HANNANS

ANNUAL REPORT

2019

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 and its subsidiaries have at various times since listing signed agreements with Vale Exploration, Rio Tinto Exploration, Anglo American, Boliden, Warwick Resources, Cullen Resources, Azure Minerals, Neometals, Tasman Metals, Grängesberg Iron, Lovisagruvan and Element 25. Shareholders at various times since listing have included Rio Tinto, Anglo American, OM Holdings, Craton Capital and BlackRock.

For more information, visit www.hannans.com and search for 'Hannans' on Twitter.

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

CORPORATE DIRECTORY

BOARD OF DIRECTORS

NON-EXECUTIVE CHAIRMAN
Mr Jonathan Murray

EXECUTIVE DIRECTOR
Mr Damian Hicks

NON-EXECUTIVE DIRECTORS
Mr Markus Bachmann
Mr Clay Gordon
Ms Amanda Scott

COMPANY SECRETARY
Mr Ian Gregory

ABN 52 099 862 129

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Perth, Western Australia 6000

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Perth, Western Australian 6000
Telephone 1300 787 272
Website www.computershare.com.au

AUDITORS
Ernst & Young
11 Mounts Bay Road
Perth, Western Australia 6000

LAWYERS
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, Western Australia 6000

CHAIRMAN'S LETTER

The Directors of Hannans Ltd (**Hannans** or **the Company**) submit their annual financial report of the Group being the Company and its controlled entities for the financial year ended 30 June 2019.

Dear Shareholders,

Our focus remains developing Hannans into a West Australian based mining company through exploration success, project acquisition and joint venture.

The global drive towards more efficient and cost-effective energy storage solutions, and the movement away from fossil fuels has driven the interest in a certain number of metals and minerals, namely those required to manufacture batteries to store energy. The main metals include nickel, cobalt, lithium, manganese, copper and graphite but also rare earths and many minor metals. The global macroeconomic uncertainty caused in part by trade wars between the United States and China has also seen a devaluation of many currencies and the rise in the value of gold as a store of value. Hannans takes all these factors into account when deciding which projects to focus on, and how much exploration expenditure to incur at any one time.

Since late 2018 Hannans has redirected efforts towards the Forrestania Nickel Sulphide Project adjoining world class high grade operating nickel sulphide mines located 135 kms south of Southern Cross. The price of nickel sulphide ore is expected to rise due to the increasing volume of nickel used in the latest lithium ion battery chemistries and low nickel stocks. The combination of the aforementioned demand and supply factors has led to a significant increase in interest in Hannans' Forrestania Nickel project due to its location adjacent to high grade operating mines. The Company is aiming to conclude a joint venture with a world class partner as soon as practicable to advance the discovery process.

Hannans will recommence exploration drilling for lithium at its Mt Holland Project in August 2019. The Earl Grey deposit at Mt Holland is now the third largest hard rock lithium deposit in the world. Ear Grey is owned by Covalent Lithium which is a joint venture between the world's largest producer of lithium, the New York Stock Exchange listed SQM and Australian listed company Kidman Resources Ltd (**Kidman**). Kidman is currently the subject of a takeover by Australia's largest diversified company Wesfarmers Ltd (ASX:WES). Earl Grey is a world class hard rock lithium deposit and will underpin a fully integrated lithium business. Hannans will complete the next two rounds of aircore drilling at Mt Holland and invite a short list of credible lithium focussed mining companies to make offers to joint venture into the project. Hannans aims to discover a deposit comparable to Earl Grey.

Hannans also holds a 20% free-carried interest in the Forrestania Gold project. Hannans shareholders remain exposed to future exploration success without the need to fund exploration.

Your Board will continue to investigate acquisition opportunities that have potential to add to stakeholder value. We believe we have the necessary technical and corporate support to successfully execute and implement a major transaction.

Once again, and on behalf of my fellow Directors, we thank you for your continued interest and support.

Yours sincerely,

Jonathan Murray
Chairman

STRATEGIC PLAN

VISION

Our vision is to build a successful exploration and production company.

MISSION

Our mission is to develop an economic interest in a portfolio of mineral exploration, development and production assets.

Our focus is to provide shareholders with a satisfactory return on investment by managing our people, projects and capital in an entrepreneurial and responsible manner.

We recognise that a professional, knowledgeable and ethical team of directors, employees and consultants is the key to our business.

The ability to implement the strategic plan is determined by Hannans' ability to access funding. Hannans may be required to sole funding exploration, contribute funding to maintain a joint venture interest or be free-carried to a decision point, or receiving a royalty from production. Hannans aims to fund the development of its portfolio of projects via equity raisings at increasing valuations, project sales and farm-outs.

GOALS

People

- To attract and retain a professional, knowledgeable and ethical team of experts whilst empowering staff at all levels.
- To continually build an understanding of our strategic partners' needs and wants and thereafter conduct business in a fair, transparent and ethical manner.

Projects

- To access prospective mineral exploration and development opportunities in Australia.
- To implement an effective acquisition program that secures access to projects that have the potential to host significant economic deposits.
- To add value by identifying, accessing and exploring projects that have potential to host significant economic deposits and then seek partners to diversify project risk.
- To retain a financial interest in projects but not necessarily an operational responsibility.
- To conduct our affairs in a responsible manner taking into account various stakeholder rights and beliefs.

Capital

- To create shareholder wealth as measured by the potential of our projects, the strength of our balance sheet and share price.
- To maintain sufficient funding and working capital to implement exploration and development programs through the peaks and troughs in sentiment and commodity prices fluctuations.

OPERATIONAL AND FINANCIAL REVIEW

Hannans owns 100% of the Forrestania Nickel Project and Mt Holland Lithium Project. It also owns a 20% free-carried interest in the Forrestania Gold Project and a 15% free-carried interest in the Lake Johnston Nickel and Gold project.

Exploration

Exploration activities completed by Hannans and its joint venture partners during the year ended 30 June 2019 are set out below:

Qtr 1

Mt Holland East (Lithium & Gold) – completed a 5,000m aircore drilling program focused on 10 structural targets (1st phase); click here to view a 2-minute update on Mt Holland East;

Mt Holland West (Lithium) – received assays and completed interpretation of 4th phase of exploration drilling; and

Forrestania (Gold) – partner released further impressive results, confirming the interpretation of high-grade, cross-cutting gold lodes previously missed due to wide spaced drilling (Hannans holds a 20% free carried interest).

Qtr 2

Mt Holland East (Lithium & Gold) – received assays and completed interpretation of 1st phase of exploration drilling; and

Mt Holland West (Lithium) – received assays and completed interpretation of 5th phase of exploration drilling.

Qtr 3

Forrestania (Nickel) – review concluded there is potential to find another high-grade nickel sulphide deposit within the Hannans tenure; workplans lodged to recommence nickel sulphide exploration; joint venture discussions initiated; and

Mt Holland (Lithium) – review of exploration results and strategy completed; work plans lodged to recommence lithium exploration.

Qtr 4

Forrestania (Nickel) – continued joint venture discussions with high quality organisations seeking access to the world class Forrestania nickel sulphide belt; planned flora & fauna surveys for Spring (August – October) to enable ground disturbing exploration activities to recommence as soon as practical; and

Mt Holland (Lithium) – received government approval for exploration at Mt Holland West enabling an 80 hole aircore reconnaissance drill program to commence in August (6th phase of exploration drilling); planned flora & fauna surveys for Spring at Mt Holland East to enable reconnaissance drill programs to recommence as soon as practical (2nd phase of exploration drilling).

Acknowledgement

Hannans would like to acknowledge the professional work completed by various advisors, consultants and contractors (**Team**) during the year. Hannans appreciates the quality, focus and attention to detail of the individuals within these small to medium sized organisations. Hannans and its Team are focussed on the discovery of a world class orebody at Forrestania and Mt Holland.

Exploration expenditure

Expenditure

In line with the Group's accounting policy, Hannans expensed $766,344 on mineral exploration activities in 2019 (2018: $505,967) relating to its non-JORC compliant mineral projects which included an impairment of $404,000 (2018: $28,000) relating to relinquished project areas. These amounts exclude all administration and transaction costs and exploration expenditure by Hannans joint venture partners.

Mineral Exploration Activities in 2019

	$	%
Geological activities	126,854	17%
Geochemical activities	130,788	17%
Geophysical activities	75,181	10%
Drilling	266,555	35%
Field supplies	44,859	6%
Field camp and travel	37,723	5%
Drafting activities	423	0%
Environmental	4,962	1%
Annual tenement rent & rates	53,105	7%
Tenement administration	23,034	3%
Tenement application fees	2,860	0%
TOTAL MINERAL EXPLORATION ACTIVITIES	766,344	100%

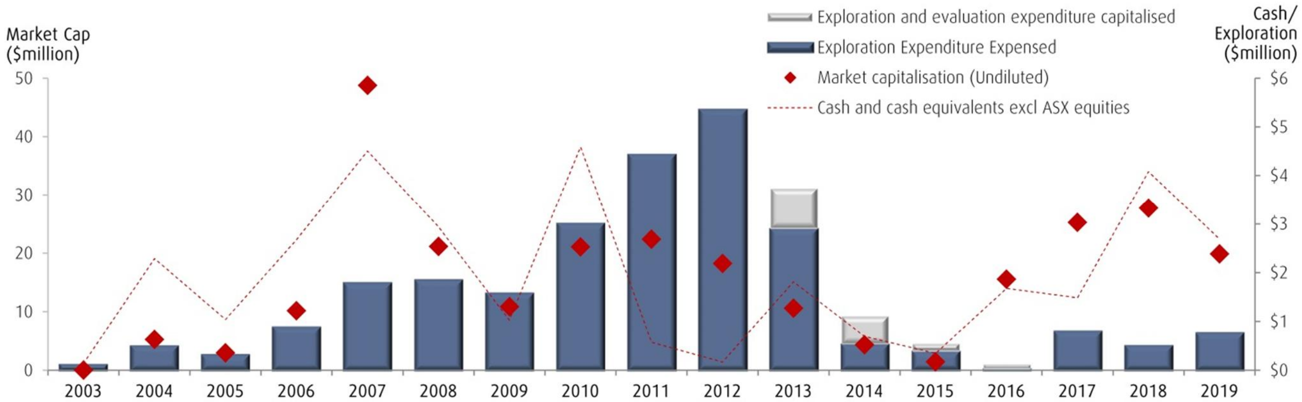


Chart 1. Historical record since listing on ASX of exploration expenditure, cash at bank and market capitalisation as at 30 June.

Corporate

Corporate and governance activities completed by Hannans for the year ended 30 June 2019 are set out below:

Qtr 1

Annual General Meeting
– held the AGM where all resolutions were passed on a show of hands; and

Audited Annual Report
– lodged the AR with regulators.

Qtr 3

Due Diligence
– Hannans completed approximately 18 months due diligence on a company changing transaction by virtue of its size. The project was an advanced mining project located in West Australia. The Board made the decision to withdraw its interest in the project in the 3rd Quarter after it could not reach agreement with the vendor on terms.

Goals Scorecard 2016 – 2019

Starting with the Annual General Meeting in 2015 the Company published its Goals for 2016. Introduction of the Scorecard enables the Directors, Management and Shareholders to remain focussed on the Goals and Outcomes on an annual basis. The table below highlights Hannans achievements relative to the stated Goals:

Item	Stated Goal AGM 2016	Outcome to Date
Shareholder Returns	Implement a strategy giving shareholders the opportunity to recover their investment	Hannans share price was 1.8 cents on 24 November 2016, 1.6 cents on 24 November 2017, 1.8 cents on 24 August 2018 and 0.9 cents on 26 August 2019.
Joint Venture Projects	Monitor joint venture partners' activities	Hannans has a joint venture over certain tenements at Forrestania with Classic Minerals Ltd (ASX:CLZ). Classic has been active and had exploration success. Hannans has a joint venture for nickel, lithium and gold at Lake Johnston with Element 25 Ltd (ASX: E25) (previously called Montezuma Mining Company Ltd). Element 25 has not been actively exploring.
Sole funded projects	Secure joint venture partners	Hannans has continued to sole fund its lithium exploration activities at Mt Holland. Hannans will consider joint venture partners for Mt Holland during 2019/2020. Hannans continues to seek joint venture partners for the Forrestania and Queen Victoria Rocks nickel projects. The Company expects outcomes on these processes this year.
Corporate	Spin outs	Critical Metals Ltd (www.criticalmetals.eu) holds the projects Hannans demerged in 2016. Critical Metals also signed an agreement to access a technology capable of recovering metals from "spent" lithium ion batteries. The license covers Sweden, Norway, Finland and Denmark. Subject to successful results from the pilot plant Critical Metals intends to build, own and operate a plant to recycle metals from LiB batteries. Critical Metals is an unlisted audited public company. Errawarra Resources Ltd (www.errawarra.com) was demerged from Hannans in February 2012 and holds rights to two technologies to manufacture sulphate of potassium (**SOP**) and high purity aluminium (**HPA**). A full PFS has been completed on the SOP project, and a PFS has been commenced on the HPA project. Errawarra Resources Ltd is an unlisted public company.

PROJECTS

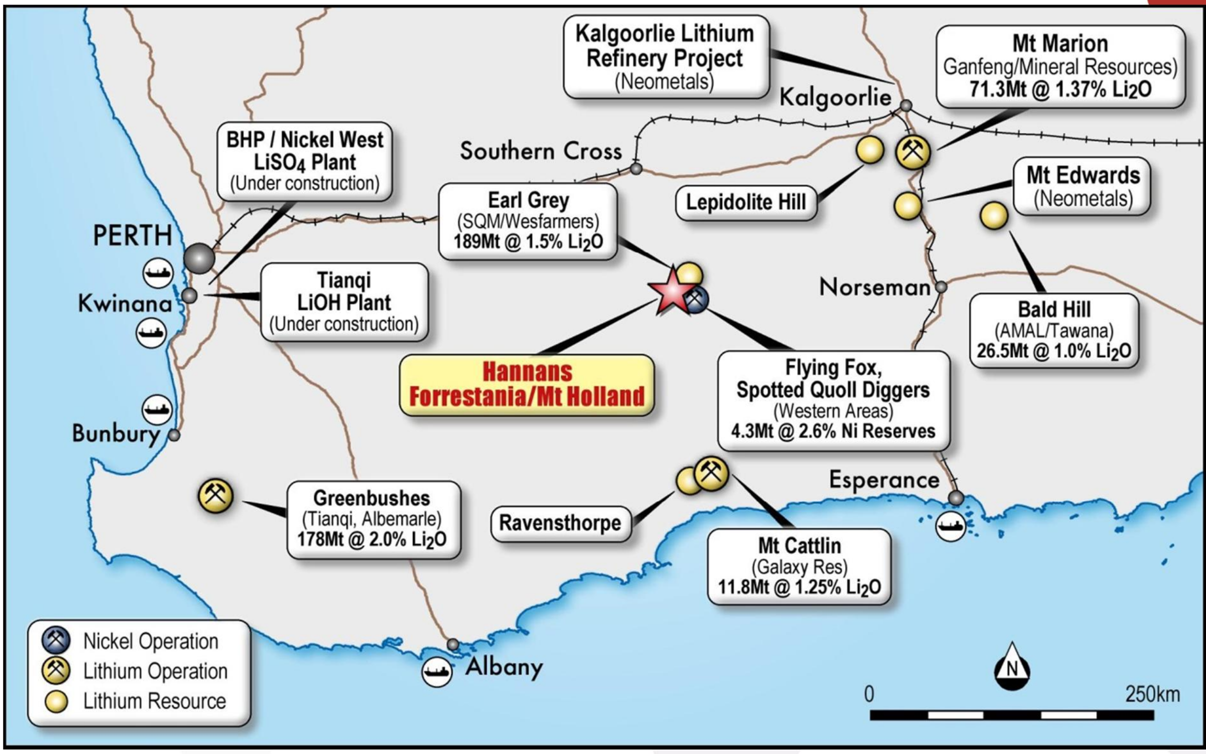


Figure 1. Location Map showing location of Hannans' Forrestania Nickel Project and Mt Holland Lithium Project, the world class Forrestania nickel mines (Flying Fox/Spotted Quoll) and location of major lithium mines and projects in the south-west of WA.

