ANNUAL REPORT

2021

HANNANS LTD

ABOUT HANNANS LTD

Hannans Ltd (ASX:HNR) started as an exploration company with a focus on nickel, gold and lithium in Western Australia. It now has the opportunity to recover high purity metals from spent and off specification lithium-ion batteries in Sweden, Norway, Denmark and Finland. 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, Element 25, and Critical Metals Ltd. 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 2021

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

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 2021.

Dear Shareholders,

Whilst remaining committed to discovery of a major mineral deposit in Western Australia, Hannans recently diversified its focus via execution of a conditional farm-in agreement to commercialise a lithium-ion battery (**LiB**) recycling technology in Sweden, Norway, Denmark, and Finland (the **Nordics**).

At Forrestania we completed multiple rounds of drilling (RC and diamond) and geophysics. This led to an improved understanding of the geology of the project area however we are yet to discover an economic accumulation of nickel. We will continue pursuing this endeavour and note the recent strong corporate interest in our neighbours by companies such as IGO Ltd and the Andrew Forrest sponsored Wyloo Metals Ltd. We will continue exploring Forrestania with the aim of discovering another "Spotted Quoll".

We entered the Fraser Range via a joint venture agreement and tenement applications in our own name. Fraser Range is home to the world class Nova-Bollinger nickel-cobalt mine owned by IGO Ltd. Exploration within the Fraser Range is prolific and many companies are searching for the next "Nova" including Hannans. We completed an extensive ground geophysical survey on the joint venture tenure and will commence similar surveys on our own ground early in 2022. We have recently secured additional tenure within the region via tenement applications.

Moogie continues to entice and during the year there was a pegging rush by Chalice Mining Ltd and others staking ground prospective for hosting another "Julimar" nickel deposit. Hannans had an early mover advantage in the region as it had identified the area as prospective prior to Julimar being discovered. We are targeting a large gold and/or nickel-copper deposit at Moogie and will commence our first helicopter-borne electromagnetic survey late in September 2021. This survey builds on the field work, airborne magnetic survey, and structural modelling we have completed over the last 18 months.

As mentioned, Hannans has announced a conditional transaction to commercialise a LiB recycling technology in the Nordics. This reflects the Board's desire to identify opportunities for shareholders to access projects with rapid growth potential. The transaction is subject to several conditions precedent that are likely to be met by 30 November 2021. Europe is undergoing a massive trend towards electrification and batteries are vital. It is important that all batteries are recycled to protect the environment and recover valuable metals for reuse. Recycling also offsets the impact Hannans' greenfields exploration has on the nature in Western Australia and creates a more balanced and sustainable outcome for our stakeholders.

We remain focused on delivering outcomes for our shareholders and this will come either via discovery of an economic deposit in Western Australia, or successful commercialisation of the lithium-ion battery recycling technology in the Nordics.

We look forward to your continued support as we embark on the next exciting chapter of our corporate journey.

Yours sincerely,

Jonathan Murray
Non-Executive Chairman

STRATEGIC PLAN

VISION

Our vision is to sustainably produce metals for society.

MISSION

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

Our focus is to provide shareholders with a strong 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 might chose to sole fund exploration, contribute funding to maintain joint venture interests or receive royalties from future 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 battery metals exploration, development, and production opportunities in Australia and Europe.
- 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 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 considering 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.

2021 OPERATIONAL AND FINANCIAL REVIEW

MAJOR PROJECTS

- Forrestania Nickel (100% interest);
- Moogie Gold & Nickel-Copper (100% interest); and
- Fraser Range Nickel-Copper (100% interest).

NON-CORE PROJECTS

- Mt Holland Lithium (100% interest); and
- Forrestania Gold (20% free-carried interest).

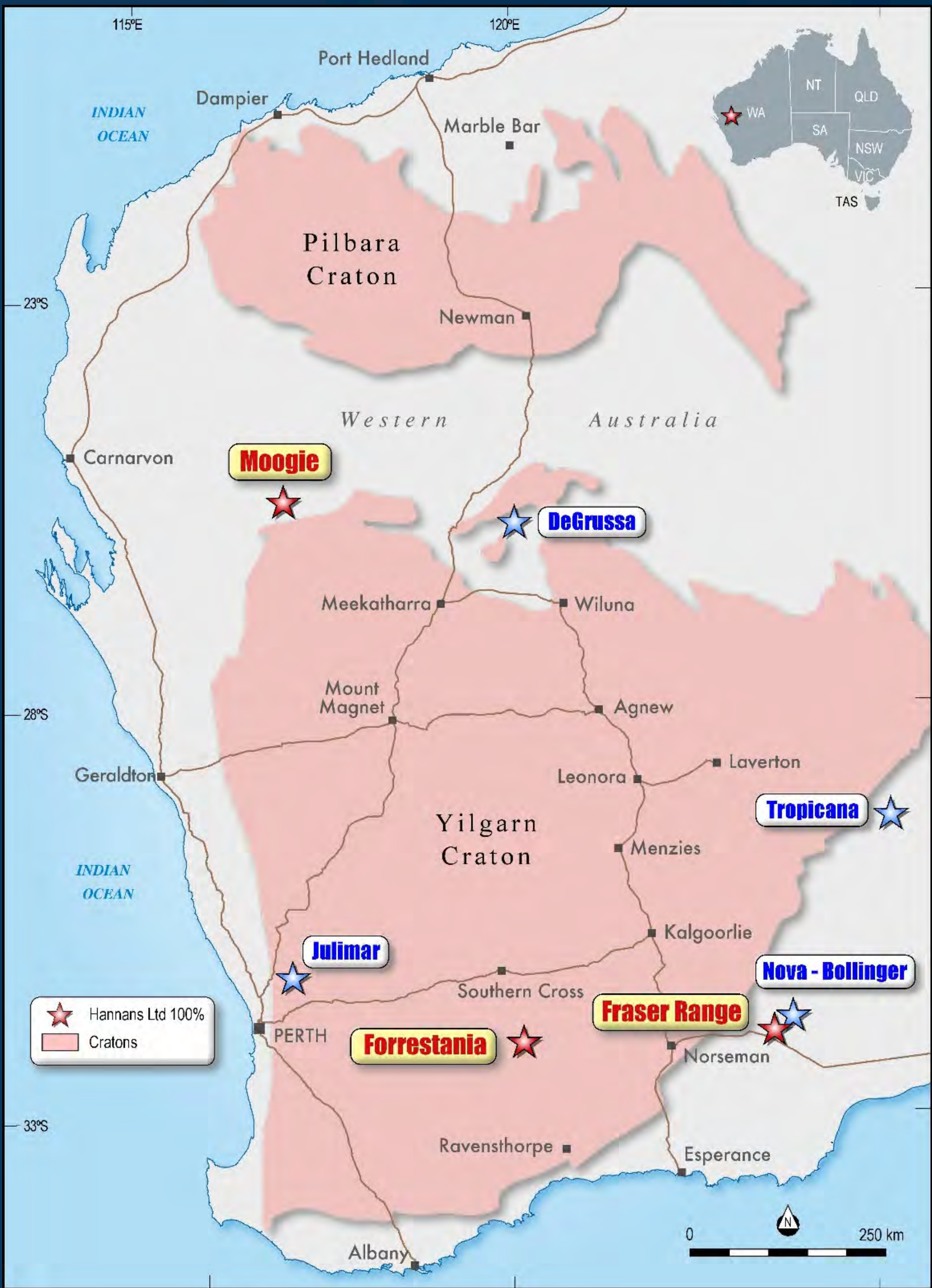

Figure 1. Project location map showing Hannans projects in red font. Major deposits and mines are shown in blue font.

MINERALS EXPLORATION

FORRESTANIA NICKEL PROJECT (Hannans 100%)

Introduction

The Forrestania Nickel Project (**FNP**) 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 belts namely the Western, Mid-Western, Takashi, Central, Mid-Eastern and Eastern.

The Western ultramafic belt is regionally the most well-endowed with nickel-sulphide mineralisation. The Spotted Quoll, New Morning, Beautiful Sunday, and Flying Fox 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. The nickel deposits are generally associated with olivine cumulate ultramafic rocks, however mineralisation may occur in a range of rock types / settings and exhibit a range of geophysical responses.

Background

Despite a significant amount of nickel exploration at Forrestania by several companies, the last major nickel sulphide discovery was made more than 13 years ago, that being the Spotted Quoll deposit (mine) owned by Western Areas Ltd. A detailed review of Hannans' FNP was initiated by Newexco Exploration Pty Ltd mid-2018 and completed early 2019. The review identified a range of early stage to advanced geophysical, geological, and geochemical targets that warranted further investigation. Hannans has been systemically following the recommendations outlined in the report and the results of these activities have previously been released to ASX.

Figure 2. Regional location map showing Hannans 100% owned Forrestania Nickel Project outlined in red and major nickel mines (operating and historic) and nickel deposits.

