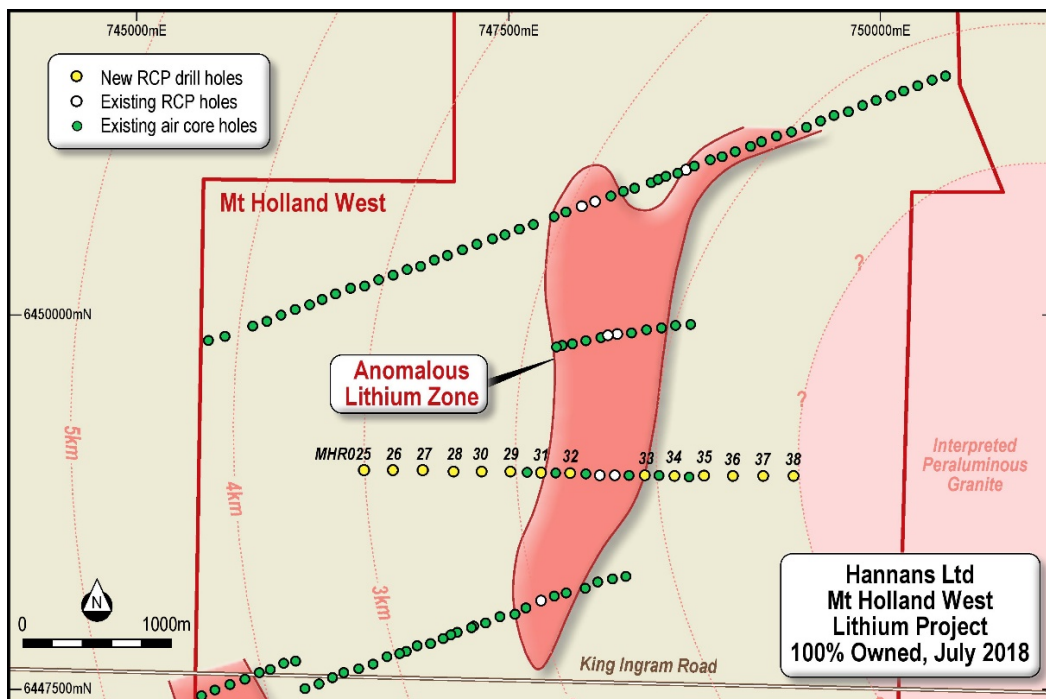


Figure 4: Plan view showing location of 2nd phase of RC drilling at Mt Holland West



Figure 5: Photo from recently completed 2<sup>nd</sup> Phase of RC drilling at Mt Holland West

**Forrestania Gold (Hannans 20% Free-Carried)**

Hannans joint venture partner Classic Minerals Ltd (Classic) announced a compelling new gold discovery at Van Uden West where drilling intersected 12m at 5.75 g/t gold from 59m (including 1m at 25.60 g/t gold from 59m). Classic also announced drilling at Lady Magdalene uncovered three potential cross-cutting quartz veins similar in orientation to the high-grade Lady Ada deposit. The main ore zone at Lady Magdalene also yielded further thick zones of gold mineralisation. Classic will commence additional drilling on the joint venture project in August 2018.<sup>3</sup>