Forrestania Nickel Project (Hannans 100%)

By way of background the Forrestania Nickel Project (FNP) is located approximately 120 kilometres south of Southern Cross and 80 kilometres east of Hyden in the Goldfields region of Western Australia. The FNP is located adjacent to, and north of the high-grade Flying Fox and Spotted Quoll nickel sulphide mines. Importantly the Team assisting Hannans played major roles in the discovery of nickel deposits at Forrestania including Flying Fox and Spotted Quoll[1].

Background

Hannans' tenure is located within the Forrestania Greenstone Belt which has a length of ~250 kilometres, a width ranging from ~5 to 35 kilometres and is subdivided into six ultramafic[2] belts namely the Western, Mid-Western, Takashi, Central, Mid-Eastern and Eastern (refer Figure 3 on page 9).

The Western ultramafic belt is regionally the most well-endowed with nickel-sulphide mineralisation. The Spotted Quoll, New Morning, Beautiful Sunday and Flying Fox[3] nickel sulphide deposits are all located within the Western ultramafic belt. Hannans' tenure covers a significant strike length of the Western, Mid-Western and Takashi ultramafic belts and minor parts of the Central and Mid-Eastern ultramafic belts.

The Forrestania Greenstone Belt hosts several different nickel sulphide mineralisation settings and styles including basal massive sulphides, matrix sulphides, disseminated sulphides in cumulates and remobilised massive sulphides[4]. The nickel deposits are generally associated with olivine cumulate[5] ultramafic rocks, however mineralisation may occur in a range of rock types / settings and exhibit a range of geophysical responses.

[1] Flying Fox and Spotted Quoll are owned by Western Areas NL (not Hannans Ltd).
[2] Ultramafic rocks (also referred to as ultrabasic rocks, although the terms are not wholly equivalent) are igneous and meta-igneous rocks with a very low silica content (less than 45%), generally >18% MgO, high FeO, low potassium, and are composed of usually greater than 90% mafic minerals (dark coloured, high magnesium and iron content). The Earth's mantle is composed of ultramafic rocks. Wikipedia contributors. (2019, April 5). Ultramafic rock. In Wikipedia, The Free Encyclopedia. Retrieved 02:06, July 31, 2019, from https://en.wikipedia.org/w/index.php?title=Ultramafic_rock&oldid=891036300
[3] All of these deposits are owned by Western Areas NL (not Hannans Ltd).
[4] There are five different settings to nickel sulphide mineralisation at Flying Fox.
[5] Cumulate rocks are igneous rocks formed by the accumulation of crystals from a magma either by settling or floating. Wikipedia contributors. (2019, January 27). Cumulate rock. In Wikipedia, The Free Encyclopedia. Retrieved 02:09, July 31, 2019, from https://en.wikipedia.org/w/index.php?title=Cumulate_rock&oldid=880503818

Forrestania Nickel Project (cont'd)

A review of the FNP completed early 2019 identified:

- untested coincident geophysical/geochemical anomalies (i.e. high priority targets);
- geophysical anomalies (short strike-length EM anomalies i.e. nickel sulphide targets) occurring adjacent to large formational conductors (i.e. conductive sediments and or BIF);
- geochemical anomalism (Ni, Cu, PGE);
- significant anomalism in belts other than the Western and Eastern ultramafic belts; and
- geological areas of interest that lack historic exploration coverage.

Hannans recently lodged work plans with the government seeking approval to commence field exploration activities. Prior to granting approval the government requires flora & fauna surveys to be completed within areas proposed to be disturbed, to ensure no rare or endangered flora and or fauna are damaged or destroyed. The appropriate time to complete the flora surveys in the Forrestania region is generally considered to be August through October. As soon as the government approves the work plans, field exploration activities will recommence. The aim will be to test the targets identified during the review of the FNP as soon as possible.

There is significant supporting infrastructure in the Forrestania region, with good road access and an existing electricity network primarily due to past and present mining operations. Located to the south of the Stormbreaker Prospect area is the Cosmic Boy nickel concentrator, which can process 600,000 tonnes per annum of ore, with the potential to expand to 1,000,000 tonnes per annum. The potential to expand to 1,000,000 tonnes per annum.

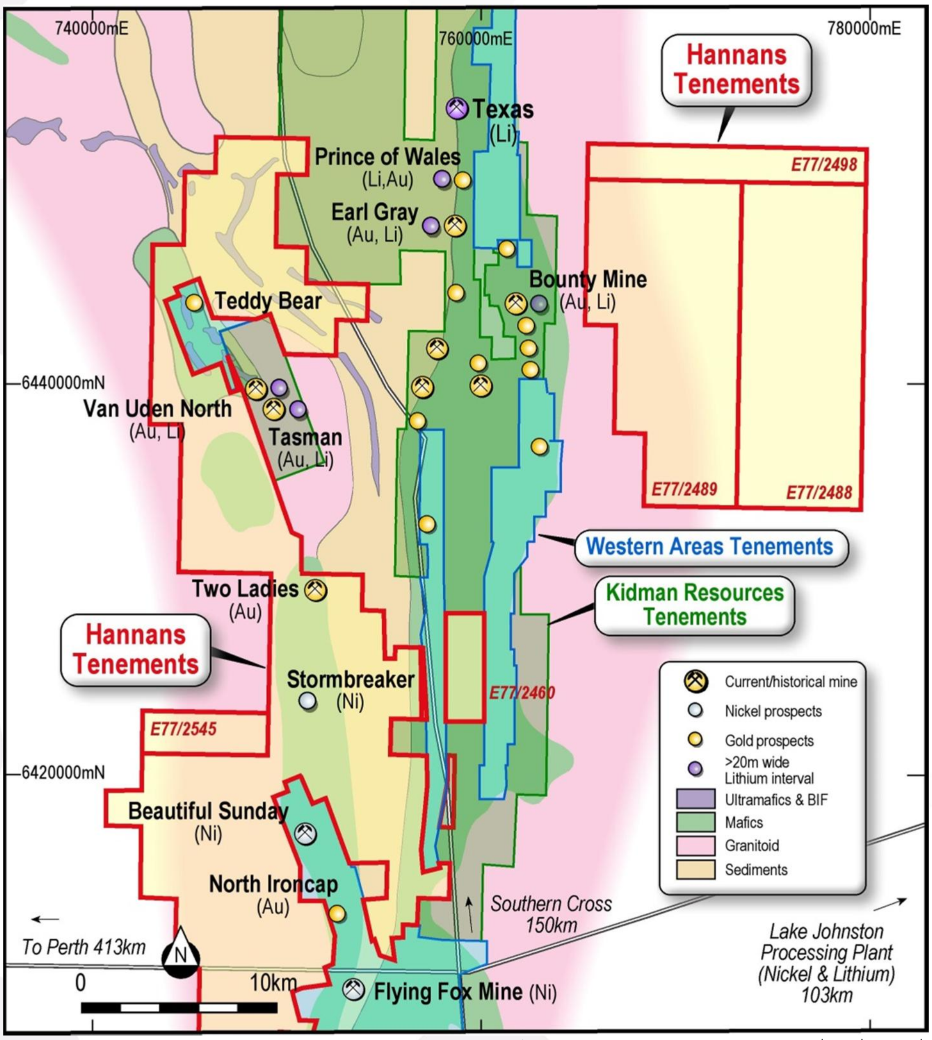


Figure 2. Hannans tenements outlined in red.

Forrestania Nickel Project (cont'd)

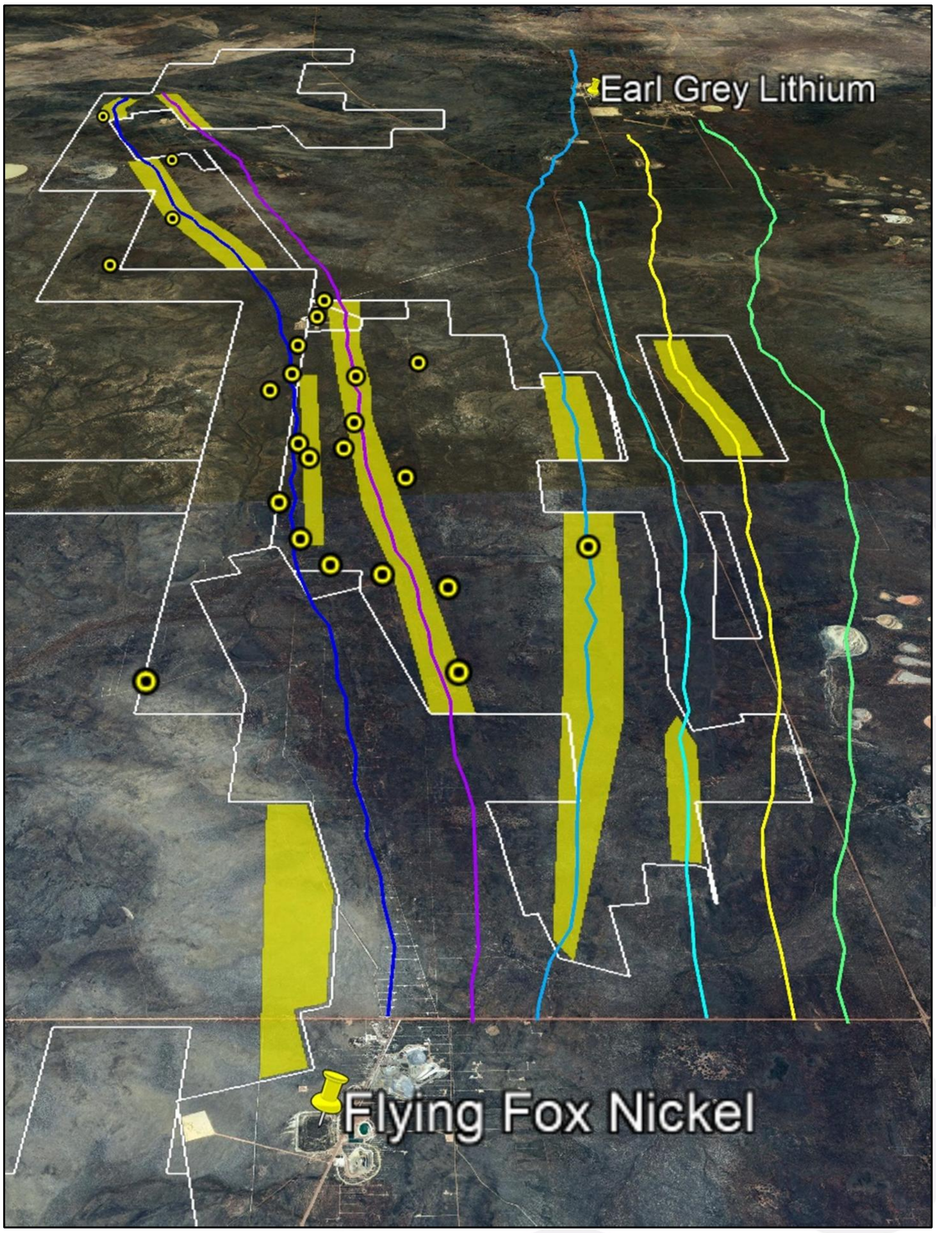


Figure 3. Location Map showing Hannans' Forrestania Nickel Project. Hannans tenements in white. Hannans targets from the review of the Forrestania Nickel Project comprising a mixture of geological, geochemical and geophysical targets are highlighted by the yellow circles with black centres. The yellow shaded areas are underexplored and recommended for significant EM coverage. From west to east the coloured lines represent the Western, Mid-Western, Takashi, Central, Mid-Eastern and Eastern ultramafic units. The world class Flying Fox nickel sulphide mine (not owned by Hannans Ltd) is in the foreground. Image looking North. Distance from Flying Fox to Earl Grey is ~38kms.

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 Covalent Lithium, a joint venture between New York Stock Exchange listed SQM and Kidman Resources Ltd (ASX: KDR). Kidman is subject to a takeover by ASX listed Wesfarmers Ltd. Earl Grey will underpin a world-class long-life integrated lithium project.[6] 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. Dr Bryan Smith, a consulting exploration geoscientist to both Neometals and Hannans, was previously responsible for exploration at the Mt Marion lithium project and is overseeing exploration at Mt Holland. The exploration strategy at Mt Holland is at an early stage and further substantive drilling (both from a coverage and depth perspective) is required to effectively test the project.

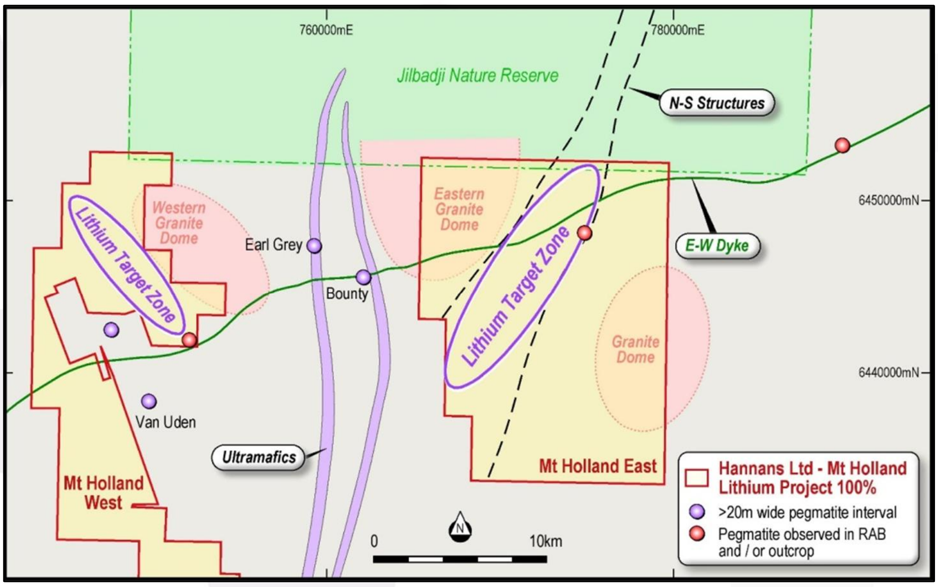


Figure 4.
Location Map showing Hannans' Mt Holland Lithium Project (in yellow) and its proximity to the 3rd largest hard rock lithium deposit in the world, Earl Grey owned by the world's largest producer of lithium the New York Stock Exchange listed SQM and one of Australia's largest listed companies Wesfarmers Ltd (ASX:WES).