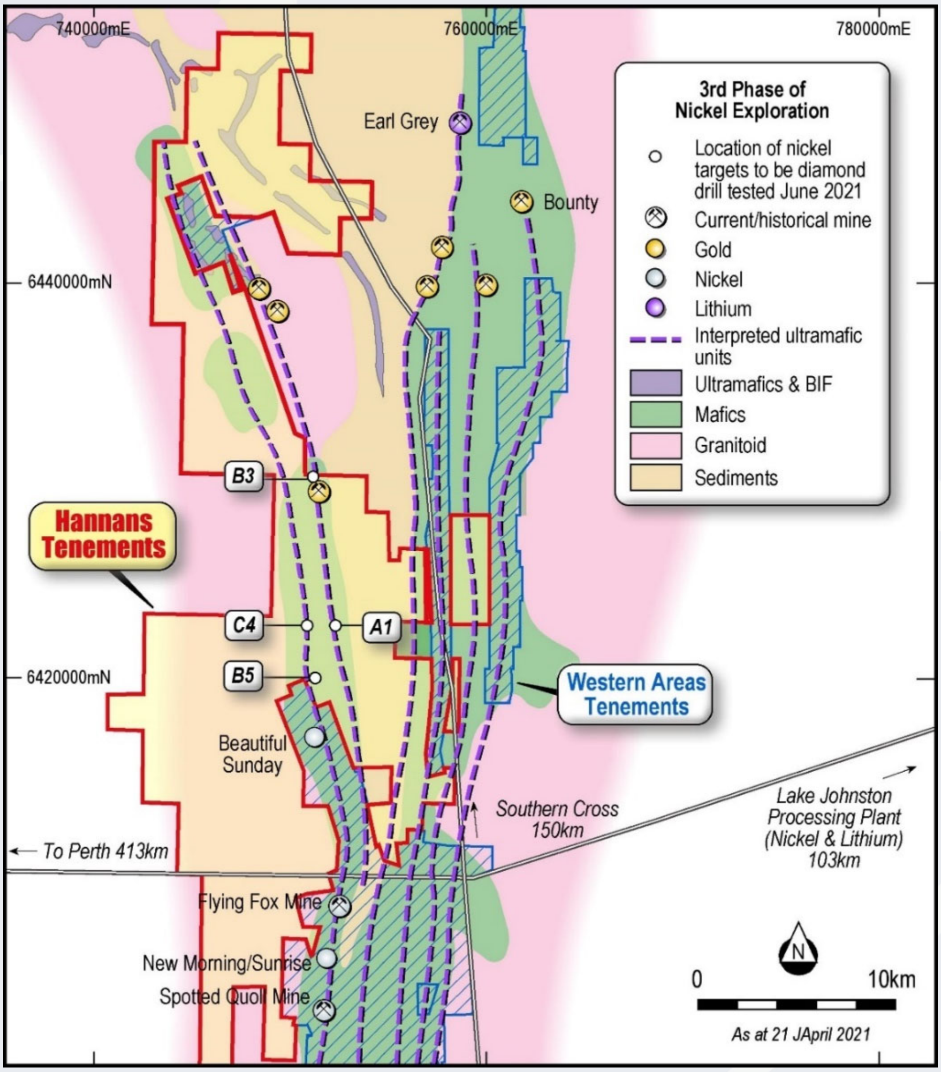

Figure 3. Project location map showing Hannans Forrestania Nickel Project tenure outlined in red and the major nickel mines and deposits within the Western Areas Ltd tenure hatched in blue. The approximate location of Hannans four diamond drill holes are shown by the tags B3, C4, A1 and B5. There is 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.

Table 1. Completed Exploration Phases from Detailed Review through to completion of Phase 3. Phase 4 is being planned.

Phase	Description
Detailed Review	Review of all Hannans Forrestania Tenements with the emphasis on generating nickel sulphide targets. A geological-geochemical review and a geophysical review evaluated past work and recommended targeting bedrock geophysical anomalies mainly within the Western Ultramafic belts. Prospects and anomalies were visited on the ground to ground-truth geochemical and geophysical anomalies.
1	A stage-one drilling programme drilled initial targets and intersected sulphides but no significant nickel sulphide was intersected. Of the seven holes drilled, two holes were surveyed using DHEM which resulted in an off-hole anomaly warranting follow-up in one.
2	Ground geophysical surveys employing Moving Loop and Fixed Loop electromagnetics were carried out in areas previously untested. Prospects and anomalies were visited on the ground, two areas were sampled by soil sampling. Seven holes FSRC067-FSRC073 were drilled targeting bedrock geophysical conductors and one geology-geochemical target. Encouraging nickel-copper values were intersected in ultramafic rocks along the Western Ultramafic Belts. DHEM was undertaken which confirmed that most of the geophysical anomalies were intersected by drilling and several new targets were generated that warrant further follow-up.
3	Historic results were evaluated in conjunction with recent geophysical and drilling results Geophysical models and anomalies were reviewed and refined. Diamond drill testing of four targets within the Western and Mid-Western Ultramafic sequence was completed. All 4 holes encountered bedrock sulphides.
4	A review of results so far at Forrestania Project is in progress. The next phase of exploration planning for the FNP has commenced and shareholders will be advised when field work commences.

Exploration

A summary of the exploration completed during 2020/2021 can be found on page 12.

MOOGIE GOLD & COPPER PROJECT (Hannans 100%)

Introduction

Moogie represents a conceptual, greenfields exploration opportunity based on large-scale tectonic controls on mineralisation. The concept is that deep, long-lived crustal scale structures like major shear zones represent excellent tectonic settings for large scale mineralising events. Government seismic lines indicate the surface expression of a major structure occurs within the Moogie Project. The deposit models being assessed by Hannans can best be described as:

- hydrothermal silica-magnetite breccia systems with discreet magnetic anomalies that have potential for IOCG mineralisation (Breccia Prospect); and
- mafic and ultramafic parts of the gneissic lithology with geochemistry indicative of magmatic fractionation of the protolith (Minni Ritchi and Ghallangee prospects). This process is key to development of magmatic sulphides generally, including nickel-copper sulphides.

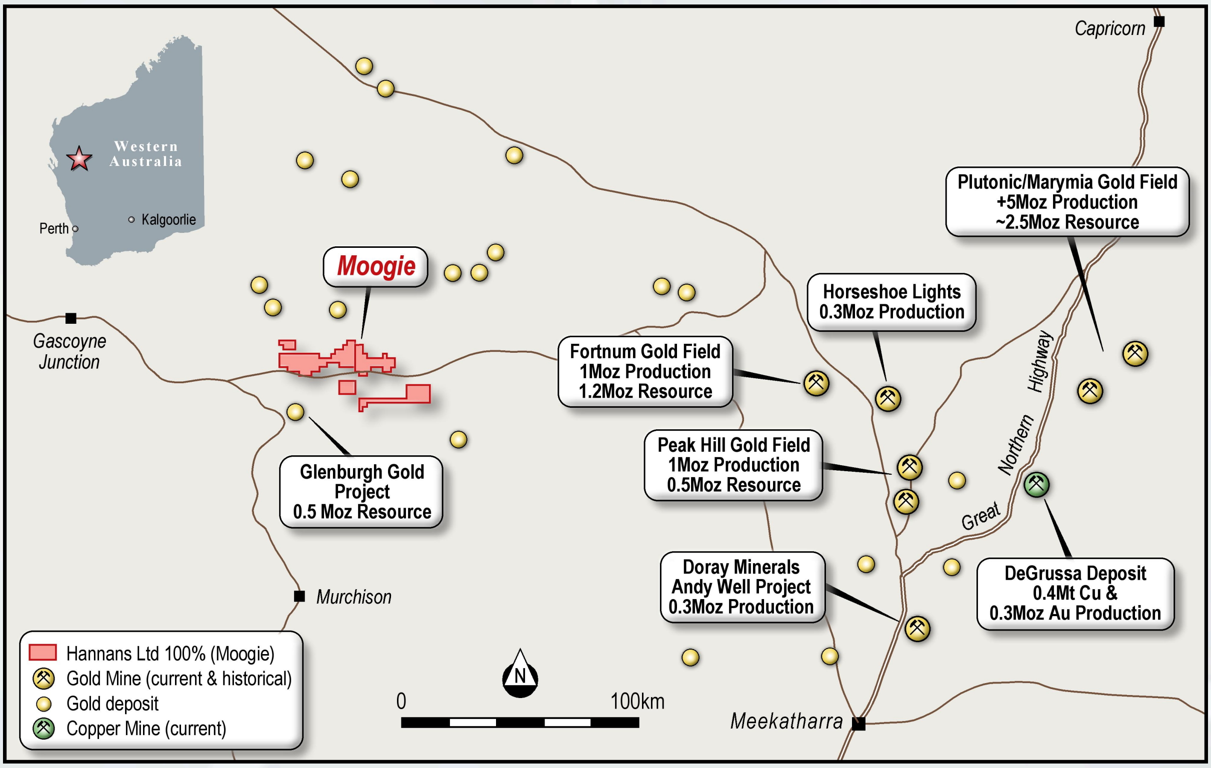

Figure 4. Regional location map showing Moogie ~ 260kms north-west of Meekatharra and the proximity of several current and historical mines.

Background

The Moogie Project comprises five exploration licences in the Gascoyne Province, Western Australia, located 260km north-west of Meekatharra and 300km east of Carnarvon (refer Figure 4 and Figure 5). Moogie is located within the Glenburgh Terrane of the Gascoyne Province, a Proterozoic metamorphic belt located at the northern margin of the Yilgarn Craton. The project tenure covers the intersection of the crustal scale Cardilya Fault with the northeast trending Deadman Fault. The project is considered prospective for orogenic (hydrothermal) gold mineralisation, copper mineralisation and intrusion-related nickel-copper-PGE mineralisation during a period from around 2000-1800Ma. Tectonic similarities exist with the Albany-Fraser Zone at the south-eastern margin of the Yilgarn Craton.