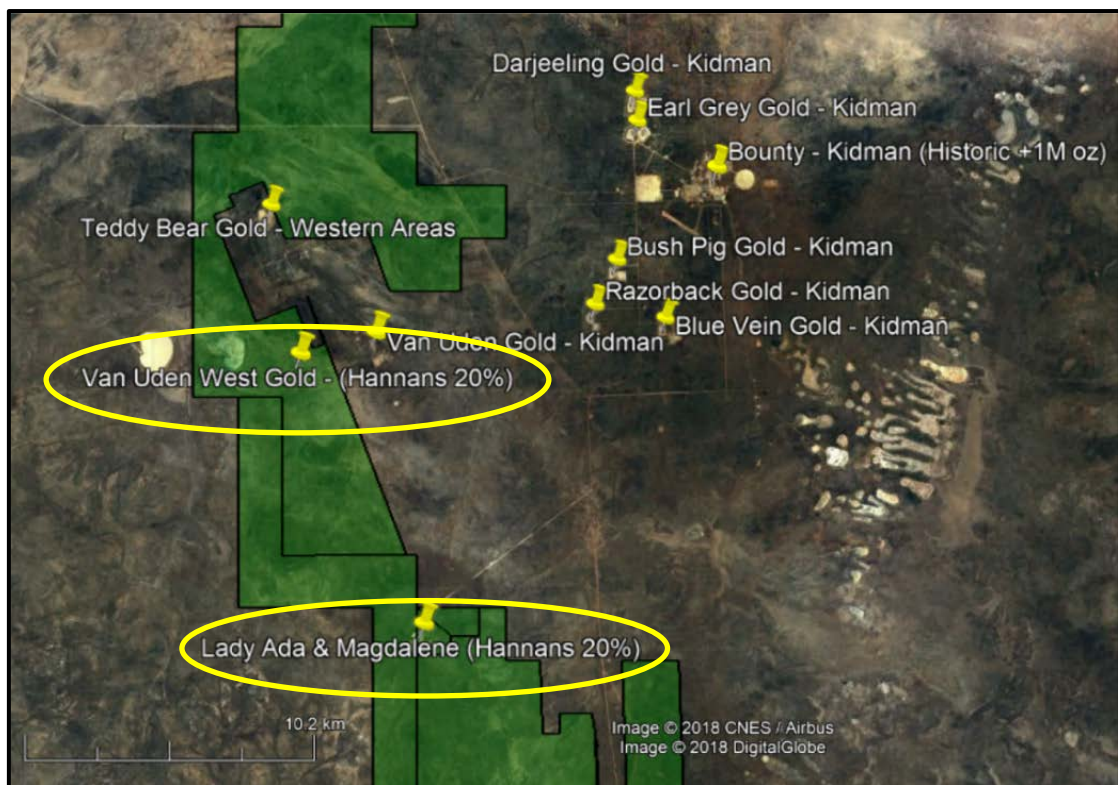


Figure 6: Hannans owns 20% of the gold rights within the green tenements.

<sup>3</sup> Refer ASX by Hannans dated 16 May 2018

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

**Forrestania (Nickel)**

Hannans’ Forrestania nickel project (known as Stormbreaker) is located along strike from world class high-grade nickel sulphide mines owned by Western Areas Ltd (ASX:WSA). Hannans will seek a well credentialed joint venture partner to share the risks and rewards of exploring this nickel sulphide province. Hannans has engaged consulting firm Newexco Services Pty Ltd to complete a target generation exercise by reviewing Hannans extensive Forrestania exploration database prior to Hannans commencing a formal joint venture process. The Newexco report will be made available to a short list of potential joint venture partners.



Figure 7: 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.

## ASX ANNOUNCEMENTS FOR 4<sup>th</sup> QUARTER 2017/2018

Date	Announcement
14/06/2018	Mt Holland and Forrestania Projects
04/06/2018	Updated Capital Structure
16/05/2018	Forrestania High Grade Gold
30/04/2018	3 <sup>rd</sup> Quarter Activities Report
30/04/2018	3 <sup>rd</sup> Quarter Cashflow Report

Table 2: ASX Announcements since 1 April 2018

## CONTACT DETAILS

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## APPENDIX A – TENEMENT STATUS FOR 4<sup>th</sup> QUARTER 2017/2018

### CURRENT TENEMENTS

Tenement number	Interest 4 <sup>th</sup> Quarter 2017/2018		Note	Tenement number	Interest 4 <sup>th</sup> Quarter 2017/2018		Note
	Start	End			Start	End	
<b>HR FORRESTANIA PTY LTD</b>							
Location: Forrestania, Australia							
E77/2460	0%	100%					
<b>REED EXPLORATION PTY LTD <sup>1</sup></b>							
Location: Queen Victoria Rocks, Australia				Location: Lake Hope, Australia			
E15/1416	100%	100%		E63/1865	0%	100%	
Location: Forrestania, Australia							
E77/2207-I	100%	100%	1	P77/4290	100%	100%	1
E77/2219-I	100%	100%	1	P77/4291	100%	100%	1
E77/2220-I	100%	100%	1	E77/2488	0%	100%	
E77/2239-I	100%	100%	1	E77/2489	0%	100%	
E77/2303	100%	100%	1	E77/2498	0%	100%	

**Note:**

- 1 Reed Exploration Pty Ltd (REX) is a wholly owned subsidiary of Hannans Ltd. REX is the registered holder of the tenements. REX holds a 100% interest in all minerals excluding gold. REX holds a 20% free-carried interest in the gold rights.

### TENEMENTS UNDER APPLICATION

Tenement number	Tenement number
<b>REED EXPLORATION PTY LTD</b>	
Location: Forrestania, Australia	
E77/2468	E63/1897
E77/2469	
E77/2520	
E77/2545	
E77/2546	

### RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Nil.

### COMPLIANCE STATEMENT

The information in this document that relates to exploration results at Forrestania 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.