Hannans notes that:

- the potential of the greater Mt Holland area to host globally significant hard rock lithium deposits is confirmed simply by the presence of the Earl Grey and Bounty lithium deposits[7];
- there are large areas of prospective tenure within the Hannans' project that remain unexplored;
- elevated lithium and lithium pathfinder elements (caesium, bismuth, beryllium, tantalum and tungsten) identified at Mt Holland East require validation and will be tested in late 2019;
- despite intersecting pegmatites in aircore and reverse circulation drilling at Mt Holland West, to date there has been no indication in the analyses of fertile pegmatites[8];
- the exploration model for locating pegmatites 'under cover' as opposed to 'outcropping at surface' is evolving;
- the top 50m from surface is generally very weathered, and covered by windblown sands and vegetation making it difficult to visually identify pegmatites at surface; and
- reconnaissance exploration drilling has so far been confined to pre-existing cleared lines to reduce exploration costs and disturbance to the vegetation.

Hannans' exploration model is based on:

- targets located within a 10 km radius of late stage fertile granitoids.
- reliance on the best geological interpretation of aeromagnetic data for defining granitoids, greenstones and structures; and
- interpretations of data from weathered samples recognizing the high mobility of lithium in the weathered zone.

[6] Refer kidmanresources.com.au
[7] Owned by Kidman Resources and SQM, not Hannans.
[8] The host to the lithium mineralisation.

Mt Holland Lithium Project (cont'd)

Mt Holland East (MHE)[9]

Hannans has completed one phase of reconnaissance drilling across ten structural targets at Mt Holland East (169 AC holes for a total of 5,400m drilled late 2018). The aim of the program was to penetrate through the weathered horizon and intersect the top of underlying fresh rock (saprolite) to assist with refining the geological map and testing structural targets.

The Phase 1 drilling identified several intriguing lithium anomalies that required follow up drilling. Drill holes in the north-east sector of tenement E77/2489 across a major NNE/SSW trending major structure in dominantly granitic terrain, intersected elevated values for lithium in the upper horizons of the regolith. The structure is coincident with a chain of salt lakes which likely represents a paleo drainage that follows the structural trend. Lithium is highly mobile in the weathered zone, so the source of the anomalous lithium could be at some distance from the location of the drill holes.

Phase 2 drilling will determine whether the anomalous lithium geochemistry is indicative of nearby lithium-bearing pegmatites, or simply related to variations in the geochemistry of the granitoids. Flora & fauna surveys along the planned drill lines will be completed in August with drilling approvals anticipated to be received in late 2019.

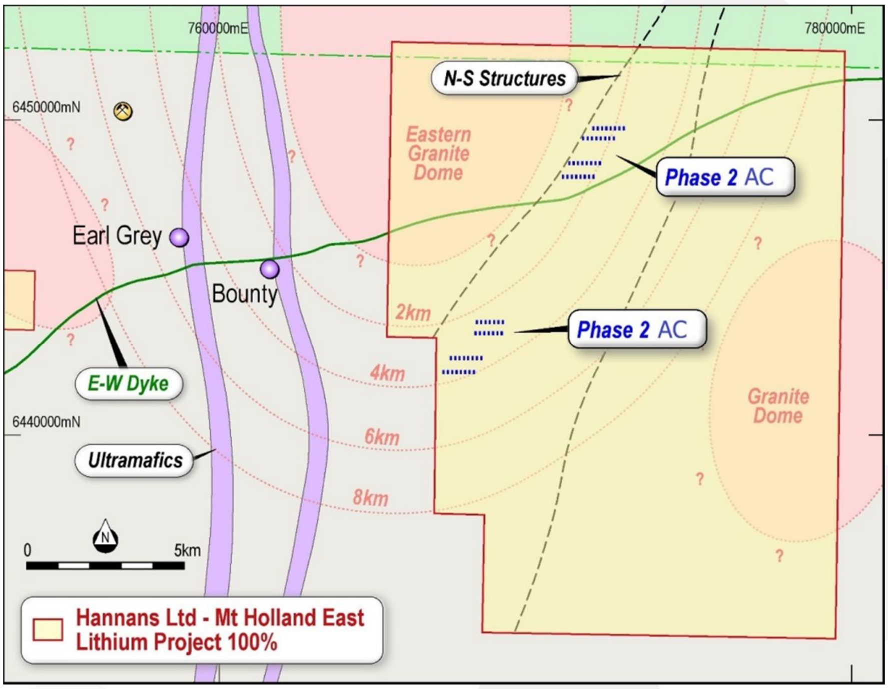


Figure 5.
Location Map showing Hannans' Mt Holland East Lithium Project (in yellow) and its proximity to the 3rd largest hard rock lithium deposit in the world. The planned Phase 2 aircore drill traverses are shown as broken blue lines. The targets are well located according to Hannans' exploration model.

[9] Results released by Hannans Ltd to ASX on 24 January 2019.

Mt Holland Lithium Project (cont'd)

Mt Holland West (MHW)

The Phase 6 aircore drill program was approved during the Quarter and is expected to commence late August. The program will comprise approximately 80 holes for 4,000m (estimated average depth of 50m per hole). An update to the ASX will be released once all assays are returned and the detailed interpretation completed.

Reconnaissance field work was also completed on tenement E77/2460 located 18km due south of Earl Grey. This tenement is considered within the target zone of a potential source granite (located 3kms to the east). Flora & fauna surveys along the planned drill lines will be completed in August with drilling approvals anticipated to be received in late 2019.

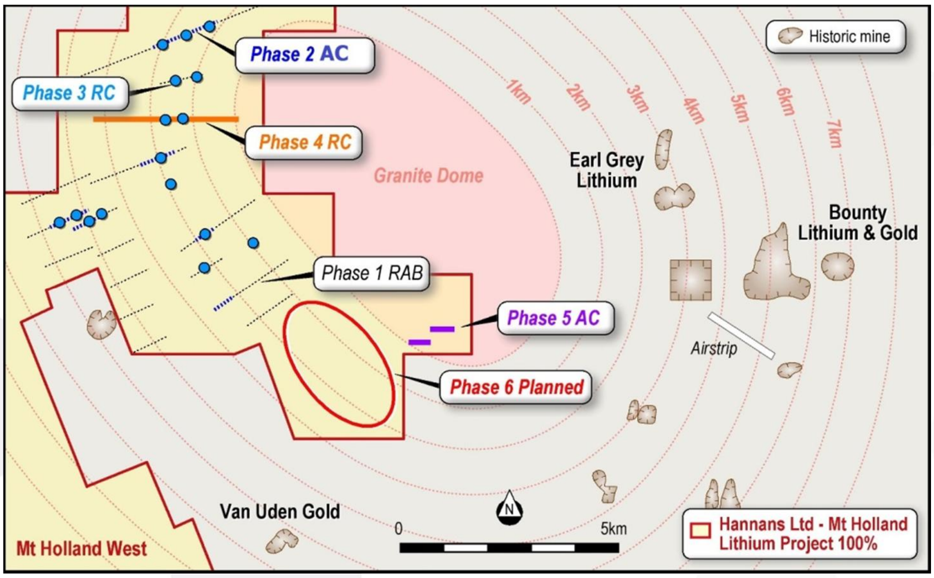


Figure 6. Location Map showing Hannans' Mt Holland West Lithium Project (in yellow) and its proximity to the 3rd largest hard rock lithium deposit in the world. The planned Phase 6 aircore drill traverses are contained within the red ellipse. The targets are well located according to Hannans' exploration model. Phase 1 RAB depth of drilling ~12m. Phases 2 and 5 AC depth of drilling was ~50m. Phases 3 and 4 RC depth of drilling was ~ 150m. Phase 6 AC depth of drilling will be ~50m.

Gold at Forrestania

Hannans Ltd (ASX: HNR) owns a 20% interest in the Forrestania Gold Project (**FGP**). Joint venture partner Classic Minerals Ltd (ASX:CLZ) is funding all exploration and owns an 80% interest in gold rights on specific Hannans tenements. For more information on the FGP please refer to www.classicminerals.com.au. Hannans' interest in the FGP joint venture is free-carried, meaning the Company is not required to fund any exploration activities for gold until a decision to mine has been made. For the avoidance of doubt Hannans Ltd owns a 100% interest in all non-gold rights on the joint venture tenements.

ANNUAL RESOURCE STATEMENTS

Hannans through the joint venture with Classic Minerals Ltd holds a 20% interest in the following JORC resources for the year ended 30 June 2018 and 30 June 2019.

JULY 2017 – JUNE 2019

Forrestania Gold Project[10]

JORC Compliant Indicated and Inferred Mineral Resource Table

	Indicated			Inferred		
Prospect	Tonnes	Grade (Au g/t)	Ounces (Au)	Tonnes	Grade (Au g/t)	Ounces (Au)
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	1.6	136,750

Competent Person's Statements – Forrestania Gold Project

The information contained in the JORC Compliant Resource Table relates to information compiled or reviewed by Edward S. K. Fry, a Competent person who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Fry is a consultant exploration geologist with BGM Investments Pty Ltd and consults to Classic Minerals Ltd. Mr Fry has sufficient experience that is relevant to the styles of mineralisation and the types of deposit under consideration, and to the activities undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'JORC Australian code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fry consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

[10] Refer to Classic Minerals Ltd (ASX: CLZ) ASX announcement on 14 March 2017 for further information.

DIRECTORS

The names and particulars of the Directors of the Company during the financial year and until the date of the report are:

Mr Jonathan Murray, Non-Executive Chairman

(Appointed 29 November 2016,
previously appointed Non-Executive Director on 22 January 2010)

Mr Murray is a partner at law firm Steinepreis Paganin, based in Perth, Western Australia. He has significant experience in advising on initial public offers and secondary market capital raisings, all forms of commercial acquisitions and divestments and providing general corporate and strategic advice to public companies.

Mr Murray graduated from Murdoch University in 1996 with a Bachelor of Laws and Commerce (majoring in Accounting) and was appointed as a partner of Steinepreis Paganin in 2001. He is also a member of FINSIA (formerly the Securities Institute of Australia).

During the past 3 years Mr Murray has also served as a director of the following other listed companies:

* Denotes current directorship

- Vietnam Industrial Investments Limited* (appointed 19 January 2016)
- Peak Resources Limited* (appointed 22 February 2011)

Mr Damian Hicks, Executive Director

(Appointed on 29 November 2016,
previously appointed Managing Director on 11 March 2002)

Mr Hicks was a founding Director of Hannans Ltd and appointed to the position of Managing Director on 5 April 2007 and appointed as Executive Director on 29 November 2016. Mr Hicks is also Executive Director of the Group's subsidiary companies.

Mr Hicks graduated from the University of Western Australia with a Bachelor of Commerce (Accounting and Finance) in 1992 and was admitted as a Barrister and Solicitor of the Supreme Court of Western Australia in 1999. He holds a Graduate Diploma in Applied Finance & Investment from FINSIA, a Graduate Diploma in Company Secretarial Practice from Chartered Secretaries Australia and is a Graduate of the Australian Institute of Company Directors course.

During the past 3 years Mr Hicks did not serve as a director on other listed companies.

Mr Markus Bachmann, Non-Executive Director

(Appointed 2 August 2012)

Mr Bachmann graduated with Honours ("cum laude") from the University of Berne, Switzerland and began his corporate finance career in 1993.

In 2001, Mr Bachmann was Senior Portfolio Manager with Coronation Fund Managers in Cape Town when it was awarded the Standard & Poor's Award for Manager of the Best Performing Large Cap Equity Unit Trust in South Africa.

In 2003, Mr Bachmann was founding partner of Craton Capital and is the Chief Executive Officer. Craton Capital was awarded Fund Manager of the Year at the Mining Journal's "Outstanding Achievement Awards" announced in London during December 2010 for the Craton Capital Precious Metal Fund. The award is the most prestigious fund award in the mining industry. Craton Capital has offices in Johannesburg, South Africa and in Zurich, Switzerland.

During the past 3 years Mr Bachmann did not serve as a director on other listed companies.

Mr Clay Gordon, Non-Executive Director

(Appointed 5 October 2016)

Mr Clay Gordon was appointed a director of Hannans in 2016. Mr Gordon obtained a Bachelor of Applied Science (Geology) and a Master of Science (Mineral Economics) and has more than 25 years' experience in senior roles (operational, management and corporate) within large and small resource companies active in a range of commodities within Australia, Africa and South East Asia. He was founding Non-Executive Director of ASX listed Phoenix Gold Limited, founding Managing Director of ASX listed Primary Gold Limited and currently as the Group Geologist of a private mining investment company, Adaman Resources Pty Ltd. Mr Gordon was also founder and CEO of Mining Assets Pty Ltd, a private company involved in the assessment and marketing of mineral projects. He is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

During the past 3 years Mr Gordon did not serve as a director on other listed companies.

DIRECTORS (cont'd)

Ms Amanda Scott

(Appointed Non-Executive Director on 29 November 2016)

Ms Scott was appointed a director of Hannans in 2016 and has been the Exploration Manager for Hannans Ltd and its subsidiary companies since 2008. Ms Scott played an integral role in the development of the Company's nickel, gold, iron and manganese portfolio and is credited with the discovery of high grade iron mineralisation at the Jigalong Project in the East Pilbara region on Western Australia.

Ms Scott holds a Bachelor of Science (Geology) from Victoria University of Wellington, and is a Member of the Australian Institute of Mining & Metallurgy.

In 2016, Ms Scott created Scandinavian-based consultancy Scott Geological providing geological and exploration services to a number of clients from around the world.

During the past 3 years Ms Scott did not serve as a director on other listed companies.

COMPANY SECRETARY

Mr Ian Gregory

(Appointed 5 April 2007)

Mr Gregory is a professional well-connected Director and Company Secretary with over 30 years' experience in the provision of company secretarial and business administration services in a variety of industries, including exploration, mining, mineral processing, oil and gas, banking and insurance.