The Glenburgh Gold Project, owned by Gascoyne Resources Ltd (ASX:GCY), is located ~7km due south of Moogie and contains an Indicated and Inferred mineral resource of 16.3 Mt @ 1.0 g/t Au for 510,100 ounces of gold. The gold mineralisation at Glenburgh is hosted within silica altered quartz-feldspar-biotite-garnet-gneiss and is located along the northeast trending Deadman Fault which continues along strike into Moogie. The Deadman Fault zone is a sinistral transcurrent fault hosting not only gold but also copper mineralisation (Dalgety Downs). The Deadman Fault zone forms a 14km low ridge on Hannans' E09/2373 tenement (refer Figure 5) and ASTER satellite imagery shows argillic alteration along its length; the ridge has not previously been drilled tested.

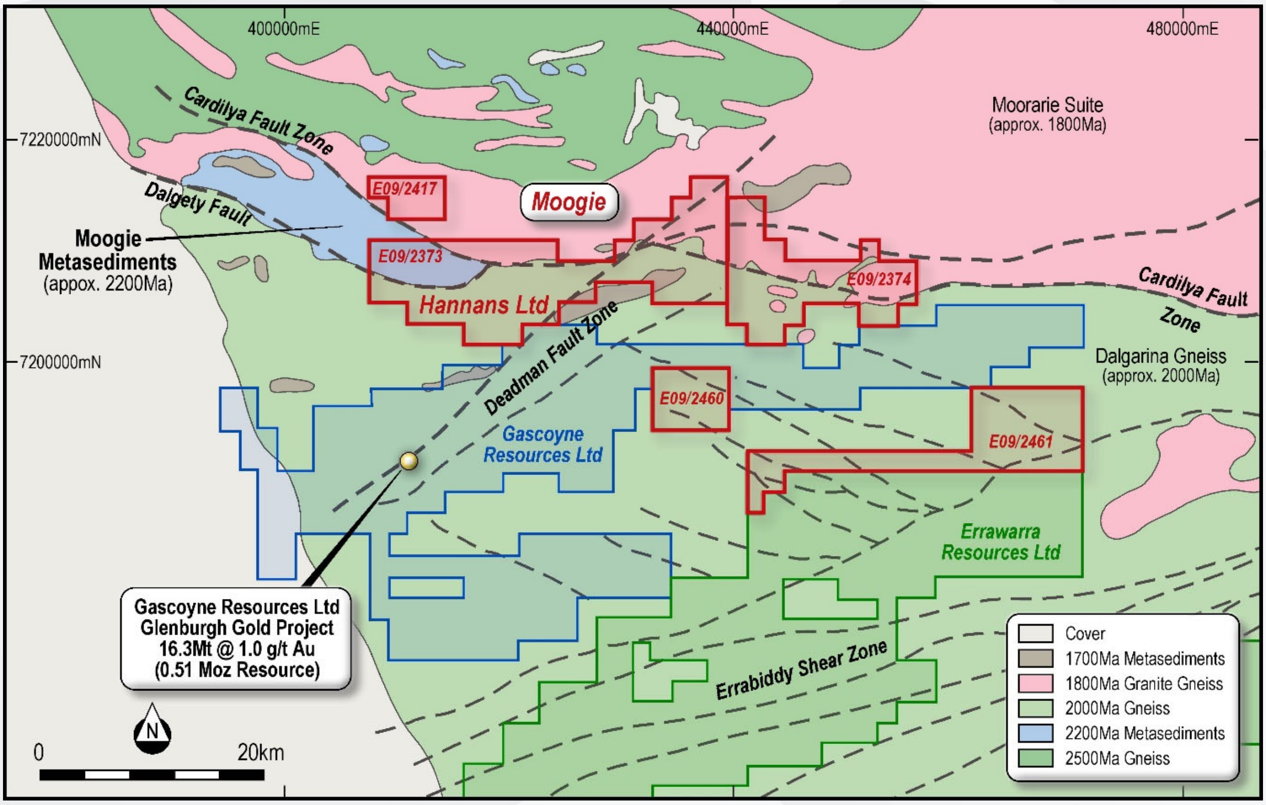

Figure 5. Project location map showing Hannans tenement applications E09/2373 and E09/2374 (outlined in red) and the intersection of the crustal scale Cardilya Fault with the Deadman Fault considered prospective for orogenic gold and or copper mineralisation and intrusion-related Ni-Cu-PGE mineralisation.

Table 2. Development and exploration timeline of Moogie Project

Phase	Description
Concept	Can the position and nature of the major structure at Moogie be defined, and its mineral potential explored? Hannans is targeting discovery of a large, long-life, low-cost gold, copper and or nickel-copper-PGE deposit (Tier 1). The deposit models being investigated include both: orogenic Au and or Cu; and intrusion hosted Ni-Cu-PGE. (October 2019)
Proof of Concept	Detailed aeromagnetic data collection and interpretation, geochemical sampling and interpretation, mapping and thin section analysis resulted in proof of concept. (December 2019 – June 2020)
Deposit Models	Following the collection of additional geochemical data, mapping, and interpretation plus a detailed review of all historic and modern data, focus has turned to deposit models best described as: hydrothermal silica-magnetite breccia systems (Moogie Breccia); and mafic and ultramafic intrusive systems hosting magmatic sulphides (Minni Ritchi and Ghallangee) (E09/2373, E09/2374 and E09/2417). The opportunity for orogenic gold mineralisation also remains in tenements (E09/2460 and E09/2461) (July 2020 – June 2021).
Field Work	A ground gravity survey was completed over the Breccia prospect in August 2021. An airborne EM and magnetic survey over the Breccia, Minni Ritch and Ghallangee prospects is scheduled for September 2021. Regional surface sampling and prospect scale surface sampling at Minni Ritch and Ghallangee is scheduled to recommence in November 2021.

Exploration

A summary of the exploration completed during 2020/2021 can be found on page 12.

FRASER RANGE (Hannans 100%)

Introduction

Hannans tenure comprises a large joint venture tenement (E63/1772), two large tenement applications, and several small prospecting licenses located approximately 100kms east of Norseman and 60 kms south-west of the operating Nova nickel-copper-cobalt mine. Four tenements E63/2020 – 2023 are proximal to the Talbot nickel-copper-cobalt anomaly explored by Sirius Resources Ltd and later IGO Ltd (refer Figure 6).

The general area of this group of tenements has been the subject of nickel exploration since the 1960's. The Talbot prospect (situated immediately west of E63/2021, or roughly between the four Hannans tenements) was one of the localities at which weak nickel-copper sulphide mineralisation was discovered at that time, along with Gnama South (approximately 3km to the NW of E63/2022). Exploration during the era post the Nova discovery has been carried out exclusively by Sirius and later IGO. A significant amount of exploration was completed in this area between 2011 and 2019, including on the Hannans tenements. Given the proximity of the tenements to a known nickel sulphide occurrence (which are not common in the Fraser Range area), the leases are of exploration interest. Two tenements adjacent to the Talbot nickel prospect have seen little coverage with surface geophysics (electromagnetic).

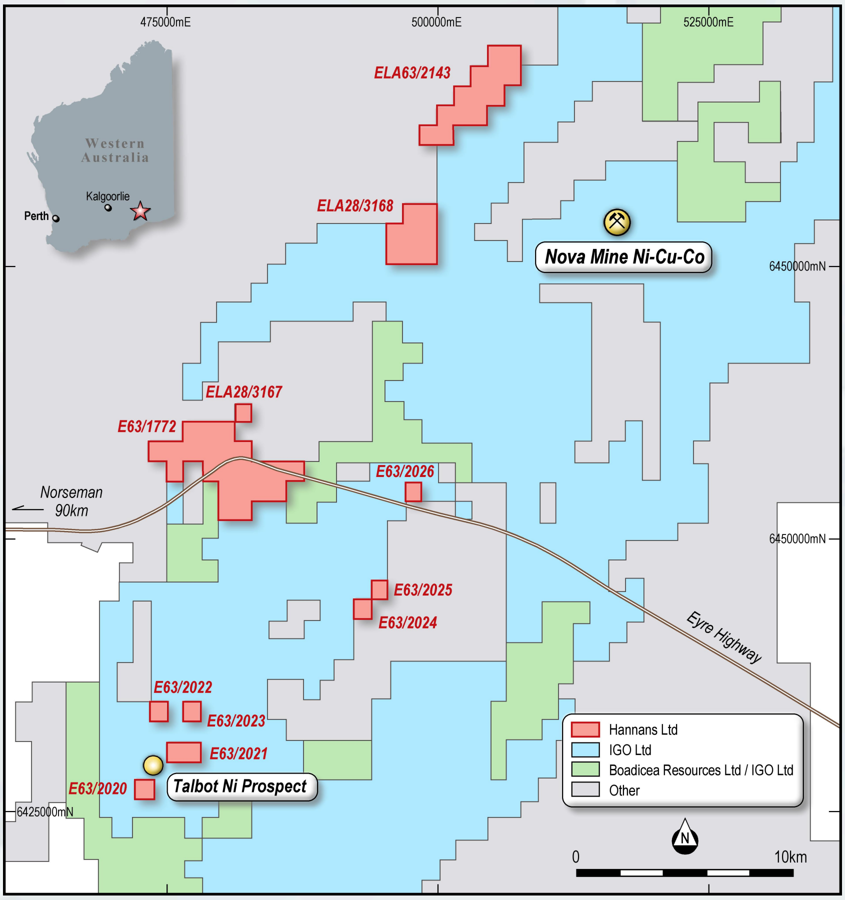

Figure 6. Regional location map showing Hannans tenements and applications in red relative to tenements owned by IGO Ltd and Bodicea Resources Ltd. The location of the producing Nova nickel-copper-cobalt mine is also shown.