Mr Gregory holds a Bachelor of Business degree from Curtin University and is a Fellow of the Governance Institute of Australia, the Financial Services Institute of Australia and a Member of the Australian Institute of Company Directors.

Mr Gregory currently consults on company secretarial and governance matters to a number of listed and unlisted companies and is a past Chairman of the Western Australian Branch Council of Governance Institute of Australia. He has also served on the National Council of GIA.

Directors' Relevant Interest in Shares and Options

At the date of this report the following table sets out the current Directors' relevant interests in shares and options of Hannans Ltd and the changes since 30 June 2019.

	Ordinary Shares		Options over Ordinary Shares	
Director	Current Holding	Net Increase/ (decrease)	Current Holding	Net Increase/ (decrease)
Damian Hicks	7,007,218	–	–	–
Jonathan Murray	12,705,132	–	14,237,500	–
Markus Bachmann (i)	75,725,134	(1,260,704)	13,697,917	–
Clay Gordon	2,362,204	–	10,500,000	–
Amanda Scott	1,260,001	–	13,666,666	–

(i) These shares are held by Craton Capital Funds of which Mr Bachmann is a founding partner and Chief Executive Officer. The decrease in shares held resulted from a restructuring of ownership of Craton Capital Ltd. There was no on-market disposal of shares.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Share–based compensation

E. Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

A. Principles used to determine the nature and amount of remuneration

The whole Board forms the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific long term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

- The Executive Director and executives receive a superannuation guarantee contribution required by the government where applicable, which is currently 9.5% of base salary and do not receive any other retirement benefits.

- All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black–Scholes and Monte Carlo methodology where relevant.

- The Board policy is to remunerate non–executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non–executive directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No independent external advise was sought during the year. The maximum aggregate amount of fees that can be paid to Non–Executive Directors is subject to approval by shareholders at the Annual General Meeting. The approved maximum aggregate amount that may be paid to Non-Executive Directors as remuneration for each financial year is set at $250,000 which may be divided among the Non-Executive Directors in the manner determined by the Board and Company from time to time. Fees for Non–Executive Directors are not linked to the performance of the Company. The 2018 remuneration report was approved at the last Annual General Meeting held on 25 October 2018.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executive performance. The Company facilitates this through the issue of options from time to time to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Company currently has no performance based remuneration component built into director and executive remuneration packages.

The Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of directors' remuneration. Refer below for a summary of the Group's earnings and the Company's market performance for the past 5 years.

Summary of 5 Years earnings and market performance as at 30 June

	2019	2018	2017	2016	2015
Profit/(Loss) ($)	(2,085,563)	(1,379,271)	11,663,780	(964,387)	(29,120,403)
Share price (c)	1.0	1.4	1.5	1.6	0.2
Market capitalisation (Undiluted) ($)	19,879,545	27,724,264	25,239,608	15,531,324	1,443,932

REMUNERATION REPORT (AUDITED) (cont'd)

B. Details of remuneration

Details of remuneration of the Directors and key management personnel (as defined in *AASB 124 Related Party Disclosures)* of Hannans are set out in the table below.

The key management personnel of Hannans and the Group are listed on page 14 and 15.

Given the size and nature of operations of Hannans, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

	Short Term			Post-employment		Equity				
	Salary & fees $	Other benefits $	D&O insurance (i) $	Superan-nuation $	Other benefits $	Options (ii) $	Long term benefits $	Other benefits $	Total $	Value options as proportion of remuneration %
2019										
Directors										
Damian Hicks	218,000	–	2,139	–	–	127,189	–	–	347,328	36.6%
Jonathan Murray	20,000	–	2,140	–	–	31,797	–	–	53,937	59.0%
Markus Bachmann	20,000	–	2,140	–	–	31,797	–	–	53,937	59.0%
Clay Gordon	20,000	–	2,140	1,900	–	31,797	–	–	55,837	56.9%
Amanda Scott	20,000	–	2,140	–	–	31,797	–	–	53,937	59.0%
Total	298,000	–	10,699	1,900	–	254,377	–	–	564,976	45.0%
2018										
Directors										
Damian Hicks (iii)	218,000	–	2,312	–	–	289,830	–	–	510,142	56.8%
Jonathan Murray (iv)	20,000	–	2,311	–	–	72,458	–	–	94,769	76.5%
Markus Bachmann (iv)	20,000	–	2,311	–	–	72,457	–	–	94,768	76.5%
Clay Gordon (iv)	20,000	–	2,311	1,900	–	72,458	–	–	96,669	75.0%
Amanda Scott (iv)	20,000	–	2,311	–	–	72,457	–	–	94,768	76.5%
Total	298,000	–	11,556	1,900	–	579,660	–	–	891,116	65.0%

(i) For accounting purposes Directors & Officers Indemnity Insurance is required to be recorded as remuneration. No director receives any cash benefits, simply the benefit of the insurance coverage for the financial year.

(ii) The amounts included are issued under Hannans' Director Equity Option Plan (DEQ) approved by shareholders in September 2016. The amounts are non-cash items that are subject to vesting conditions. Refer to note 8 for more information.

(iii) After a further review of Mr Hicks' contract with the Company, the Board resolved from 1 July 2017 to increase his fees to $198,000 per annum for executive services and $20,000 per annum for services related specifically to his role as a director of the Board.

(iv) After a further review of Non-Executive Directors' fees, the Board resolved to increase these fees to $20,000 per annum starting from 1 July 2017.

C. Service agreements

Executive Director

Mr Hicks was appointed a Director Hannans on 11 March 2002 and commenced employment with Hannans Ltd on 3 December 2003.

He entered into an employment agreement as Managing Director of the Company on 21 December 2009. On 29 November 2016, Mr Hicks was appointed as the Executive Director of the Group. After a further review of Mr Hicks' contract with the Company, the Board resolved from 1 July 2017 to increase his fees to $198,000 per annum for executive services and $20,000 per annum for services related specifically to his role as a director of the Board. Under the contract Mr Hicks was not entitled to any annual leave or long service leave.

On 1 July 2019, Mr Hicks' entered into an executive employment agreement with the Company with his salary increased to $240,000 per annum. The remuneration package includes statutory superannuation entitlements, a remuneration increase of not less than 5% per annum and provision of leave in accordance to the National Employment Standards.

REMUNERATION REPORT (AUDITED) (cont'd)

C. Service agreements (cont'd)

Executive Director (cont'd)

Remuneration and other terms of employment for the executive is formalised in an employment agreement. The executive is employed on a rolling basis with no specified fixed terms. Major provisions of the agreements relating to the executive are set out below.

Name		Engagement	Termination Notice Period		Termination payments*
			By HANNANS	By Employee	
Director	Damian Hicks	Employee	6 months	3 months	3 months

* Termination payments (other than for gross misconduct) are calculated on current remuneration at date of termination and are inclusive of the notice period.

Non-Executive Directors

Remuneration and other terms of employment for the Non-executive Directors are formalised in service agreements. The Non-executive directors are employed on a rolling basis with no specified fixed terms. They are remunerated on a fixed remuneration basis, exclusive of superannuation. On 1 July 2017 the Non-Executive Directors fees were set at $20,000 per annum for each Non-executive Director. Starting from 1 July 2019 the Non-Executive Directors fee is $24,000 per annum for each Non-executive Director.

Major provisions of the agreements relating to the Non-executive directors are set out below.

Name	Termination Notice Period		Termination payments*
	By HANNANS	By Director	
Non-Executive Directors			
Jonathan Murray	1 month	1 month	1 month
Markus Bachmann	1 month	1 month	1 month
Clay Gordon	1 month	1 month	1 month
Amanda Scott	1 month	1 month	1 month

* Termination payments (other than for gross misconduct) are calculated on current remuneration at date of termination and are inclusive of the notice period.

D. Share-based compensation

If approved by shareholders, options are issued to directors and executives as part of their remuneration. The options are not based on performance criteria, but are issued to align the interests of directors, executives and shareholders. There were no options issued during the year. As at 30 June 2019, 52,102,083 options (2018: 55,268,750) were held by Directors and Non-Executives.

	Financial year	Options issued during the year No.	No of options No.	Issue date	Fair value per options at issue date	Vesting date	Exercise price	Expiry date	Vested during the year No.	Expired/ Exercised during the year No.
Directors										
J Murray	2015	–	–	20 Nov 14	0.3 cents	20 Nov 15	0.5 cents	20 Nov 18	–	500,000
	2015	–	500,000	20 Nov 14	0.3 cents	20 Nov 16	2.9 cents	20 Nov 19	–	–
	2017	–	3,237,500	15 Sep 17	0.9 cents	15 Sep 17	2.7 cents	15 Sep 20	–	–
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 17	2.6 cents	27 Oct 20	–	–
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	3,500,000	–
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	(i)	27 Oct 22	–	–
M Bachmann	2015	–	–	20 Nov 14	0.3 cents	20 Nov 15	0.5 cents	20 Nov 18	–	500,000
	2015	–	500,000	20 Nov 14	0.3 cents	20 Nov 16	2.9 cents	20 Nov 19	–	–
	2017	–	500,000	15 Sep 17	0.9 cents	15 Sep 17	2.7 cents	15 Sep 20	–	–
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 17	2.6 cents	27 Oct 20	–	–
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	3,500,000	–
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	(i)	27 Oct 22	–	–

REMUNERATION REPORT (AUDITED) (cont'd)

D. Share–based compensation (cont'd)

	Finan-cial year	Options issued during the year No.	No of options No.	Issue date	Fair value per options at issue date	Vesting date	Exercise price	Expiry date	Vested during the year No.	Lapsed/ Exercised during the year No.
Directors										
C Gordon	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 17	2.6 cents	27 Oct 20	–	–
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	3,500,000	–
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	(i)	27 Oct 22	–	–
A Scott	2015	–	–	20 Nov 14	0.3 cents	20 Nov 15	0.5 cents	20 Nov 18	–	2,166,667
	2015	–	500,000	20 Nov 14	0.3 cents	20 Nov 16	2.9 cents	20 Nov 19	–	–
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 17	2.6 cents	27 Oct 20	–	–
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	3,500,000	–
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	(i)	27 Oct 22	–	–

(i) Exercise price will be calculated from the volume weighted average share price for the five (5) trading days before and five (5) trading days after 27 October 2019 PLUS a premium of 50%.

E. Additional information

Performance income as a proportion of total compensation

No performance based bonuses have been paid to directors or executives during the financial year.

Key management personnel (KMP) equity holdings

Fully paid ordinary shares of Hannans Ltd

Key management personnel	Balance at 1 July No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.
2019					
Damian Hicks	7,007,218	–	–	–	7,007,218
Jonathan Murray	12,205,132	–	500,000	–	12,705,132
Markus Bachmann	72,697,917	–	500,000	3,787,921	76,985,838
Clay Gordon	2,362,204	–	–	–	2,362,204
Amanda Scott	1,260,001	–	–	–	1,260,001
	95,532,472	–	1,000,000	3,787,921	100,320,393

REMUNERATION REPORT (AUDITED) (cont'd)

E. Additional information (cont'd)

Options of Hannans Ltd

Key management personnel	Balance at 1 July No.	Granted as remune-ration No.	Options exercised No.	Net other change No.	Balance at 30 June No.	Vested at 30 June Exercisable No.	Vested at 30 June Not exercisable No.
2019							
Damian Hicks	–	–	–	–	–	–	–
Jonathan Murray (i)	14,737,500	–	(500,000)	–	14,237,500	10,737,500	3,500,000
Markus Bachmann	14,197,917	–	(500,000)	–	13,697,917	10,197,917	3,500,000
Clay Gordon	10,500,000	–	–	–	10,500,000	7,000,000	3,500,000
Amanda Scott	15,833,333	–	–	(2,166,667)	13,666,666	10,166,666	3,500,000
	55,268,750	–	(1,000,000)	(2,166,667)	52,102,083	38,102,083	14,000,000

(i) Mr Murray holds 840,000 in trust for unrelated third parties.

The options include those held directly, indirectly and beneficially by KMP.

Loans to KMP and their related parties

There were no loans to KMP and their related parties during the year.

Other transactions and balances with KMP and their related parties

Director transactions

Steinepreis Paganin, of which Mr Jonathan Murray is a partner, provided legal services amounting to $690 (2018: $9,757) to the Group during the year. The amounts paid were on arm's length commercial terms. Mr Murray's director's fees are also paid to Steinepreis Paganin. At 30 June 2019 there was no amount outstanding owed to Steinepreis Paganin (2018: $924).

Corporate Board Services Pty Ltd (CBS), of which Mr Damian Hicks is a director, provided accounting and compliance services amounting to $150,000 (2018: $150,000) to the Group during the year. The amounts paid were on arm's length commercial terms. At 30 June 2019 there was no amount outstanding owed to CBS. During the year, Hannans invoiced $3,655 (2018: $3,700) for expenses paid on behalf CBS. At 30 June 2019 CBS owed $1,005 (2018: $924) to the Group.

End of Remuneration Report

DIRECTORS MEETINGS

The following tables set information in relation to Board meetings held during the financial year.

Board Member	Board Meetings Held while Director	Board Meetings Attended	Circular Resolutions Passed	Total
Damian Hicks	3	3	3	6
Jonathan Murray	3	3	3	6
Markus Bachmann	3	3	3	6
Clay Gordon	3	3	3	6
Amanda Scott	3	3	3	6

PROJECTS

The Projects are constituted by the following tenements:

Tenement Number	Tenement Interest %	Note
Project: Forrestania		
E77/2207-I	100	1,2
E77/2219-I	100	1,2
E77/2220-I	100	1,2
E77/2239-I	100	1,2
E77/2303	100	1,2
P77/4290	100	1,2

Tenement Number	Tenement Interest %	Note
Project: Forrestania		
P77/4291	100	1,2
E77/2488	100	1
E77/2489	100	1
E77/2498	100	1
E77/2545	100	1
E77/2546	100	1

Tenement Number	Tenement Interest %	Note
Project: Forrestania		
E77/2460	100	3
Project: Queen Victoria Rocks		
E15/1416	100	1
Project: Lake Hope		
E63/1897	100	1

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

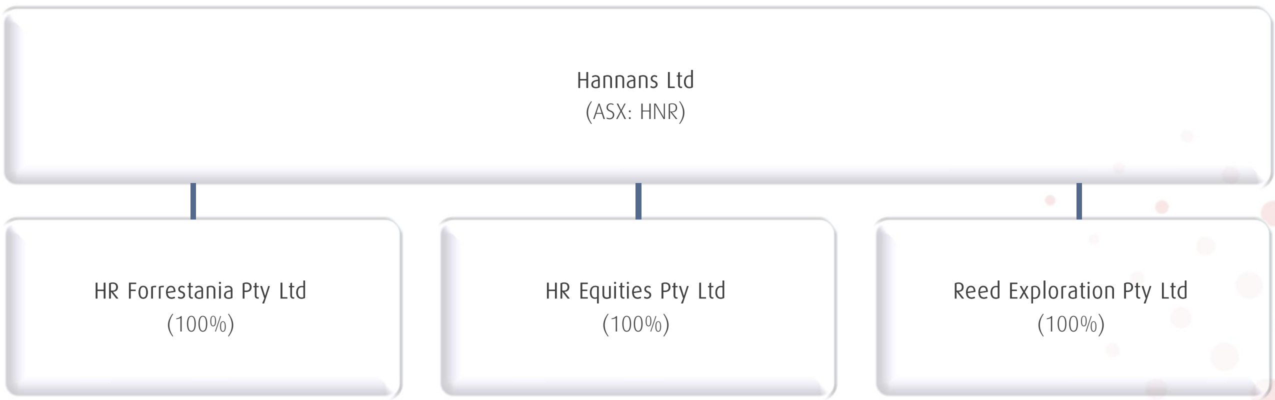
TENEMENTS UNDER APPLICATION

Applications for tenements have been submitted are as follows:

Tenement Number
Project: Forrestania
E77/2610
P77/4534

CORPORATE STRUCTURE

The corporate structure of Hannans group is as follows:



CAPITAL

Hannans Ltd issued capital is as follows:

Ordinary Fully Paid Shares

At the date of this report there are the following number of ordinary fully paid shares

	Number of shares
Ordinary fully paid shares at 30 June 2019	1,987,954,539
Ordinary fully paid shares at the date of this report	1,987,954,539

At a general meeting of shareholders:
(a) on a show of hands, each person who is a member or sole proxy has one vote; and
(b) on a poll, each shareholder is entitled to one vote for each fully paid share.