Exploration

A summary of the exploration completed during 2020/2021 can be found on page 12.

FORRESTANIA GOLD (Hannans 20% Free-Carried)

Introduction

Joint venture partner, Classic Minerals Ltd (ASX:CLZ), is funding exploration on the Forrestania Gold Project located approximately 120km south of Southern Cross in the Goldfields region of Western Australia. Hannans owns a 20% free-carried interest in the FGP meaning Hannans is not required to fund the costs of exploration until a decision to mine gold has been made by the joint venture. For the avoidance of doubt Hannans owns a 100% interest in all non-gold rights on the tenements including but not limited to nickel, lithium, and other metals.

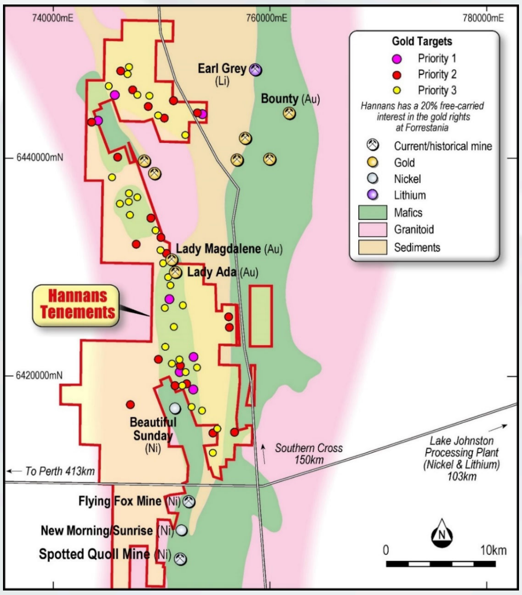

Figure 7. Forrestania Gold Project (**FGP**) location map showing the range of priority gold targets identified by previous explorers. Hannans holds a 20% free-carries interest in the gold rights at the FGP.

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 2020 and 30 June 2021.

JULY 2020 – JUNE 2021

Forrestania Gold Project[1]

JORC Compliant Indicated and Inferred Mineral Resource Table

Prospect	Indicated			Inferred		
	Tonnes	Grade (Au g/t)	Ounces (Au)	Tonnes	Grade (Au g/t)	Ounces (Au)
Lady Ada	257,300	2.01	16,600	1,090,800	1.23	43,100
Lady Magdalene	–	–	–	5,922,700	1.32	251,350
TOTAL	**257,300**	**2.01**	**16,600**	**7,013,500**	**1.3**	**294,450**

JULY 2019 – JUNE 2020

Forrestania Gold Project[2]

JORC Compliant Indicated and Inferred Mineral Resource Table

Prospect	Indicated			Inferred		
	Tonnes	Grade (Au g/t)	Ounces (Au)	Tonnes	Grade (Au g/t)	Ounces (Au)
Lady Ada	257,300	2.01	16,600	1,090,800	1.23	43,100
Lady Magdalene	–	–	–	5,922,700	1.32	251,350
TOTAL	**257,300**	**2.01**	**16,600**	**7,013,500**	**1.3**	**294,450**

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.

ACKNOWLEDGEMENT

Hannans would like to acknowledge the work completed by several advisors, consultants, and contractors (**Team**) through the year. Hannans appreciates the quality, focus and professionalism of these individuals and organisations. Hannans and its Team are focussed on the discovery of a world class orebody at Forrestania, Moogie, Fraser Range and Mt Holland.

[1] Refer to Classic Minerals Ltd (ASX: CLZ) ASX announcement on 31 July 2020 for further information.
[2] Refer to Classic Minerals Ltd (ASX: CLZ) ASX announcement on 31 July 2020 for further information.

EXPLORATION

Exploration activities completed by Hannans and its joint venture partners during the year ended 30 June 2021 are set out below:

Forrestania (Nickel) | Mt Holland (Lithium) | Moogie (Gold & Copper) | Forrestania (Gold) | Fraser Range (Nickel) | Other

Qtr 1	Qtr 2	Qtr 3	Qtr 4
RC drill tested six target areas with the aim of intersecting economic grades and widths of nickel sulphide mineralisation. Samples were submitted to the laboratory for analysis.	Completed downhole electromagnetic surveys (DHEM) in the RC holes. Several DHEM anomalies identified. Drilling assays confirmed prospective ultramafic lithologies. Disseminated sulphides with anomalous nickel and copper were intersected.	Completed evaluation of historic exploration results and recent geophysical surveys. Process enabled the planning of four diamond drill holes to test targets located within the Western and Mid-Western Ultramafic sequences.	Completed four diamond drill holes. All holes intersected iron sulphides of pyrrhotite-pyrite at the expected depths of the target horizons.

Forrestania (Nickel) | **Mt Holland (Lithium)** | Moogie (Gold & Copper) | Forrestania (Gold) | Fraser Range (Nickel) | Other

Qtr 1	Qtr 2	Qtr 3	Qtr 4
Completed one RC drill hole at Mt Holland.			

Forrestania (Nickel) | Mt Holland (Lithium) | **Moogie (Gold & Nickel-Copper)** | Forrestania (Gold) | Fraser Range (Nickel) | Other

Qtr 1	Qtr 2	Qtr 3	Qtr 4
Completed additional regional surface sampling and mapping.	Applied for two new tenements covering areas of interest for gold mineralisation.		Reviewed major airborne magnetic survey, available remote sensing data, geochemical and thin section analysis and four field visits. Completed airborne magnetic survey over two new tenements.

Forrestania (Nickel) | Mt Holland (Lithium) | Moogie (Gold & Copper) | **Forrestania (Gold)** | Fraser Range (Nickel) | Other

Qtr 1	Qtr 2	Qtr 3	Qtr 4
Joint venture partner Classic Minerals Ltd drilled 13 RC holes at the Tangerine Trees Prospect following up historical RC drill holes containing anomalous gold assays close to surface.			

Forrestania (Nickel) | Mt Holland (Lithium) | Moogie (Gold & Copper) | Forrestania (Gold) | **Fraser Range (Nickel)** | Other

Qtr 1	Qtr 2	Qtr 3	Qtr 4
	Signed agreement to earn 70% interest in granted exploration license E63/1772. Site visit completed over all tenements to gain an appreciation of access, the topography and to identify outcropping rocks that provide clues as to the bedrock geology.	Completed its 1st round of surface geophysical surveys within tenement E63/1772. Completed petrographic work which suggests the most promising samples from a nickel sulphide mineralisation perspective are from within tenement E63/2024.	Signed heritage agreement. All applications were granted.

Forrestania (Nickel)	Mt Holland (Lithium)	Moogie (Gold & Copper)	Forrestania (Gold)	Fraser Range (Nickel)	**Other**

Qtr 1	Qtr 2	Qtr 3	Qtr 4
	Signed option to purchase 90% interest in exploration license application E77/2691 located between Southern Cross and Bullfinch.	Sought approval to access the private land underlying E77/2691 to commence ground geophysical surveys. Sold Queen Victoria Rock nickel sulphide tenement and data. Re-evaluated historic data and Hannans ground gravity survey at Milly Boo and withdrew tenement.	Planned ground geophysical surveys at Southern Cross targeting ultramafic rocks having the potential to host nickel sulphide mineralisation.

Exploration expenditure

In line with the Group's accounting policy, Hannans expensed $1,324,932 on mineral exploration activities in 2021 (2020: $1,254,103) relating to its non-JORC compliant mineral projects. These amounts exclude all administration, transaction costs and exploration expenditure by Hannans joint venture partners.

Table 3. Summary of the exploration expenditure completed during 2020/2021.

Mineral Exploration Activities in 2021	$	%
Geological activities	442,979	33%
Geochemical activities	58,152	4%
Geophysical activities	269,741	20%
Drilling	391,584	30%
Field supplies	39,673	3%
Field camp and travel	19,759	1%
Net annual tenement rent, rates & refunds	(25,889)	(2)%
Tenement administration	46,905	4%
Tenement application fees	6,278	1%
Acquisition	75,750	6%
TOTAL MINERAL EXPLORATION ACTIVITIES	**1,324,932**	**100%**

Figure 8. Historical record since listing on ASX of exploration expenditure, cash at bank and market capitalisation as at 30 June.

Goals Scorecard 2019 – 2021

Hannans introduced the Scorecard in 2015. The Scorecard enables the Directors, Management and Shareholders to remain focussed on the Goals on a rolling three-year basis. The table below highlights Hannans achievements relative to the stated Goals:

Item	Stated Goal AGM 2020	Outcome to Date
Strategic Plan	Hannans is aiming to develop into a West Australian mining company via: ∂ exploration success for nickel at Forrestania, Fraser Range and Moogie; ∂ participation in joint ventures for gold at Forrestania and lithium at Lake Johnston; and or ∂ acquisition of a major project.	∂ No world class minerals exploration discovery so far. ∂ No requirement to contribute funding to JV partners activities so far. ∂ No acquisition of a major project despite due diligence on several projects. ∂ Execution of Memorandum of Understanding to commercialise lithium-ion battery recycling technology in Norway, Sweden, Denmark and Finland.
Shareholder Returns	Implement a strategy giving shareholders the opportunity to: ∂ return multiples on their original investment, and/or ∂ recover original investment.	Hannans share price was ∂ 20 cents (IPO) on 5 Dec 2003 ∂ $1.04 (high) on 22 May 2007 ∂ 0.2 cents (low) on 15 Feb 2016 ∂ 1.8 cents on 24 Aug 2018; ∂ 0.9 cents on 26 Aug 2019; ∂ 0.8 cents on 13 Aug 2020; and ∂ 2.9 cents on 22 Sep 2021.
Joint Venture (JV)	Monitor joint venture partners' activities	Hannans has a JV over certain tenements at Forrestania with Classic Minerals Ltd (ASX:CLZ). Classic has been active and had exploration success. Hannans is free carried at 20% through to a decision to mine.
Sole Funded Projects	Secure joint venture partners	No joint ventures agreements signed.
Corporate Activities	Spin outs	Errawarra Resources Ltd was demerged from Hannans in February 2012 and listed on ASX on 11 December 2020. (www.errawarra.com) Critical Metals Ltd was demerged from Hannans in 2016, is developing a large vanadium pentoxide project in Sweden and Finland and aims to list on a securities exchange in 2022. (www.criticalmetals.eu)

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 over 20 years experience advising on numerous initial public offers and secondary market capital raisings, public and private M&A transactions, corporate governance and strategy. Mr Murray graduated from Murdoch University in 1996 with a Bachelor of Laws and Commerce (majoring in Accounting). 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:

- Errawarra Resources Ltd – listed on 11 December 2020 (appointed 2 February 2012, resigned 2 November 2020, re-appointed 22 June 2021)
- Vietnam Industrial Investments Limited (appointed 19 January 2016, resigned 15 May 2020)
- Peak Resources Limited (appointed 22 February 2011, resigned 8 March 2021)

Mr Markus Bachmann, Non-Executive Director
(Appointed 2 August 2012)

Mr Markus Bachmann holds a Master (MA) in Business and Economics (cum laude) from the University of Berne, Switzerland. Markus started his career in the corporate finance department of the Credit Suisse Group, before joining the SBC Brinson Asset Management Emerging Markets team in 1997. Moving to South Africa in 2000 he joined Coronation Fund Managers in Cape Town, South Africa, as a senior manager for various retail products and institutional mandates.

Markus co-funded Craton Capital in 2003 whereas he is the manager of the Craton Capital Precious Metals Fund and the Global Resources Fund since their inception. Over the past 20 years and under his management, his funds received a number of prestigious industry awards. Markus accumulated over 25 years of experience in global equity markets, precious metals and raw materials.

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

- Errawarra Resources Ltd – listed on 11 December 2020 (appointed 2 February 2012, resigned 30 June 2021)

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 in 2002 and was 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 has also served as a director of the following other listed companies:

- Errawarra Resources Ltd – listed on 11 December 2020 (appointed 2 February 2012, resigned 1 April 2021)

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 is currently 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 of any 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 was previously Exploration Manager of Hannans Ltd. 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 AB 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 of any 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 2021.

	Ordinary Shares		Options over Ordinary Shares	
Director	Current Holding	Net Increase/ (decrease)	Current Holding	Net Increase/ (decrease)
Damian Hicks	7,461,763	–	–	–
Jonathan Murray	19,523,313	–	7,000,000	–
Markus Bachmann(i)	85,952,405	–	7,000,000	–
Clay Gordon	5,771,294	–	7,000,000	–
Amanda Scott	1,260,001	–	7,000,000	–

(i) These shares are held by Craton Capital Funds of which Mr Bachmann is a founding partner and Chief Executive Officer.

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 10.0% 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 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 2020 remuneration report was approved at the last Annual General Meeting held on 30 November 2020.

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

	2021	2020	2019	2018	2017
Profit/(Loss) ($)	(1,550,464)	(1,900,520)	(2,085,563)	(1,379,271)	11,663,780
Share price (c)	0.5	0.5	1.0	1.4	1.5
Market capitalisation (Undiluted) ($)	11,799,886	9,939,773	19,879,545	27,724,264	25,239,608

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 pages 15 and 16.

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 (i)	D&O(ii) insu-rance	Superan-nuation	Other benefits	Options (iii)	Long term benefits	Other benefits	Total	Value options as proportion of remuneration
	$	$	$	$	$	$	$	$	$	%
2021										
Directors										
Damian Hicks	240,000	18,462	2,590	22,800	–	–	–	–	283,852	0.0%
Jonathan Murray	24,000	–	2,589	–	–	–	–	–	26,589	0.0%
Markus Bachmann	24,000	–	2,589	–	–	–	–	–	26,589	0.0%
Clay Gordon	24,000	–	2,589	2,280	–	–	–	–	28,869	0.0%
Amanda Scott	24,000	–	2,589	–	–	–	–	–	26,589	0.0%
Total	**336,000**	**18,462**	**12,946**	**25,080**	**–**	**–**	**–**	**–**	**392,488**	**0.0%**
2020										
Directors										
Damian Hicks (iv)	240,000	20,138	2,396	22,800	–	26,318	–	–	311,652	8.4%
Jonathan Murray	24,000	–	2,396	–	–	6,580	–	–	32,976	20.0%
Markus Bachmann	24,000	–	2,395	–	–	6,580	–	–	32,975	20.0%
Clay Gordon	24,000	–	2,395	2,280	–	6,580	–	–	35,255	18.7%
Amanda Scott	24,000	–	2,395	–	–	6,580	–	–	32,975	20.0%
Total	**336,000**	**20,138**	**11,977**	**25,080**	**–**	**52,638**	**–**	**–**	**445,833**	**11.8%**

(i) Short Term Other benefits include annual leave accrued during the year of $18,462 (2020: $20,138) for Mr Damian Hicks.

(ii) 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.

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

(iv) After a further review of Mr Hicks' contract with the Company, the Board resolved from 1 July 2019 to increase his fees to $240,000 per annum for executive services. In an effort to assist the Company with managing its cash flow, Mr Hicks deferred $28,750 in salary & fees entitlements during the period 1 April 2020 to 30 June 2020. From 1 July 2020 Mr Hicks continues to receive his salary in accordance with his contract. The deferred salary was paid to Mr Hicks in September 2020.

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. 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.

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. The increase was not applied in the prior or current financial year.

REMUNERATION REPORT (AUDITED) (cont'd)

C. Service agreements (cont'd)

Executive Director (cont'd)

In an effort to assist the Company with managing its cash flow, Mr Hicks deferred $28,750 in salary entitlements during the period 1 April 2020 to 30 June 2020. The deferred salary was paid to Mr Hicks in September 2020.

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.

		Termination Notice Period		
Name	**Engagement**	**By HANNANS**	**By Employee**	**Termination payments***
Director | Damian Hicks	Employee	12 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. 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.

	Termination Notice Period		
Name	**By HANNANS**	**By Director**	**Termination payments***
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 to the directors and executives during the year. As at 30 June 2021, 28,000,000 options (2020: 47,935,417) were held by Directors and Non-Executives.

	Issued in Finan-cial year	Options issued during the year No.	No of options No.	Issue date	Fair value per options at issue date	Vesting date(i)	Exercise price	Expiry date	Vested during the year No.	Expired/ Exercised during the year No.
Directors										
J Murray	2017	–	–	15 Sep 17	0.9 cents	15 Sep 17	2.7 cents	15 Sep 20	–	3,237,500
	2018	–	–	27 Oct 17	1.0 cents	27 Oct 17	2.6 cents	27 Oct 20	–	3,500,000
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	–	–
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	–
M Bachmann	2017	–	–	15 Sep 17	0.9 cents	15 Sep 17	2.7 cents	15 Sep 20	–	2,697,917
	2018	–	–	27 Oct 17	1.0 cents	27 Oct 17	2.6 cents	27 Oct 20	–	3,500,000
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	–	–
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	–

REMUNERATION REPORT (AUDITED) (cont'd)

D. Share–based compensation (cont'd)

	Issued in Finan-cial year	Options issued during the year No.	No of options No.	Issue date	Fair value per options at issue date	Vesting date(i)	Exercise price	Expiry date	Vested during the year No.	Lapsed/ Exercised during the year No.
Directors										
C Gordon	2018	–	–	27 Oct 17	1.0 cents	27 Oct 17	2.6 cents	27 Oct 20	–	3,500,000
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	–	–
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	–
A Scott	2018	–	–	27 Oct 17	1.0 cents	27 Oct 17	2.6 cents	27 Oct 20	–	3,500,000
	2018	–	3,500,000	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	–	–
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	–

(i) The unlisted options become vested on the vesting date. No other vesting condition applies.

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.
2021					
Damian Hicks	7,007,218	–	–	454,545	7,461,763
Jonathan Murray	12,705,132	–	–	6,818,181	19,523,313
Markus Bachmann	75,725,134	–	–	10,227,271	85,952,405
Clay Gordon	2,362,204	–	–	3,409,090	5,771,294
Amanda Scott	1,260,001	–	–	–	1,260,001
	99,059,689	**–**	**–**	**20,909,087**	**119,968,776**

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.
2021							
Damian Hicks	–	–	–	–	–	–	–
Jonathan Murray(i)	13,737,500	–	–	(6,737,500)	7,000,000	7,000,000	–
Markus Bachmann	13,197,917	–	–	(6,197,917)	7,000,000	7,000,000	–
Clay Gordon	10,500,000	–	–	(3,500,000)	7,000,000	7,000,000	–
Amanda Scott	10,500,000	–	–	(3,500,000)	7,000,000	7,000,000	–
	47,935,417	**–**	**–**	**(19,935,417)**	**28,000,000**	**28,000,000**	**–**

(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 $15,136 (2020: $4,983) 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 2021 $433 was owed to Steinepreis Paganin (2020: Nil).