Shares Under Option

At the date of this report there are a total of 12 unlisted option holders holding 117,172,512 unissued ordinary shares in respect of which options are outstanding. The unlisted options do not carry voting rights at a general meeting of shareholders.

	Number of options
Balance at the beginning of the year	125,022,513
Movements of share options during the year	
Exercised at 0.5 cents, expiring 20 November 2018	(7,650,001)
Expired at 0.5 cents, expiring 20 November 2018	(200,000)
Balance at 30 June 2019	117,172,512
Total number of options outstanding at the date of this report	117,172,512

** VWAP = Volume Weighted Average Price*

Substantial Shareholders

Hannans Ltd has the following substantial shareholders as at 26 August 2019:

Name	Number of shares	Percentage of issued capital
Neometals Investments Pty Ltd	706,209,483	35.52%

Range of Shares as at 26 August 2019

Range	Total Holders	Units	% Issued Capital
1 – 1,000	120	33,378	0.00%
1,001 – 5,000	205	702,861	0.04%
5,001 – 10,000	177	1,494,595	0.08%
10,001 – 100,000	968	48,193,193	2.42%
100,001 – 9,999,999	886	1,937,530,512	97.46%
Total	2,356	1,987,954,539	100.00%

CAPITAL (cont'd)

Unmarketable Parcels as at 26 August 2019

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.009 per unit	55,556	1,124	21,556,603

Top 20 holders of Ordinary Shares as at 26 August 2019

Rank	Name	Units	% of Issued Capital
1	Neometals Investments Pty Ltd	706,209,483	35.52%
2	J P Morgan Nominees Australia Limited	155,613,454	7.83%
3	MCA Nominees Pty Ltd	87,401,545	4.40%
4	Equity & Royalty Investments Ltd	60,000,003	3.02%
5	Anglo American Exploration	60,000,000	3.02%
6	Citicorp Nominees Pty Limited	35,835,560	1.80%
7	HSBC Custody Nominees (Australia) Limited	31,726,271	1.60%
8	Marfield Pty Limited	26,896,651	1.35%
9	Redland Plains Pty Ltd <Majestic Investment Fund A/C>	21,668,669	1.09%
10	Acacia Investments Pty Ltd	20,733,503	1.04%
11	CSB Investments (WA) Pty Ltd <Blades Family S/Fund A/C>	20,000,000	1.01%
12	Mr Bruce Drummond + Mrs Judith Drummond <Drummond Super Fund A/C>	20,000,000	1.01%
13	Mrs Andrea Murray <Murray Family Fund No 2 A/C>	11,775,956	0.59%
14	Mossisberg Pty Ltd	10,577,744	0.53%
15	Allua Holdings Pty Ltd <Rizon Super Fund A/C>	10,000,000	0.50%
16	HSBC Custody Nominees (Australia) Limited - A/C 2	9,905,220	0.50%
17	Mr Ross Edward Itzstein	9,000,000	0.45%
18	Mr William Scott Rankin	8,699,489	0.44%
19	Loan Group Australia Pty Ltd	8,500,000	0.43%
20	Anglo American Exploration BV	7,389,162	0.37%
Total of Top 20 holders of ORDINARY SHARES		1,321,932,710	66.50%

On-market buy back

There is no current on-market buy-back.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the exploration and evaluation of mining tenements with the objectives of identifying economic mineral deposits.

FINANCIAL REVIEW

The Group began the financial year with cash reserves of $4,082,079.

During the year total exploration expenditure expensed by the Group amounted to $766,344 (2018: $505,967). The exploration expenditures relate to non JORC compliant mineral resource projects and this has been expensed in accordance with the Group's accounting policy. administration expenditure incurred amounted to $909,381 (2018: $1,335,430). This has resulted in an operating loss after income tax for the year ended 30 June 2019 of $2,085,563 (2018: $1,379,271 loss).

As at 30 June 2019 cash and cash equivalents totalled $2,686,790.

Summary of 5 Year Financial Information as at 30 June

	2019	2018	2017	2016	2015
Cash and cash equivalents ($)	2,686,790	4,082,079	1,481,828	1,425,160	345,497
Net assets/equity ($)	4,989,155	6,788,307	4,043,759	903,218	73,563
Exploration expenditure expensed ($)	(766,344)	(505,967)	(804,102)	(29,998)	(387,160)
Exploration and evaluation expenditure capitalised ($)	(404,000)	(28,000)	2,688,000^	(97,599)	(161,630)
No of issued shares	1,987,954,539	1,980,304,538	1,682,640,560	970,707,755	721,966,133
No of options	117,172,512	125,022,513	57,201,681	102,712,500	36,050,000
Share price ($)	0.010	0.014	0.015	0.016	0.002
Market capitalisation (Undiluted) ($)	19,879,545	27,724,264	25,239,608	15,531,324	1,443,932

^ On 15 September 2016 Hannans held a General Meeting and shareholders approved the issue of 620,833,333 Hannans shares to Neometals Ltd in consideration of the acquisition of 100% of the issued share capital of Reed Exploration Pty Ltd. On 29 September 2016 the acquisition of Reed Exploration Pty Ltd was completed. The capitalised exploration and evaluation expenditure related to the acquisition of Reed Exploration Pty Ltd.

Summary of Share Price Movement for Year ended 30 June 2019

	Price (cents)	Date
Highest	1.9	7 & 9 Aug 2018
Lowest	0.8	6 – 8 Feb, 11 – 13 Feb, 18 – 20 Feb 2019
Latest	0.9	26 August 2019

ANNOUNCEMENTS

ASX Announcements for the year and to the date of this report

Date	Announcement Title
31 Jul 19	4th Quarter Activities Report
31 Jul 19	4th Quarter Cashflow Report
29-Apr-19	3rd Quarter Activities Report
29-Apr-19	3rd Quarter Cashflow Report
08-Mar-19	Half Year Financial Report
20-Feb-19	High Priority Nickel Sulphide Targets
01-Feb-19	2nd Quarter Activities Report
30-Jan-19	2nd Quarter Cashflow Report
24-Jan-19	Mt Holland Update
27-Nov-18	Change of Directors Interest Notice
21-Nov-18	Exercise of Options
16-Nov-18	Exercise of Options
05-Nov-18	Updated Capital Structure
31-Oct-18	1st Quarter Activities Report
31-Oct-18	Exercise of Options

Date	Announcement Title
25-Oct-18	Director's Statement at AGM
25-Oct-18	AGM results
25-Oct-18	Mt Holland Update
19-Oct-18	1st Quarter Cashflow Report
17-Sep-18	Notice of Annual General Meeting
07-Sep-18	Appendix 4G
07-Sep-18	2018 Annual Report
28-Aug-18	Mt Holland Lithium Update
06-Aug-18	Gold at Forrestania
31-Jul-18	4th Quarter Activities Report
31-Jul-18	4th Quarter Cashflow Report
25-Jul-18	Gold at Forrestania
23-Jul-18	Mt Holland Lithium Update
03-Jul-18	Appendix 3Y

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The ASX document '*Corporate Governance Principles and Recommendations 3rd Edition*' published by the ASX Corporate Governance Council applies to listed entities with the aim of enhancing the credibility and transparency of Australia's capital markets. The Principles and Recommendations can be viewed at www.asx.com.au. The Board has assessed the Group's current practice against the Principles and Recommendations and other than the matters specified below under *"If Not, Why Not" Disclosure*, all the best practice recommendations of the ASX Corporate Governance Council have been applied.

Please refer to the Company's website (*www.hannans.com*) for Hannans' Governance Statements and Policies.

In relation to departures by the Company from the best practice recommendations, Hannans makes the following comments:

Principle 1: Lay solid foundations for management and oversight

1.5 *A listed entity should have a diversity policy which includes requirements for the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them.*

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The proportion of women within the Group as at 30 June 2019 was as follows:

Employee	Management	Board of Hannans
0%	0%	20%

The Company has five directors, one executive director (who is contracted to the Company) and no managers. The Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management. The Company has not set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity. Every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

1.6 *Companies should disclose, in relation to each reporting period, whether a performance evaluation of the Board was undertaken in the reporting period in accordance with that process.*

Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it. No performance evaluation was undertaken in the reporting period.

1.7 *Companies should disclose, in relation to each reporting period, whether a performance evaluation of its senior executives was undertaken in the reporting period in accordance with that process.*

Evaluation of the senior executives is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it. No performance evaluation was undertaken in the reporting period.

Principle 2: Structure the Board to add value

2.1 *The Board should establish a nomination committee*

The Board as a whole will decide on the choice of any new director upon the creation of any new Board position and if any casual vacancy arises. Decisions to appoint new directors will be minuted. The Board will identify candidates and assess their skills in deciding whether an individual has the potential to add value to the Company. The Board may also seek independent advice to assist with the identification process. The Board considers that this process is appropriate given the size and the complexity of the Group's affairs. Until the situation changes the Board will carry out any necessary nomination committee functions.

2.4 *The majority of the Board should be independent directors*

The Board consists of one Non-Executive Chairman, three Non-Executive Directors and an Executive Director. There are no independent directors on the Board. Details of their skills, experience and expertise and the period of office held by each Director have been included in the Directors' Report. The number of Board meetings and the attendance of the Directors are set out in the Directors' Report.

The Board considers that the composition of the existing Board is appropriate given the scope and size of the Group's operations and the skills matrix of the existing Board members. The Board will continue to monitor whether this remains appropriate as the scope and scale of its activities evolves and expands.

CORPORATE GOVERNANCE STATEMENT (cont'd)

2.5 *The Chair of the Board should be an independent director and, in particular, should not be the same person as the Managing Director/Chief Executive Officer*

The current Chair of the Company is Mr Jonathan Murray. Mr Murray does not satisfy the ASX Corporate Governance Principles and Recommendations definition of an independent director however the Board considers Mr Murray's role as Non-Executive Chairman essential to the success of the Group in its current stage, wherein the Group continues to refine its focus on the strategic development of the business. Over time, it is proposed that the Chair position will transition to an independent non-executive director.

Principle 4: Safeguard integrity of corporate reporting

4.1 *The Board should establish an audit committee*

The Board as a whole meets with the auditor to identify and discuss the areas of audit focus, appropriateness of the accounting judgement or choices exercised by management in preparation of the financial statements. The Board may also seek independent advice as and when required to address matters pertaining to appointment, removal or rotation of auditor. The Board considers that this process is appropriate given the size and the complexity of the Group's affairs. It is not considered necessary to have a separate audit committee.

Principle 7: Recognise and manage risk

7.1 *The Board should establish a risk committee*

The Company is constantly monitoring risks associated with the economy, industry and company due to their role as professional fund managers, lawyers, in-country specialists and shareholders with a view to managing risks and identifying threats. This process is on-going. The preparation of the Board pack and its timely distribution is a key element of this process along with monthly cash flow budgets, management discussions and informal communications between the Board and management via telephone, email and in person. The Board considers that this process is appropriate given the size and complexity of the Group's affairs. It is not considered necessary to have a separate risk committee.

7.2 *The Board should review the entity's risk management framework and disclose at each reporting period*

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be part of this process and as such the Board has not established a separate risk management committee. The Board considers that this process is appropriate given the size and the complexity of the Group's affairs.

The Board has a number of mechanisms in place to ensure management's objectives and activities are aligned by the Board. These include but are not limited to the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and Board monitoring of the progress against budgets that is reviewed at every board meeting.

7.3 *The Company should establish an internal audit function*

The Company reviews its risk and internal control processes on a continual informal basis and work alongside auditors at half year and year end reviews to identify the Company's risks, systems and procedures. The Company may also seek independent advice to assist with the identification of risks and processes if and when required. The Board considers that this process is appropriate given the size and the complexity of the Group's affairs. It is not considered necessary to have an internal audit function. Nonetheless it remains committed to effective management and control of these factors.

7.4 *The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and how it manages or intends to manage those risks*

The nature of the Group's exploration operations are such that it could be seen to be constantly exposed to economic, environmental and social risks. The Board and Management have respect for the rights and beliefs of all stakeholders and it is part of the Group's culture to have open, honest and constant two way communication with stakeholders and to operate fully within the laws of the jurisdictions the Group operates within. The Group maintains high standards with regards its environmental and social practices and is constantly striving to improve its engagement and information processes. The Board and Management will continue to monitor these risks to the Group.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Principle 8: Remunerate fairly and responsibly

8.1 *The Board should establish a remuneration committee*

The Board as a whole may appoint an independent working group comprising consultants, Directors and/or the Company Secretary to review and make recommendations to the board in relation to the remuneration framework as well as identify candidates and assess their skills in deciding whether an individual has the potential to add value to the Company. The Board considers that this process is appropriate given the size and the complexity of the Group's affairs. It is not considered necessary to have a separate nomination or remuneration committee. Until the situation changes the Board of Hannans will carry out any necessary remuneration committee functions.

Independent Professional Advice

Directors of the Company are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman may, at the Group's expense obtain independent professional advice to properly discharge their responsibilities.

Executive Director (ED) and Group Finance Officer Certifications

The ED and Group Finance Officer provide the following declaration to the Board in respect of each quarter, half and full year financial period:

- that Hannans financial records have been properly maintained;
- that Hannans' financial statements, in all material respects, are complete and present a true and fair view of the financial condition and operational results of Hannans and the Group and are in accordance with the relevant accounting standards;
- that the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- that Hannans' risk management and internal compliance and control systems are operating effectively in all material respects.

COMPLIANCE

Significant Changes in State of Affairs

Other than those disclosed in this annual report no significant changes in the state of affairs of the Group occurred during the financial year.

Significant Events after the Balance Date

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years other than those stated below:

(a) On 15 July 2019 the Group provided a loan of $55,000 to Critical Metals Ltd. The terms and conditions of the loan are currently under negotiation.

Likely developments and Expected Results

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

Environmental Regulation and Performance

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it's aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the year under review.

COMPLIANCE (cont'd)

Share options

As at the date of this report, there were 117,172,512 options on issue to purchase ordinary shares at a range of exercise prices (117,172,512 at the reporting date). Refer to the remuneration report for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Insurance of Directors and Officers

During or since the end of the financial year, the Company has paid premiums insuring all the Directors of Hannans Ltd against costs incurred in defending conduct involving:

(a) a wilful breach of duty, and

(b) a contravention of sections 182 or 183 of the *Corporations Act 2001,*

as permitted by section 199B of the *Corporations Act 2001.*

The total amount of insurance contract premiums paid was $10,699.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

Non–Audit Services

During the year Ernst & Young, the Group auditor, did not performed other non-audit services in addition to its statutory duties.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 30.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Jonathan Murray
Non-Executive Chairman
Perth, Australia this 29th day of August 2019

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Auditor's Independence Declaration to the Directors of Hannans Ltd

As lead auditor for the audit of the financial report of Hannans Ltd for the year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hannans Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
29 August 2019

MH:DA:HANNANS:009

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 2 to the financial report and giving a true and fair view of the financial position and performance of the Group for the financial year ended 30 June 2019; and

(c) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Jonathan Murray
Non-Executive Chairman
Perth, Australia this 29th day of August 2019

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Independent auditor's report to the members of Hannans Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Hannans Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001;* including:

a. giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor

independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

MH:DA:HANNANS:008

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of capitalised exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
As disclosed in Note 14, as at 30 June 2019, the Group held capitalised exploration and evaluation expenditure assets of $2.256 million. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the carrying value of exploration and evaluation expenditure assets may exceed their recoverable amount. The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year, the Group recognised an impairment charge of $0.4 million in relation to one of its areas of interest. The Group determined that there had been no indicators of impairment for its other areas of interest.	In performing our procedures, we: ► Considered the Group's right to explore in the relevant areas of interest, which included obtaining and assessing supporting documentation such as the project acquisition agreements ► Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant areas of interest, which included assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group ► Considered whether the exploration activities within each area of interest have reached a stage where the commercially viable resource estimate could be made, which included obtaining and assessing supporting documentation such as exploration reports and the Group's announcements in the Australian Stock Exchange in relation to its mineral resource and ore reserve ► Assessed the adequacy of the disclosure included in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

MH:DA:HANNANS:008

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Hannans Ltd for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
29 August 2019

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MH:DA:HANNANS:008

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	5(a)	67,016	24,590
Other income			
Other income	5(b)	6,818	423,202
Employee and contractors expenses	5(c)	(554,278)	(879,560)
Depreciation expense	5(d)	(3,744)	(1,270)
Consultants expenses		(195,527)	(226,429)
Occupancy expenses	5(e)	(3,000)	(4,000)
Marketing expenses		(6,896)	(11,745)
Exploration and evaluation expenses		(766,344)	(505,967)
Write off of exploration and evaluation expenses	14	(404,000)	–
Fair value changes in financial assets designated at fair value through P&L		(79,672)	14,334
Other expenses		(145,936)	(212,426)
Loss from continuing operations before income tax expense		**(2,085,563)**	**(1,379,271)**
Income tax benefit/(expense)	6	–	–
Loss from continuing operations attributable to members of the parent entity		**(2,085,563)**	**(1,379,271)**
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Reclassification of FCTR to profit and loss on disposal of foreign operations		–	–
Foreign currency translation differences for foreign operations		–	–
Total items that may be reclassified subsequently to profit or loss		**–**	**–**
Items that will not be reclassified to profit or loss		–	–
Total other comprehensive income for the year		**–**	**–**
Total comprehensive loss for the year		**(2,085,563)**	**(1,379,271)**
Net loss attributable to the parent entity		**(2,085,563)**	**(1,379,271)**
Total comprehensive loss attributable to the parent entity		**(2,085,563)**	**(1,379,271)**
Loss per share:			
Basic (cents per share)	21	(0.11)	(0.07)
Diluted (cents per share)	21	(0.11)	(0.07)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	28(a)	2,686,790	4,082,079
Trade and other receivables	10	86,461	41,965
Other financial assets at fair value through profit and loss	11	1,985	6,950
Total current assets		2,775,236	4,130,994
Non-current assets			
Other receivables	12	56,000	56,000
Property, plant and equipment	13	27,536	1,056
Other financial assets at fair value through profit and loss	11	–	79,672
Exploration and evaluation expenditure	14	2,256,000	2,660,000
Total non-current assets		2,339,536	2,796,728
TOTAL ASSETS		5,114,772	6,927,722
Current liabilities			
Trade and other payables	15	125,617	124,690
Provisions	16	–	–
Other financial liabilities	17	–	14,725
Total current liabilities		125,617	139,415
Non-current liabilities			
Other financial liabilities	17	–	–
Total non-current liabilities		–	–
TOTAL LIABILITIES		125,617	139,415
NET ASSETS		4,989,155	6,788,307
Equity			
Issued capital	18	40,872,810	40,840,777
Reserves	19	1,061,897	838,321
Accumulated losses	20	(36,945,552)	(34,890,791)
TOTAL EQUITY		4,989,155	6,788,307

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2019

	Attributable to equity holders			
	Ordinary Shares $	Option Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2018	40,840,777	838,321	(34,890,791)	6,788,307
Loss for the year	–	–	(2,085,563)	(2,085,563)
Other comprehensive loss for the period	–	–	–	–
Total comprehensive loss for the period	–	–	(2,085,563)	(2,085,563)
Transactions with owners				
Share based payments	–	254,378	–	254,378
Exercise/Lapse of options	38,250	(30,802)	30,802	38,250
Share issue expense	(6,217)	–	–	(6,217)
Total transactions with owners	32,033	223,576	30,802	286,411
Balance as at 30 June 2019	40,872,810	1,061,897	(36,945,552)	4,989,155
Balance as at 1 July 2017	37,296,618	297,378	(33,550,237)	4,043,759
Loss for the year	–	–	(1,379,271)	(1,379,271)
Other comprehensive loss for the period	–	–	–	–
Total comprehensive loss for the period	–	–	(1,379,271)	(1,379,271)
Transactions with owners				
Issue of shares	3,704,952	–	–	3,704,952
Share based payments	–	579,660	–	579,660
Issue of options	–	(38,717)	38,717	–
Share issue expense	(160,793)	–	–	(160,793)
Total transactions with owners	3,544,159	540,943	38,717	4,123,819
Balance as at 30 June 2018	40,840,777	838,321	(34,890,791)	6,788,307

CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Payments for exploration and evaluation		(772,850)	(562,336)
Payments to suppliers and employees		(693,237)	(970,085)
Interest received		68,990	19,502
Net cash used in operating activities	28(b)	**(1,397,097)**	**(1,512,919)**
Cash flows from investing activities			
Proceed on sale of tenements		–	611,013
Payment on sale of tenements to minority interest holder		–	(80,000)
Payment for investment securities		–	(10,000)
Payment for property, plant and equipment		(30,225)	–
Net cash (used)/received by investing activities		**(30,225)**	**521,013**
Cash flows from financing activities			
Proceeds from issues of equity securities		–	3,621,635
Proceeds from exercise of options		38,250	83,317
Payment for share issue costs		(6,217)	(112,795)
Net cash received by financing activities		**32,033**	**3,592,157**
Net (decrease)/increase in cash and cash equivalents		**(1,395,289)**	**2,600,251**
Cash and cash equivalents at the beginning of the financial year		**4,082,079**	**1,481,828**
Cash and cash equivalents at the end of the financial year	28(a)	**2,686,790**	**4,082,079**

The accompanying notes form part of the financial statements.

1. General Information

The consolidated financial statements of Hannans Ltd (**Company** or **Hannans**) and its subsidiaries (collectively, **the Group**) for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 29 August 2019.

Hannans is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are mineral exploration and project development which is further described in the Directors' Report. Information on other related party relationships is provided in note 26.

2. Summary of significant accounting policies

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report includes the financial statements of the Hannans Ltd and its subsidiaries.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except for certain financial assets and liabilities which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Separate financial statements for Hannans as an individual entity are no longer presented as the consequence of a change to the *Corporations Act 2001*, however, required financial information for Hannans as an individual entity is included in note 31.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019 and the comparative information presented in these financial statements for the year ended 30 June 2018.

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods

New standards, interpretations and amendments adopted by the Group during the financial year

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018. All other new standards and interpretations effective from 1 July 2018 were adopted with the main impact being disclosure changes. The adoption of the new or amended standards and interpretations, other than AASB 9 and AASB 15, did not result in any significant changes to the Group's accounting policies. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 9: Financial Instruments

AASB 9 Financial Instrument was adopted on 1 July 2018 and is a new standard which replaces AASB 139 Financial Instruments: Recognition and Measurement and includes a new model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. The accounting policies have been updated to reflect the application of AASB 9 for the period from 1 July 2018.

Classification and measurement

Under AASB 9, financial instruments are subsequently measured at fair value through profit or loss (**FVPL**), amortised cost, or fair value through other comprehensive income (**FVOCI**). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding (**the SPPI criterion**). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 January 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 January 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB139 (i.e. prior to 1 July 2018)	New measurement category under AASB 9 (i.e. from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Equity instruments	Available-for-sale financial assets	Financial assets at FVPL
Loans receivable to a director related entity	Loans and receivables at amortised cost	Financial assets at FVPL
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost

2. Statement of significant accounting policies (cont'd)

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

The change in classification has not resulted in any material re-measurement adjustments at 1 July 2018.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss (**ECL**) model to be applied as opposed to an incurred credit loss model under AASB 139. The ECL model requires the Group to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime ECL if the credit risk on the instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the Group reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the Group concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL. The result of the assessment is as follows:

Items existed at 1 July 2018 that are subject to the impairment provision of AASB 9	Credit risk attributes	Cumulative additional loss allowance recognised at 1 July 2018
Cash and cash equivalents	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable institutions.	Nil.
Trade and other receivables	The Group applied the simplified approach and concluded that the lifetime ECL for these assets would be negligible and therefore no loss allowance was required at 1 July 2018.	Nil.

Hedge accounting

The Group does not apply hedge accounting.

Trade and other receivables (new policy applied from 1 July 2018 due to adoption of AASB 9)

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at FVPL.

The group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime ECL for trade receivables carried at amortised cost. The ECL on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to ECL within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Equity instruments (new policy applied from 1 July 2018 due to adoption of AASB 9)

Shares and options held by the Group are classified as equity instruments and are stated at FVPL. Gains and losses arising from changes in fair value are recognised directly to profit or loss for the period.

Loans receivables (new policy applied from 1 July 2018 due to adoption of AASB 9)

Loans receivables are classified, at initial recognition, and subsequently measured at amortised cost, FVOCI, or FVPL. Loan receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Loan receivables that do not meet the criteria for amortised cost are measured at FVPL.

2. Statement of significant accounting policies (cont'd)

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

AASB 15: Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers was adopted on 1 July 2018 and is a new standard which replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations.

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). Under AASB 15, revenue is recognised as or when an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring those goods or services. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Based on the Group's current principal activities being that of exploration and evaluation and that it does not have any direct contracts with customers and accordingly has no revenue impacted by the Standard.

Revenue (new policy applied from 1 July 2018 due to adoption of AASB 15)

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the Group estimates the amount of consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

New standards issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective and have not been early adopted by the Group for the period ended 30 June 2019:

Reference / Title		Application date of standard	Application date for Group
AASB 16 *Leases*		1 January 2019	1 July 2019
Summary	The key features of AASB 16 are as follows: Lessee accounting • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. Lessor accounting • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes: (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.		
Impact	The assessment is ongoing. The preliminary result to date indicates a change in disclosure with no material remeasurement impact at 1 July 2019.		

2. Statement of significant accounting policies (cont'd)

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments that are readily convertible to known amount of cash which are subject to an insignificant risk of change in value , net of outstanding bank overdrafts.

(d) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

(e) Financial assets

Financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequently measured at FVPL, amortised cost, or FVOCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent SPPI on the SPPI criterion. The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

Trade and other receivables

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at FVPL.

(e) Financial assets (cont'd)

The group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime ECL for trade receivables carried at amortised cost. The ECL on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to ECL within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Equity instruments

Shares and options held by the Group are classified as equity instruments and are stated at FVPL. Gains and losses arising from changes in fair value are recognised directly to profit or loss for the period.

Loans receivables

Loans receivables are classified, at initial recognition, and subsequently measured at amortised cost, FVOCI, or FVPL. Loan receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Loan receivables that do not meet the criteria for amortised cost are measured at FVPL.

2. Statement of significant accounting policies (cont'd)

(f) Financial instruments issued by the Company

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

(h) Impairment of non-financial assets (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash–generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the cash–generating unit in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the full liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

2. Statement of significant accounting policies (cont'd)

(i) Tax (cont'd)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries implemented the tax consolidation legislation on 1 July 2008 with Hannans as the head entity.

(j) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is expensed immediately to the profit and loss where the applicable area of interest does not contain a JORC compliant mineral resource. Where the area of interest contains a JORC compliant mineral resource exploration and evaluation expenditure is capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

i. such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

ii. exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

(k) Joint arrangements

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Statement of significant accounting policies (cont'd)

(k) Joint arrangements (cont'd)

Joint operations

The Group's recognises its interest in joint operations by recognising its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

(l) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars, which is Hannans' functional and presentation currency.

Transactions and balance

Transactions in foreign currencies are initially recorded in the functional currency (Australian Dollars (AUD)) by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

(m) Foreign currency translation (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(n) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group as at and for the period ended 30 June 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

2. Statement of significant accounting policies (cont'd)

(n) Principles of consolidation (cont'd)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

A list of subsidiaries appears in note 4 to the financial statements.

(o) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate (%)
Office furniture	10.00 – 20.00
Building	2.50
Office equipment	7.50 – 66.67
Motor vehicles	16.67 – 25.00

(p) Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as a result of a past event at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the Group estimates the amount of consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

<u>Dividend and interest revenue</u>

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

2. Statement of significant accounting policies (cont'd)

(r) Share–based payments

Equity–settled share–based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black and Scholes model or Monte-Carlo simulation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non–transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity–settled share–based payments is expensed on a straight–line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash–settled share–based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(s) Fair value measurement

The Group measures available-for-sale financial assets at fair value and receivables are measured at amortised costs at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(t) Segment reporting policy

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position.