Corporate Board Services Pty Ltd (**CBS**), of which Mr Damian Hicks is a director, provided accounting and compliance services amounting to $150,000 (2020: $143,750) to the Group during the year. The amounts paid were on arm's length commercial terms. At 30 June 2021 there was no amount outstanding owed to CBS. During the year, Hannans invoiced $741 (2020: $2,894) for expenses paid on behalf CBS. At 30 June 2021 there was no amount outstanding owed by CBS (2020: $1,298).

Scott Geological AB, of which Ms Amanda Scott is a director, provided geological services amounting to $5,825 (2020: $13,639) to the Group during the year. The amounts paid were on arm's length commercial terms. Ms Scott's director's fees are also paid to Scott Geological. At 30 June 2021 there was no amount outstanding owed to Scott Geological AB (2020: $5,029).

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	2	5
Jonathan Murray	3	2	2	4
Markus Bachmann	3	3	2	5
Clay Gordon	3	3	2	5
Amanda Scott	3	3	2	5

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
P77/4290	100	1,2
P77/4291	100	1,2
E77/2546	100	1
P77/4534	100	1

Tenement Number	Tenement Interest %	Note
Project: Forrestania		
E77/2460	100	3
Project: Moogie		
E09/2373	100	1
E09/2374	100	1
E09/2417	100	1
E09/2460	100	1
E09/2461	100	1

Tenement Number	Tenement Interest %	Note
Project: Fraser Range		
E63/1772	0	4
E63/2020	100	1
E63/2021	100	1
E63/2022	100	1
E63/2023	100	1
E63/2024	100	1
E63/2025	100	1
E63/2026	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.

4 REX may earn up to 70% interest in all minerals in accordance with the transaction terms. Kingmaker Metals Pty Ltd is the registered holder of the tenement.

TENEMENTS UNDER APPLICATION

Applications for tenements have been submitted are as follows:

Tenement Number
Project: Forrestania
E77/2711

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, the number of ordinary fully paid shares are:

	Number of shares
Ordinary fully paid shares at 30 June 2021	2,359,977,192
Ordinary fully paid shares at the date of this report	2,359,977,192

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 7 unlisted option holders holding 129,500,000 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	108,655,848
Movements of share options during the year	
Expired on 15 September 2020 exercisable at 2.7 cents	(21,155,848)
Expired on 27 October 2020 exercisable at 2.6 cents	(28,000,000)
Issued on 29 October 2020 exercisable at 1.2 cents, expiring 30 October 2021	10,000,000
Issued on 29 October 2020 exercisable at 1.7 cents, expiring 30 October 2021	15,000,000
Issued on 29 October 2020 exercisable at 2.2 cents, expiring 30 October 2022	20,000,000
Issued on 29 October 2020 exercisable at 2.7 cents, expiring 30 October 2022	25,000,000
Balance at 30 June 2021	**129,500,000**
Total number of options outstanding at the date of this report	**129,500,000**

Substantial Shareholders

Hannans Ltd has the following substantial shareholders as at 22 September 2021:

Name	Number of shares	Percentage of issued capital
Neometals Investments Pty Ltd	773,164,028	32.76%

Range of Shares as at 22 September 2021

Range	Total Holders	Units	% Issued Capital
1 – 1,000	128	33,719	0.01%
1,001 – 5,000	194	668,039	0.03%
5,001 – 10,000	160	1,345,337	0.06%
10,001 – 100,000	1,071	53,948,785	2.29%
100,001 – 9,999,999	1,048	2,303,981,312	97.61%
Total	**2,601**	**2,359,977,192**	**100.00%**

CAPITAL (cont'd)

Unmarketable Parcels as at 22 September 2021

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.029 per unit	17,242	585	3,491,659

Top 20 holders of Ordinary Shares as at 22 September 2021

Rank	Name	Units	% of Issued Capital
1	Neometals Investments Pty Ltd	773,164,028	32.76%
2	Citicorp Nominees Pty Limited	122,115,502	5.17%
3	HSBC Custody Nominees (Australia) Limited	86,465,573	3.66%
4	MCA Nominees Pty Ltd	77,401,545	3.28%
5	Equity & Royalty Investments Ltd	60,000,003	2.54%
6	Anglo American Exploration	60,000,000	2.54%
7	Comsec Nominees Pty Limited	46,179,197	1.96%
8	Mr Michael Sydney Simm <Simm Family A/C>	38,000,000	1.61%
9	Mossisberg Pty Ltd	35,107,728	1.49%
10	Cmc Markets Stockbroking Nominees Pty Limited <Accum A/C>	31,140,258	1.32%
11	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient DRP>	26,106,983	1.11%
12	C Y T Investment Pty Ltd	21,000,000	0.89%
13	Acacia Investments Pty Ltd	19,015,090	0.81%
14	Mrs Andrea Murray <Murray Family Fund No 2 A/C>	18,594,137	0.79%
15	Pershing Australia Nominees Pty Ltd <Accum A/C>	15,000,000	0.64%
16	Mr Ross Edward Itzstein	13,818,181	0.59%
17	Anytime Accounts&Bookkeeping	11,770,000	0.50%
18	Allua Holdings Pty Ltd <Rizon Super Fund A/C>	10,000,000	0.42%
19	Over The Hill WA Pty Ltd <Leave Nothing Behind Sf A/C>	10,000,000	0.42%
20	Mr William Scott Rankin	8,699,489	0.37%
Total of Top 20 holders of ORDINARY SHARES		**1,483,577,714**	**62.87%**

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 $855,949.

During the year total exploration expenditure expensed by the Group amounted to $1,324,932 (2020: $1,254,103). The exploration expenditures relate to non JORC compliant mineral resource projects and this has been expensed in accordance with the Group's accounting policy. Administrative expenditure incurred amounted to $579,376 (2020: $800,096). This has resulted in an operating loss after income tax for the year ended 30 June 2021 of $1,550,464 (2020: $1,900,520 loss).

As at 30 June 2021 cash and cash equivalents totalled $1,013,733.

Summary of 5 Year Financial Information as at 30 June

	2021	2020	2019	2018	2017
Cash and cash equivalents ($)	1,013,733	855,949	2,686,790	4,082,079	1,481,828
Net assets/equity ($)	3,199,959	3,157,778	4,989,155	6,788,307	4,043,759
Exploration expenditure expensed ($)	(1,324,932)	(1,254,103)	(766,344)	(505,967)	(804,102)
Exploration and evaluation expenditure capitalised/(written-off) ($)	(16,000)	–	(404,000)	(28,000)	2,688,000^
No of issued shares	2,359,977,192	1,987,954,539	1,987,954,539	1,980,304,538	1,682,640,560
No of options	129,500,000	108,655,848	117,172,512	125,022,513	57,201,681
Share price ($)	0.005	0.005	0.010	0.014	0.015
Market capitalisation (Undiluted) ($)	11,799,886	9,939,773	19,879,545	27,724,264	25,239,608

^ 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 2021

	Price (cents)	Date
Highest	1.2	19 Jan 2021
Lowest	0.5	1 Jul 2020, 17-21 Dec 2020, 23 Dec 2020-4 Jan 2021, 20 Jan 2021
Latest	2.9	22 September 2021

CORPORATE GOVERNANCE STATEMENT

The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manage its risks.

The Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments (together **Charter**).

The Company's Charter is based on a template which has been professionally verified to be complementary to and in alignment with the ASX Corporate Governance Council Principles and Recommendations 4th Edition 2019 (**ASX CGCPR**) in all material respects. The Charter also substantially addresses the suggestions of good corporate governance mentioned in the 'Commentary' sections of the ASX CGCPR.

CORPORATE GOVERNANCE STATEMENT (cont'd)

The Board is responsible for the overall corporate governance of the Group. The Board has governance oversight of all matters relating to the strategic direction, corporate governance, policies, practices, management and operations of the Group with the aim of delivering value to its Shareholders and respecting the legitimate interest of its other valued stakeholders, including employees, suppliers and joint venture partners.