3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key judgements — exploration and evaluation expenditure

The future recoverability of exploration and evaluation expenditure capitalised on the acquisition of areas of interest and/or capitalised JORC compliant mineral resource expenditure are dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. To the extent that capitalised acquisition costs and/or capitalised JORC compliant mineral resource expenditure are determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Key judgements — share–based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes and/or Monte-Carlo simulation model. The related assumptions detailed in note 8. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

4. Subsidiaries

The consolidated financial statements of the Group include:

Name of entity	Principal Activities	Country of incorporation	% Ownership interest 2019	% Ownership interest 2018
Parent entity:				
Hannans Ltd (i)	Exploration	Australia		
Subsidiaries:				
HR Equities Pty Ltd (ii)	Equities holding	Australia	100	100
HR Forrestania Pty Ltd (ii)	Exploration	Australia	100	100
Reed Exploration Pty Ltd (ii)	Exploration	Australia	100	100

(i) Hannans is the ultimate parent entity. All the companies are members of the group.
(ii) The 100% interest in HR Equities Pty Ltd, HR Forrestania Pty Ltd and Reed Exploration Pty Ltd are held by the parent entity.

	2019 $	2018 $
5. Income/expenses from operations		
(a) Revenue		
Interest revenue		
Bank	67,016	24,590
Total revenue	67,016	24,590
(b) Other Income		
Asset sale	–	411,013
Other	6,818	12,189
Total other income	6,818	423,202
(c) Employee benefits expense		
Salaries and wages	298,000	298,000
Post employment benefits:		
Defined contribution plans	1,900	1,900
Share-based payments:		
Equity settled share-based payments	254,378	579,660
Total employee benefits expense	554,278	879,560
(d) Depreciation of non-current assets	3,744	1,270
(e) Operating lease rental expenses:		
Minimum lease payments	3,000	4,000
Total operating lease rental expenses	3,000	4,000

	2019 $	2018 $
6. Income taxes		
Income tax recognised in profit or loss		
Current income tax		
Current income tax charge		–
Overprovision of current tax in prior year	–	–
Deferred tax		
Release of deferred tax assets previously recognised to offset a deferred tax liability arising on unrealised gains on available-for-sale investments		–
Total tax benefit/(expense)	–	–
The prima facie income tax benefit/(expense) on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss from operations	(2,085,563)	(1,379,271)
Income tax benefit calculated at 27.5% (2018: 27.5%)	(573,530)	(379,300)
Effect of expenses that are not deductible in determining taxable profit	70,232	160,000
Effect of net deferred tax asset not recognised as deferred tax assets	503,298	219,300
Income tax benefit/(expense) attributable to operating loss	–	–

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% (2018: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	2019 $	2018 $
Deferred tax related to items charged or credited directly to Other Comprehensive Income during the year:		
Unrealised loss on available-for-sale investments	–	–
	–	–

6. Income taxes (cont'd)

	Statement of Financial Position		Statement of Comprehensive Income	
	2019 $	2018 $	2019 $	2018 $
Deferred Income Tax				
Deferred income tax at 30 June relates to the following				
Deferred tax liabilities				
Exploration and evaluation assets	(233,691)	(313,223)	79,532	(87,316)
Unearned income	(1,317)	(1,860)	543	(1,399)
Prepayments	(4,557)	(4,045)	(512)	(4,045)
Deferred tax assets				
Accruals	8,144	13,255	(5,111)	1,980
Prepayments	–	–	–	(3,877)
Provision for employee entitlements	–	–	–	(30,122)
Provision for loss on loan	26,717	–	26,717	–
Financial assets	4,239	2,874	1,365	2,874
Capital raising costs	31,573	42,551	(10,978)	32,432
Revaluation reserve	–	–	1,365	(1,678)
Revenue tax losses	5,194,028	4,773,005	421,023	309,022
Capital losses	5,083,809	5,083,809	–	4,835
Deferred tax assets not brought to account as realisation is not probable	(10,101,373)	(9,596,366)		
	–	–		
Deferred tax assets not recognised			(505,007)	(222,706)
Deferred tax (income)/expense			–	–

Tax consolidation

Relevance of tax consolidation to the Group

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation.

7. Key management personnel disclosures

(a) Details of key management personnel

The Directors and Executives of Hannans Ltd during the year were:

Directors

- Damian Hicks
- Jonathan Murray
- Markus Bachmann
- Clay Gordon
- Amanda Scott

	2019 $	2018 $
(b) Key management personnel compensation		
The aggregate compensation made to key management personnel of the Company and the Group is set out below.		
Short-term employee benefits	308,699	309,556
Share based payments	254,377	579,660
Long-term employee benefits	–	–
Post-employment benefits	1,900	1,900
Total key management personnel compensation	**564,976**	**891,116**

The compensation of each member of the key management personnel of the Group is set out in the Directors Remuneration report on pages 16 to 20.

8. Share–based payments

The Company has an ownership–based compensation arrangement for employees of the Group.

Each option issued under the arrangement converts into one ordinary share of Hannans on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the sole discretion of the Directors.

Incentive options issued to Directors (executive and non–executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

The following share–based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price cents
20 November 2014	12,016,668	20 November 2014	20 November 2017	0.8
20 November 2015	7,850,001	20 November 2014	20 November 2018	0.5
20 November 2016	12,016,664	20 November 2014	20 November 2019	2.9
15 September 2016	21,155,848	11 November 2016	15 September 2020	2.7
27 October 2017	28,000,000	27 October 2017	27 October 2020	2.6
27 October 2018	28,000,000	27 October 2018	27 October 2021	1.8
27 October 2019	28,000,000	27 October 2019	27 October 2022	VWAP* for 5 trading days before and 5 trading days after 27 October 2019 (+)50% premium

** VWAP = Volume Weighted Average Price*

Details of options over ordinary shares in the Company provided as remuneration to each director during the year are set out in the Directors Remuneration report on pages 16 to 20.

The following reconciles the outstanding share options granted at the beginning and end of the financial year:

	2019		2018	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	125,022,513	0.032	53,039,181	0.019
Granted during the financial year	–	–	84,000,000	0.035
Exercised during the financial year	(7,650,001)	(0.005)	(8,333,334)	(0.009)
Expired during the financial year	(200,000)	(0.005)	(3,683,334)	(0.008)
Balance at end of financial year	117,172,512	0.032	125,022,513	0.032
Exercisable at end of the financial year	117,172,512	0.032	125,022,513	0.032

8. Share-based payments (cont'd)

(i) Issued during the financial year

No share options were granted to senior executives and employees during the year. On 27 October 2017 Hannans held a General Meeting and shareholders approved the issue of related party options. On 14 November 2016 21,155,848 share options were granted to the directors of the Company. The options terms and conditions are shown below.

Details	Tranche 1	Tranche 2	Tranche 3	Total
Number of options	28,000,000	28,000,000	28,000,000	84,000,000
Exercise price	$0.026	$0.018	(i)	
Expiry date	27 Oct 2020	27 Oct 2021	27 Oct 2022	
Vesting date (ii)	27 Oct 2017	27 Oct 2018	27 Oct 2019	

(i) Exercise price will be calculated from the volume weighted average share price for the five (5) trading days before and five (5) trading days after the Vesting Date for Tranche 3 PLUS a premium of 50%. The Monte-Carlo simulation model was used for Tranche 3.

(ii) Senior executive and employees are entitled to the Options upon working for the Group to the vesting dates. Options that have vested prior to termination must be exercised within three months or they will lapse, unvested options will lapse immediately on termination.

The fair value of the options granted is issued and valued at the date of grant taking into account the terms and conditions upon which the options were granted using a Black Scholes model for Tranche 1. There is no cash settlement of the options.

The weighted average fair value of the options granted during for the prior period was $0.011.

For the year ended 30 June 2019, the Group has recognised $254,378 of share-based payments transactions expense in the statement of profit or loss (2018: $579,660).

(ii) Exercised at end of the financial year

During the financial year a total of 7,650,001 (2018: 8,333,334) options over ordinary shares were exercised, comprising of the following:

- 7,650,001 at 0.5 cents options expiring on 20 November 2018 to raise $38,250.

(iii) Expired during the financial year

During the financial year a total of 200,000 (2018: 3,683,334) options over ordinary shares expired, comprising of the following:

- 200,000 at 0.5 cents options expiring on 20 November 2018.

(iv) Balance at end of the financial year

The share options outstanding at the end of the financial year had a weighted average exercise price of $0.032 (2018: $0.032) and a weighted average remaining contractual life of 1.94 years (2018: 2.76 years).

	2019 $	2018 $
9. Remuneration of auditors		
The auditor of Hannans Ltd is Ernst & Young.		
Audit or review of the financial report of the Group		
Australia	32,966	32,262
	32,966	32,262

	2019 $	2018 $
10. Current trade and other receivables		
Accounts receivable (i)	3,360	3,343
Net goods and services tax (GST) receivable	14,794	17,148
Other receivables	68,307	21,474
	86,461	41,965

(i) There were no current trade and other receivables that were past due but not impaired (2018: nil).

11. Other financial assets at fair value through profit and loss

	2019 $	2018 $
Current		
Equity instruments		
Quoted equity shares (i)	1,984	6,949
Unquoted equity shares (ii)	1	1
Total	1,985	6,950
Non-current		
Loan		
Loans to a director of related entities (iii)	–	79,672
Provision (iii)	–	–
Total	–	79,672

(i) Investments in listed entities include the following:
(a) 277,778 ordinary fully paid shares in Metalicity Limited; and
(b) 20,000 ordinary fully paid shares in Ultracharge Limited.

(ii) Hannans Ltd holds 1 share at $1 in Equity & Royalty Investments Ltd. Equity & Royalty Investments Ltd has 100 million ordinary shares on issue. The principal activity of the Company is the investment in equity and royalties in other companies with the objective of realising gains through equity and generating an income stream through the royalties.

(iii) Errawarra Resources Ltd (**Errawarra**), of which Mr Damian Hicks, Mr Jonathan Murray, and Mr Markus Bachmann are the Directors, was provided with a loan facility of $50,000 at an interest rate of 20% per annum. The loan is secured against Errawarra's rights, title and interest in the agreement executed between Errawarra, Reid Systems Inc and Reid Systems (Australia) Pty Ltd. Errawarra has fully drawndown on the loan facility. The loan is repayable by Errawarra on 1 July 2019. Refer to note 26 for further information.

The loan is carried at its fair value and is measured using a discount cash flow model with inputs that reflect the timing and credit risk of the cash flows (level 3 financial assets) refer to note 26.

12. Non–current other receivables

	2019 $	2018 $
Other receivables – bonds	56,000	56,000
	56,000	56,000

13. Property, plant and equipment

	Office furniture and equipment at cost $	Motor vehicles at cost $	Total $
Cost			
Balance at 1 July 2017	19,092	–	19,092
Additions	–	–	–
Disposals	–	–	–
Balance at 1 July 2018	19,092	–	19,092
Additions	1,199	29,025	30,224
Disposals	–	–	–
Balance at 30 June 2019	20,291	29,025	49,316
Accumulated depreciation and impairment			
Balance at 1 July 2017	16,766	–	16,766
Depreciation expense	1,270	–	1,270
Disposals	–	–	–
Balance at 1 July 2018	18,036	–	18,036
Depreciation expense	704	3,040	3,744
Disposals	–	–	–
Balance at 30 June 2019	18,740	3,040	21,780
Net book value			
As at 30 June 2018	1,056	–	1,056
As at 30 June 2019	1,551	25,985	27,536

	2019 $	2018 $
Aggregate depreciation allocated during the year:		
Office furniture and equipment	704	1,270
Motor vehicles	3,040	–
	3,744	1,270

14. Exploration and evaluation expenditure

	2019 $	2018 $
Balance at beginning of financial year	2,660,000	2,688,000
LESS: Write off costs (i)	(404,000)	–
LESS: Disposal of assets	–	(28,000)
Balance at end of financial year	2,256,000	2,660,000

(i) During the year, Hannans recognised a write off in respect of capitalised exploration and evaluation to the extend of $404,000 (2018: nil). The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuance of the consolidated entities right to tenure of the interest, the results of future exploration and the successful development and commercial exploration, or alternatively, sale of the respective area of interest. For those areas of interest de-recognised or written off during the year, exploration results indicates the subsequent successful development and commercial exploration may be unlikely and the decision was made to discontinue activities in these areas, resulting in full de recognition of the capitalised exploration and evaluation in relation to the related areas of interest.

	2019 $	2018 $
15. Current trade and other payables		
Trade payables (i)	20,566	22,866
Accruals	98,667	97,700
Other payable	6,384	4,124
	125,617	124,690

(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of invoice. Thereafter, interest is charged at various penalty rates. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. Provisions

	2019 $	2018 $
Current		
Employee benefits (i)	–	–
	–	–

(i) On 26 July 2017, the balance of the annual leave ($42,845) and long service leave ($60,270) provision was paid to Mr Hicks.

	Employee benefits $	Rent – unoccupied space $	Total $
Balance at 1 July 2017	103,115	–	103,115
Settlement of provision	(103,115)	–	(103,115)
Balance at 1 July 2018	–	–	–
Utilised during the year	–	–	–
Balance at 30 June 2019	–	–	–

	2019 $	2018 $
17. Other financial liabilities		
Current		
Payroll related liabilities	–	14,725
	–	14,725

	2019 $	2018 $
18. Issued capital		
1,987,954,539 fully paid ordinary shares (2018: 1,980,304,538)	40,872,810	40,840,777
	40,872,810	40,840,777

	2019		2018	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	1,980,304,538	40,840,777	1,682,640,560	37,296,618
Exercise of options to shares - 20 November 2017	–	–	8,333,334	66,667
Share Purchase Plan - 11 December 2017	–	–	127,480,231	1,619,000
Placement of shares - 11 December 2017	–	–	157,687,913	2,002,635
Exercise of options to shares - 3 June 2018	–	–	4,162,500	16,650
Exercise of options to shares - 20 November 2018	7,650,001	38,250	–	–
Share issue costs	–	(6,217)	–	(160,793)
Balance at end of financial year	1,987,954,539	40,872,810	1,980,304,538	40,840,777

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Option conversions

Date of conversion	No of options	Exercise price per option	Expiry date	Increase in contributed equity $
20 November 2018	7,650,001	0.005 cents	20 November 2018	38,250
TOTAL	7,650,001			38,250

	2019 $	2018 $
19. Reserves		
Balance at the beginning of the financial year	838,321	297,378
Share based payment expense	254,378	579,660
Exercise/lapse of options	(30,802)	(38,717)
Balance at the end of the financial year	1,061,897	838,321
The balance of reserves is made up as follows:		
Option reserve	1,061,897	838,321
	1,061,897	838,321

Nature and purpose of reserves

Option reserve

The option reserve recognises the fair value of options issued and valued using the Black-Scholes and Monte-Carlo simulation model.

19. Reserves (cont'd)

Share options

As at 30 June 2019, options over 117,172,512 (2018: 125,022,513) ordinary shares in aggregate are as follow:

Issuing entity	No of shares under option	Class of shares	Exercise price of option	Expiry date of options
Hannans Ltd	12,016,664	Ordinary	2.9 cents each	20 Nov 2019
Hannans Ltd	21,155,848	Ordinary	2.7 cents each	15 Sep 2020
Hannans Ltd	28,000,000	Ordinary	2.6 cents each	27 Oct 2020
Hannans Ltd	28,000,000	Ordinary	1.8 cents each	27 Oct 2021
Hannans Ltd	28,000,000	Ordinary	VWAP* for 5 trading days before and 5 trading days after 27 October 2019 (+)50% premium	27 Oct 2022

Share options are all unlisted, carry no rights to dividends and no voting rights. No options were issued during the period (2018: 84,000,000). A total of 7,650,001 (2018: 12,495,834) were exercised during the period. A total of 200,000 (2018: 3,683,334) expired unexercised during the period.

20. Accumulated losses

	2019 $	2018 $
Balance at beginning of financial year	(34,890,791)	(33,550,237)
Loss attributable to members of the parent entity	(2,085,563)	(1,379,271)
Items of other comprehensive income recognised directly in retained earnings:		
Options exercised	30,802	38,717
Balance at end of financial year	**(36,945,552)**	**(34,890,791)**

21. Loss per share

	2019 Cents per share	2018 Cents per share
Basic loss per share:	(0.11)	(0.07)
Diluted loss per share:	(0.11)	(0.07)

Loss for the year

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	2019 $	2018 $
Loss for the year	(2,085,563)	(1,379,271)

	2019 No.	2018 No.
Weighted average number of ordinary shares for the purposes of basic loss per share	1,985,108,785	1,845,054,765
Effects of dilution from:		
Share options	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution loss per share	1,985,108,785	1,845,054,765

At 30 June 2019 117,172,512 were not included in the diluted earnings per share calculation as they are anti-dilutive.

	2019 $	2018 $
22. Commitments for expenditure		
Exploration, evaluation & development (expenditure commitments)		
Not longer than 1 year	179,000	169,000
Longer than 1 year and not longer than 5 years	716,000	676,000
Longer than 5 years	–	–
	895,000	845,000
Future minimum rentals payable under non-cancellable operating leases as at 30 June 2019 are as follows: (i)		
Not longer than 1 year	4,000	4,000
Longer than 1 year and not longer than 5 years	–	–
Longer than 5 years	–	–
	4,000	4,000

(i) The Group has an office lease on a month by month basis, expiring 31 December 2019 and with rent payable monthly in advance.

23. Contingent liabilities and contingent assets

The Office of State Revenue (**OSR**) has informed the Company that it has raised a Duties Investigation regarding the restructure involving the Mineral Rights Deed between the Company and Errawarra Resources Ltd. OSR has requested preliminary supporting information to assess the duty on the transaction. The Company does not consider it probable a stamp duty liability will arise.

24. Segment reporting

The Group operates in the mineral exploration industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's Chief Operating Decision Maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position.

25. Joint operations

		Interest	
Name of project	Principal activity	2019 %	2018 %
Lake Johnston (i)	Exploration	15	15
Forrestania (ii)	Exploration	20	20

(i) Reed Exploration entered into a joint venture with Montezuma Mining Company Ltd (**Montezuma**) (ASX: MZM) whereby Reed Exploration retained a 15% interest in the Lake Johnston Project which is free-carried until a decision to mine has been made, at which point Reed Exploration may elect to contribute or revert to a 1% net smelter royalty. Montezuma is required to meet all exploration expenditure to keep the project in good standing.

(ii) Reed Exploration entered into a joint venture with Classic Minerals Ltd (**Classic**) (ASX: CLZ) whereby Reed Exploration retained a 20% interest in the Forrestania gold rights which is free-carried until a decision to mine has been made. Classic is required to meet all exploration expenditure to keep the project in good standing.

Capital commitments and contingent liabilities

The capital commitments and contingent liabilities arising from the Group's interests in joint operations are disclosed in notes 22 and 23 respectively.

26. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 4 to the financial statements.

Equity interests in joint operations

Details of interests in joint operations are disclosed in note 25 to the financial statements.

(b) Key management personnel (KMP) remuneration

Details of KMP remuneration are disclosed in note 7 to the financial statements.

(c) Loans to KMP and their related parties

Errawarra Resources Ltd (Errawarra), of which Mr Damian Hicks is the Chairman and Mr Jonathan Murray and Mr Markus Bachmann are the Non-Executive Directors, received a loan amounting to $50,000. The loan is secured against 100% of Errawarra's rights, title and interest in the agreement executed between Errawarra, Reid Systems Inc and Reid Systems (Australia) Pty Ltd dated on or about 9 February 2016. The interest rate on the outstanding loan amount is at 20% per annum and the loan repayment date is on 1 July 2019. The loan is disclosed in note 11 as a non-current financial asset.

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the Group to KMP and their related parties, and the number of individuals in each group, are as follows:

	Opening Balance $	Closing Balance $	Interest charged $	Number in group at 30 June
30 June 2019				
Total for KMP	–	–	–	–
Total for other related parties (i)	79,672	–	–	1
Total for KMP and their related parties 2019	79,672	–	–	1
30 June 2018				
Total for KMP	–	–	–	–
Total for other related parties (i)	65,338	79,672	14,334	1
Total for KMP and their related parties 2018	65,338	79,672	14,334	1

(i) The Company provided a loan facility of $50,000 at an interest rate of 20% per annum to Errawarra Resources Ltd (Errawarra), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors. The loan is secured against Errawarra's rights, title and interest in the agreement executed between Errawarra, Reid Systems Inc and Reid Systems (Australia) Pty Ltd. Errawarra made a loan drawdown of $25,000 on 10 February 2016 and a further loan drawdown of $25,000 on 9 March 2016. The fair value of the loan at 30 June 2019 was estimated using a discounted cashflow model to be nil. This resulted in a loss on fair value of $79,672 for the year.

Subsequent to year end, the Group provided a $55,000 loan facility to Critical Metals Ltd, of which Mr Jonathan Murray is the Chairman, Mr Damian Hicks and Mr Markus Bachmann are the Directors. The terms and condition of the loan are currently under negotiation.

(d) Transactions with other related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties $	Purchases from related parties $	Amounts owed by related parties* $	Amounts owed to related parties* $
Director transactions					
Steinepreis Paganin	2019	–	690	–	–
	2018	–	9,757	–	–
Corporate Board Services	2019	3,655	150,000	1,005	–
	2018	3,700	150,000	1,827	–

* The amounts are classified as trade receivables and trade payables, respectively.

26. Related party disclosures (cont'd)

(e) Parent entity

The ultimate parent entity in the Group is Hannans Ltd.

27. Subsequent events

The following matters or circumstances have arisen since 30 June 2019 that may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years:

(a) On 15 July 2019 the Group provided a loan of $55,000 to Critical Metals Ltd. The terms and conditions of the loan are currently under negotiation.

	2019 $	2018 $
28. Notes to the consolidated statement of cash flows		
(a) Reconciliation of cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash at bank	586,790	1,382,079
Term deposit	2,100,000	2,700,000
	2,686,790	4,082,079
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(2,085,563)	(1,379,271)
Net gain from sale of tenement	–	(371,013)
Write off exploration and evaluation expenses	404,000	–
Impairment of available-for-sale investments	4,967	3,711
Depreciation of non–current assets	3,744	1,270
Equity settled share-based payments	254,378	579,660
Change in fair value of financial assets designated at fair value though profit or loss	79,672	(14,334)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/Decrease in assets:		
Trade and other receivables	(44,497)	42,919
Decrease in liabilities:		
Trade and other payables and provisions	(13,798)	(375,861)
Net cash from operating activities	(1,397,097)	(1,512,919)

Non–cash financing activities

During the current year, the Group did not enter into any non-cash financing activities which are not reflected in the consolidated statement of cash flows.

29. Financial risk management objectives and policies

(a) Financial risk management objectives

The Group manages the financial risks relating to the operations of the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes although it holds, at 30 June 2019, shares in various other listed mining companies. The use of financial derivatives is governed by the Group's Board of Directors.

The Group's activities expose it primarily to the financial risks of changes in interest rates, but at 30 June 2019 it is also exposed to market price risk. The Group does not enter into derivative financial instruments to manage its exposure to interest rate.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Foreign currency risk management

The Group is not exposed to any significant currency risk on receivable, payable or borrowings. All loans are denominated in the Group's functional currency.

(d) Interest rate risk management

The Group is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate products which also facilitate access to money.

Cash flow sensitivity analysis for variable rate instruments

A change of 1 per cent in interest rates at the reporting date would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018:

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2019				
Variable rate instruments	25,358	(25,358)	25,358	(25,358)
	25,358	(25,358)	25,358	(25,358)
2018				
Variable rate instruments	30,317	(30,317)	30,317	(30,317)
	30,317	(30,317)	30,317	(30,317)

The following table details the Group's exposure to interest rate risk.

29. Financial risk management objectives and policies (cont'd)

(d) Interest rate risk management (cont'd)

Consolidated	Weighted average effective interest rate %	Variable interest rate $	Fixed maturity dates: Less than 1 year $	Fixed maturity dates: 1–5 years $	Fixed maturity dates: 5+ years $	Non interest bearing $	Total $
2019							
Financial assets:							
Cash and cash equivalents	0.72%	2,535,822	–	–	–	150,968	2,686,790
Trade and other receivables	–	–	–	–	–	86,461	86,461
Other financial assets	20.00%	–	–	–	–	–	–
Other receivables – non-current	2.55%	56,000					56,000
		2,591,822	–	–	–	237,429	2,829,251
Financial liabilities:							
Trade and other payables	–	–	–	–	–	125,617	125,617
Other financial liabilities	–	–	–	–	–	–	–
		–	–	–	–	125,617	125,617
2018							
Financial assets:							
Cash and cash equivalents	0.60%	3,031,651	–	–	–	1,050,428	4,082,079
Trade and other receivables	–	–	–	–	–	41,965	41,965
Other financial assets	20.00%	–	79,672	–	–	–	79,672
Other receivables – non-current	2.55%	56,000	–	–	–	–	56,000
		3,087,651	79,672	–	–	1,092,393	4,259,716
Financial liabilities:							
Trade and other payables	–	–	–	–	–	124,690	124,690
Other financial liabilities	–	–	14,725	–	–	–	14,725
		–	14,725	–	–	124,690	139,415

29. Financial risk management objectives and policies (cont'd)

(e) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid, high security short term investments. The Group's liquidity needs can be met through a variety of sources, including cash generated from operations and issue of equity instruments.

The following table details the Group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows.

	Less than 6 months $	6 months to 12 months $	1 to 2 years $	Greater than 2 years $	Total $
2019					
Trade and other payables	125,617	–	–	–	125,617
Other financial liabilities	–	–	–		–
	125,617	–	–	–	125,617
2018					
Trade and other payables	124,690	–	–	–	124,690
Other financial liabilities	14,725	–	–		14,725
	139,415	–	–	–	139,415

(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group currently does not have any material debtors apart from GST receivable which is claimed at the end of each quarter during the year.

It is a policy of the Group that creditors are paid within 30 days.

(g) Market price risk

Market risk is the potential for loss arising from adverse movements in the level and volatility of equity prices.

The Group's investments subject to price risk are listed on the Australian Securities Exchange as detailed in note 11. A 1 per cent increase at reporting date in the equity prices would increase the market value of the securities by $19 (2018: $69) and an equal change in the opposite direction would decrease the value by the same amount. The increase/decrease would be reflected in equity as these financial instruments are classified as available-for-sale. The increase/decrease net of deferred tax would be $13 (2018: $49).

(h) Capital risk management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent, which at 30 June 2019 was $4,989,155 (2018: $6,788,307). The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

At 30 June 2019 the Group does not hold any external debt funding (2018: Nil) and is not subject to any externally imposed covenants in respect of capital management.

30. Financial instruments

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The table below analyses financial instruments carried at fair value by value measurement hierarchy.

Quantitative disclosures fair value measurement hierarchy as at 30 June	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobser-vable inputs (Level 3)	Total
2019				
Assets measured at fair value				
Equity instruments (note 11):				
Quoted equity shares (i)	1,984	–	–	1,984
Unquoted equity shares (ii)	–	–	1	1
Loans to a director of related entities (note 11) (iii)	–	–	–	–
2018				
Assets measured at fair value				
Available-for-sale financial assets (note 11):				
Quoted equity shares (i)	6,949	–	–	6,949
Unquoted equity shares (ii)	–	–	1	1
Loans to a director of related entities (note 11) (iii)	–	–	–	–
	6,949	–	1	6,950

The management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

(i) Fair value of equity instruments and available-for-sale financial assets is derived from quoted market prices in active markets. Refer note 29(g) for market price risk impact.

(ii) The historical cost has been used to fair value unquoted ordinary shares. There is no market for the share and the value of the share does not warrant further discount or valuation.

(iii) The fair value of the loan to a director of related entities is measured using a discount cash flow model with inputs that reflect the timing and credit risk of the cash flows. The Groups has fully provided for the loans as the loans are considered unrecoverable.

The estimated recoverable amount of the capitalised exploration and evaluation expenditure is classified as level 3 and is sensitive to the movements in the iron ore and copper prices. The valuation methodology undertaken by the Group was determined with reference to comparable exploration companies in the industry and their respective contained iron and copper resource multiples. Refer note 14 for further information.

31. Parent entity disclosures

The following details information related to the parent entity, Hannans Ltd, at 30 June 2019.
The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2019 $	2018 $
Results of the parent entity		
Loss for the year	(1,946,870)	(1,115,848)
Other comprehensive income	–	–
Total comprehensive loss for the year	(1,946,870)	(1,115,848)
Financial position of parent entity at year end		
Current assets	2,621,899	1,181,779
Non-current assets	2,339,540	5,496,732
Total Assets	4,961,439	6,678,511
Current liabilities	60,736	117,348
Non-current liabilities	–	–
Total Liabilities	60,736	117,348
Total equity of the parent entity comprising of:		
Share capital	54,846,901	54,814,869
Reserves	1,061,897	838,321
Accumulated losses	(51,008,095)	(49,092,027)
Total Equity	4,900,703	6,561,163

(a) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had not entered into any guarantees in relation to the debts of its subsidiaries as at 30 June 2019 (2018: Nil).

(b) Commitments for the acquisition of property, plant and equipment by the parent entity

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 (2018: Nil).

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