Under ASX Listing Rule 4.10.3, the Company is required to provide in its annual report details of where shareholders can obtain a copy of its corporate governance statement, disclosing the extent to which the Company has followed the ASX Corporate Governance Council Principles and Recommendations in the reporting period. The corporate governance statement is published on the Company's website:

https://www.hannans.com/corporate-governance.php

ANNOUNCEMENTS

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

Date	Announcement Title
9 Sep 2021	Reinstatement to Official Quotation
9 Sep 2021	LiB Recycling in the Nordics Presentation
9 Sep 2021	Lithium-ion Battery Recycling in the Nordics
8 Sep 2021	Suspension from Official Quotation
6 Sep 2021	Trading Halt
2 Aug 2021	Southern Cross Gold & Nickel Project Update
30 Jul 2021	4th Quarter Activities Report
30 Jul 2021	4th Quarter Cashflow Report
13 Jul 2021	Forrestania Nickel Project Update
30 Apr 2021	3rd Quarter Activities Report
30 Apr 2021	3rd Quarter Cashflow Report
21 Apr 2021	Forrestania Nickel Project Update
19 Apr 2021	Geophysical surveys at Fraser Range
12 Mar 2021	Half Year Financial Report
10 Feb 2021	Company Presentation
31 Jan 2021	2nd Quarter Activities Report
31 Jan 2021	2nd Quarter Cashflow Report
22 Jan 2021	Change in substantial holding from NMT
19 Jan 2021	Response to ASX Price and Volume Query
19 Jan 2021	Pause in Trading
18 Jan 2021	Fraser Range Geophysical Surveys
22 Dec 2020	Change of Directors' Interest Notice x4
22 Dec 2020	Change of Interest of Substantial Holder
21 Dec 2020	SPP and Placement Raises $1.6M
16 Dec 2020	New Constitution
11 Dec 2020	Forrestania Nickel Update
4 Dec 2020	Cleansing Notice
4 Dec 2020	Amended Appendix 2A
4 Dec 2020	Issue of Shares

Date	Announcement Title
1 Dec 2020	Update - Proposed issue of Securities - HNR
1 Dec 2020	Proposed issue of Securities - HNR
1 Dec 2020	AGM Results
30 Nov 2020	AGM Presentation
30 Nov 2020	New SPP Closing Date
30 Nov 2020	Secures Nickel Project at Fraser Range
30 Nov 2020	Secures Gold & Nickel Project near Southern Cross
16 Nov 2020	Placement & SPP
2 Nov 2020	Placement & SPP
2 Nov 2020	Proposed issue of Securities - HNR
31 Oct 2020	1st Quarter Activities Report
31 Oct 2020	1st Quarter Cashflow Report
30 Oct 2020	Company Presentation
30 Oct 2020	Letter to Shareholders
29 Oct 2020	Notice of Annual General Meeting
29 Oct 2020	Issue of Options
29 Oct 2020	Proposed issue of Securities - HNR
28 Oct 2020	Expiry of Options
12 Oct 2020	Director Nominations and Change of Address
18 Sep 2020	Appendix 4G
18 Sep 2020	2020 Annual Report
16 Sep 2020	Change of Director's Interest Notice
16 Sep 2020	Expiry of Options
15 Sep 2020	Forrestania Nickel Drilling
14 Sep 2020	Moogie Geochemical Sampling Update
31 Jul 2020	4th Quarter Activities Report
31 Jul 2020	4th Quarter Cashflow Report
29 Jul 2020	Drill Testing of Nickel Targets
2 Jul 2020	Forrestania Nickel Project (Interim Update)

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 3 September 2021 the Company signed a Memorandum of Understanding (**MoU**) with Critical Metals that provides Hannans with rights to use a Lithium-ion Battery (**LiB**) recycling technology that is safe, sustainable, low energy and low CO_2. The MoU with Critical Metals will take the form of a joint venture enabling Hannans to earn its interest by funding and managing certain tasks and activities. Refer to ASX announcement dated 9 September 2021 for further details.

COVID-19

The COVID-19 pandemic continues to pose a global socio-political, economic and health risk. The potential for the pandemic to have both lasting and unforeseen impacts is high. At this point in time the Group is experiencing minor delays in project timelines as a result of the pandemic. These delays are not expected to be significant. As a Group, we adhere to the changes in government policies and changed the way we work to protect the wellbeing of our people and ensure business continuity. We continue to maintain a state of response readiness commensurate with the risks and in accordance with Government recommendations and health advice.

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.

Share options

As at the date of this report, there were 129,500,000 options on issue to purchase ordinary shares at a range of exercise prices (129,500,000 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 $12,946.

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 perform 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 28.

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

Damian Hicks

Damian Hicks
Executive Director
Perth, Australia this 23rd day of September 202

INDEPENDENCE DECLARATION TO THE DIRECTORS OF HANNANS LTD

Building a better working world

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 financial year ended 30 June 2021, 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
23 September 2021

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The Directors declare that:

(a) in the Directors' opinion, subject to the achievement of matters noted in note 2(a), 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 2021; 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 2021.

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

Damian Hicks
Executive Director
Perth, Australia this 23rd day of September 2021

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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 2021, the consolidated statement of 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 2021 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 (including Independence Standards)* (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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report. 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 the matter below, our description of how our audit addressed the matter is provided in that context.

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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 this matter. 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 matter below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of capitalised mineral exploration and evaluation expenditure

Why significant	How our audit addressed the key audit matter
As disclosed in Note 14, at 30 June 2021, the Group held capitalised exploration and evaluation expenditure ("E&E) assets of $2.240 million. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its 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, intends to perform ongoing exploration and evaluation activity and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. Given the size and judgment required in assessing impairment, we considered this a key audit matter.	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 tenure documents. ► 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 bemade, 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 disclosures 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 2021 annual report other than the financial report and our auditor's report thereon. We obtained the directors' that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

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

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 on the other information obtained prior to the date of this auditor's report, 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.

Building a better working world

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 scepticism 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.
- 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.

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- 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, actions taken to eliminate threats or safeguards applied.

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 pages 10 to 14 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Hannans Ltd for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

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
23 September 2021

MH:DA:HANNANS:007

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2021

	Note	2021 $	2020 $
Interest and other income	5(a)(b)	125,621	117,561
Loss on sale of listed securities	5(c)	(486)	–
Employee and contractors expenses	5(d)	(238,308)	(413,386)
Depreciation expense	5(e)	(3,882)	(4,248)
Consultants expenses		(210,089)	(220,738)
Occupancy expenses	5(f)	(750)	(1,910)
Marketing expenses		(5,520)	(4,483)
Exploration and evaluation expenses		(1,324,932)	(1,254,103)
Write off of exploration and evaluation expenses	14	(16,000)	–
Fair value changes in financial assets designated at fair value through P&L		244,709	36,118
Other expenses		(120,827)	(155,331)
Loss from continuing operations before income tax expense		**(1,550,464)**	**(1,900,520)**
Income tax benefit/(expense)	6	–	–
Loss from continuing operations attributable to members of the parent entity		**(1,550,464)**	**(1,900,520)**
Other comprehensive loss for the year			
Items that may be reclassified subsequently to profit or loss		–	–
Items that will not be reclassified to profit or loss		–	–
Total other comprehensive loss for the year		**–**	**–**
Total comprehensive loss for the year		**(1,550,464)**	**(1,900,520)**
Net loss attributable to the parent entity		**(1,550,464)**	**(1,900,520)**
Total comprehensive loss attributable to the parent entity		**(1,550,464)**	**(1,900,520)**
Loss per share:			
Basic (cents per share)	20	(0.07)	(0.10)
Diluted (cents per share)	20	(0.07)	(0.10)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	27(a)	1,013,733	855,949
Trade and other receivables	10	90,849	85,760
Other financial assets at fair value through profit and loss	11	65,000	12,603
Total current assets		**1,169,582**	**954,312**
Non–current assets			
Other receivables	12	30,000	30,000
Property, plant and equipment	13	19,406	23,288
Other financial assets at fair value through profit and loss	11	328,460	143,751
Exploration and evaluation expenditure	14	2,240,000	2,256,000
Total non–current assets		**2,617,866**	**2,453,039**
TOTAL ASSETS		**3,787,448**	**3,407,351**
Current liabilities			
Trade and other payables	15	580,104	238,497
Provisions	16	7,385	11,076
Total current liabilities		**587,489**	**249,573**
TOTAL LIABILITIES		**587,489**	**249,573**
NET ASSETS		**3,199,959**	**3,157,778**
Equity			
Issued capital	17	42,433,949	40,872,810
Reserves	18	655,948	1,092,358
Accumulated losses	19	(39,889,938)	(38,807,390)
TOTAL EQUITY		**3,199,959**	**3,157,778**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2021

	Attributable to equity holders			
	Ordinary Shares $	Option Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2020	40,872,810	1,092,358	(38,807,390)	3,157,778
Loss for the year	–	–	(1,550,464)	(1,550,464)
Other comprehensive loss for the period	–	–	–	–
Total comprehensive loss for the period	–	–	(1,550,464)	(1,550,464)
Transactions with owners				
Issue of shares	1,605,000	–	–	1,605,000
Share based payments	50,750	31,506	–	82,256
Exercise/Lapse of options	–	(467,916)	467,916	–
Share issue expense	(94,611)	–	–	(94,611)
Total transactions with owners	1,561,139	(436,410)	467,916	1,592,645
Balance as at 30 June 2021	**42,433,949**	**655,948**	**(39,889,938)**	**3,199,959**
Balance as at 1 July 2019	40,872,810	1,061,897	(36,945,552)	4,989,155
Loss for the year	–	–	(1,900,520)	(1,900,520)
Other comprehensive loss for the period	–	–	–	–
Total comprehensive loss for the period	–	–	(1,900,520)	(1,900,520)
Transactions with owners				
Share based payments	–	69,143	–	69,143
Exercise/Lapse of options	–	(38,682)	38,682	–
Share issue expense	–	–	–	–
Total transactions with owners	–	30,461	38,682	69,143
Balance as at 30 June 2020	**40,872,810**	**1,092,358**	**(38,807,390)**	**3,157,778**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Payments for exploration and evaluation		(932,632)	(1,227,871)
Payments to suppliers and employees		(590,127)	(550,425)
Interest received		779	39,705
Receipt from ATO (COVID-19 cash boost)		62,258	–
Net cash used in operating activities	27(b)	**(1,459,722)**	**(1,738,591)**
Cash flows from investing activities			
Payment for investment securities		(21,932)	(118,250)
Proceed on sale of tenements		100,000	–
Proceeds on sale of investment securities		29,049	–
Release of security bonds		–	26,000
Net cash (used)/received by investing activities		**107,117**	**(92,250)**
Cash flows from financing activities			
Proceeds from issues of equity securities		1,605,000	–
Payment for share issue costs		(94,611)	–
Net cash received by financing activities		**1,510,389**	**–**
Net (decrease)/increase in cash and cash equivalents		**157,784**	**(1,830,841)**
Cash and cash equivalents at the beginning of the financial year		**855,949**	**2,686,790**
Cash and cash equivalents at the end of the financial year	27(a)	**1,013,733**	**855,949**

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 2021 were authorised for issue in accordance with a resolution of the Directors on 23 September 2021.

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 25.

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 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 30.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information presented in these financial statements for the year ended 30 June 2020.

Going concern basis of preparation

The Group recorded a loss of $1,550,464 (2020: loss $1,900,520) for the year ended 30 June 2021 and had a cash outflow from operating and investing activities of $1,352,605 (2020: $1,830,841outflow) during the twelve (12) month period. The Group had cash and cash equivalents at 30 June 2021 of $1,013,733 (2020: $855,949) and has a working capital surplus of $582,093 (2020: $704,739 surplus).

The Group's cashflow forecast for the period ended 1 September 2021 to 31 March 2023 reflects that the Group will need to raise additional working capital during the quarter ending December 2021 to enable the Group to continue to meet its current committed administration and exploration expenditure.

(a) Basis of preparation (cont'd)

Notwithstanding the above matters, the Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position the Directors have considered the following pertinent matters:

- The planned exploration expenditure is staged and expenditure may or may not be spent depending on the result of the prior exploration stage; and
- The Directors are satisfied that they will be able to raise additional funds by either an equity raising and/or implementation of joint ventures agreements to fund ongoing exploration commitments and for working capital.

In the event that the Group is unable to raise additional funds to meet the Group's ongoing working capital requirements when required, there is a significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

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

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2020 except for the new accounting standards stated below.

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

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

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

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

Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions

AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions* amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of ASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: *Business Combinations*, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

Initial adoption of AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

This amendment principally amends AASB 101 and AASB 108 by refining the definition of material by improving the wording and aligning the definition across the standards issued by the AASB.

Initial adoption of AASB 2019-3: Amendments to Australian Accounting Standards – Interest Rate Benchmark

This amendment amends specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform.

Initial adoption of AASB 2019-1: Amendments to Australian Accounting Standards – References to the Conceptual Framework

This amendment amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of Conceptual Framework for Financial Reporting by the AASB.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(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 employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and annual leave and are recognised at the rates payable when these provisions are expected to be settled.

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 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.

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

(e) Financial assets (cont'd)

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.

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.

(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.

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

(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.

(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.

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

(k) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(l) 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.

(l) Joint arrangements (cont'd)

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.

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

(m) 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.

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

(n) 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.

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.

(o) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group as at and for the period ended 30 June 2020. 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.

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.

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

(o) Principles of consolidation (cont'd)

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.

(p) 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
Office equipment	7.50 – 66.67
Motor vehicles	16.67 – 25.00

(q) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

<u>Group as a lessee</u>

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e., leases with a lease term of 12 months or less) and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) <u>Right-of-use assets</u>

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (where the entity does not have a purchase option at the end of the lease term). Right-of-use assets are subject to impairment assessment.

(ii) <u>Lease Liabilities</u>

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

(q) Leases (cont'd)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and Low Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of their Office Spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption (i.e. below $5,000). Lease payments on short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

(r) 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.

(s) 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.

Dividend and interest revenue

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.

(t) 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.

(u) Fair value measurement

The Group measures equity instrument 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.

(v) 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 — capitalised 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 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:

			% Ownership interest	
Name of entity	**Principal Activities**	**Country of incorporation**	**2021**	**2020**
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.

		2021 $	2020 $
5.	**Income/expenses from operations**		
(a)	**Interest income**		
	Bank	621	30,489
		–	4,783
	Total interest income	**621**	**35,272**
(b)	**Other Income**		
	Asset sale (i)	100,000	–
	Other	–	7,289
	Cash flow boost (ii)	25,000	75,000
	Total other income	**125,000**	**82,289**

(i) A tenement was sold to an unrelated third party. There is no carrying balance of the tenement on the capitalised exploration and evaluation expenses.

(ii) Due to the COVID-19 outbreak, the Cash Boost scheme was introduced to provide eligible entities with additional cash flow as a credit to their account with Australia Taxation Office. The Company was an eligible entity and the amount relates to the Cash Boost received in reference to the amount of employee income tax withheld.

		2021 $	2020 $
(c)	**Loss on disposal of shares**		
	Proceeds on disposal of shares (net of broker fees)	29,049	–
	Less: Carrying fair value of shares disposed	(29,535)	–
	Total loss on disposal of shares	**(486)**	**–**
(d)	**Employee benefits expense**		
	Salaries and wages	213,228	324,594
	Post employment benefits:		
	Defined contribution plans	25,080	36,156
	Share–based payments:		
	Equity settled share–based payments	–	52,636
	Total employee benefits expense	**238,308**	**413,386**
(e)	**Depreciation of non–current assets**	**3,882**	**4,248**
(f)	**Lease rental expenses:**		
	Lease payments (i)	750	1,910
	Total lease rental expenses	**750**	**1,910**

(i) The Group has a lease of office and storage space with lease terms of 12 months or less and is a lease of low-value asset. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for the lease.

		2021 $	2020 $
(g)	**Non-employee share based payments**	**31,506**	**16,507**

6. Income taxes

	2021 $	2020 $
Income tax recognised in profit or loss		
Current income tax		
Current income tax charge	–	–
Deferred tax	–	–
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	(1,550,464)	(1,900,520)
Income tax benefit calculated at 27.5% (2020: 27.5%)	(403,121)	(522,643)
Effect of expenses that are not deductible in determining taxable profit	(46,102)	(15,817)
Effect of net deferred tax asset not recognised as deferred tax assets	449,223	538,460
Income tax benefit/(expense) attributable to operating loss	–	–
The tax rate for year ended 30 June 2021 payable by Australian corporate entities on taxable profits under Australian tax law is 26% (2020: 27.5%). The enacted tax rate for base rate entities is 25% with effect from 1 July 2021. Unrecognised deferred tax above is calculated at 25% (2020: 26%).		
Deferred tax related to items charged or credited directly to Other Comprehensive Income during the year:		
Unrealised loss on available-for-sale investments	–	–
	–	–

	Statement of Financial Position		Statement of Comprehensive Income	
	2021 $	2020 $	2021 $	2020 $
Deferred Income Tax				
Deferred income tax at 30 June relates to the following				
Deferred tax liabilities				
Exploration and evaluation assets	(246,630)	(250,790)	4,160	(17,099)
Unearned income	(52)	(93)	41	1,224
Prepayments	(5,736)	(4,819)	(917)	(262)
Property, plant and equipment	(5,046)	(6,055)	1,009	1,517
Deferred tax assets				
Accruals	11,150	11,992	(842)	3,848
Provision for loss on loan	–	3,345	(3,345)	(23,372)
Financial assets	35,020	9,391	25,629	5,152
Capital raising costs	9,008	17,857	(8,849)	(13,716)
Revenue tax losses	5,932,875	5,452,124	480,751	258,096
Capital losses	4,807,030	4,807,030	–	(276,779)
Deferred tax assets not brought to account as realisation is not probable	(10,537,619)	(10,039,982)		
	–	–		
Deferred tax assets not recognised			(497,637)	61,391
Deferred tax (income)/expense			–	–

6. Income taxes (cont'd)

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

	2021 $	2020 $
(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	367,408	368,115
Share based payments	–	52,638
Long–term employee benefits	–	–
Post–employment benefits	25,080	25,080
Total key management personnel compensation	**392,488**	**445,833**

The compensation of each member of the key management personnel of the Group is set out in the Directors Remuneration report on pages 17 to 21.

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)
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	1.5
19 November 2019	3,500,000	19 November 2019	19 November 2022	1.5
30 October 2021	10,000,000	29 October 2020	30 October 2021	1.2
30 October 2021	15,000,000	29 October 2020	30 October 2021	1.7
30 October 2022	20,000,000	29 October 2020	30 October 2022	2.2
30 October 2022	25,000,000	29 October 2020	30 October 2022	2.7

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 17 to 21.

8. Share-based payments (cont'd)

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

	2021		2020	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	108,655,848	0.032	117,172,512	0.032
Granted during the financial year	70,000,000	0.022	3,500,000	0.015
Exercised during the financial year	–	–	–	–
Expired during the financial year	(49,155,848)	0.027	(12,016,664)	0.029
Balance at end of financial year	**129,500,000**	**0.018**	**108,655,848**	**0.021**
Exercisable at end of the financial year	**129,500,000**	**0.018**	**108,655,848**	**0.021**

(i) Issued during the financial year

A total of 70,000,000 was issued to an external consultant during the year (2020: 3,500,000). No options over ordinary share were granted to senior executives and employees during the year (2020: nil).

	Option granted on 29 October 2020			
Details	**Tranche 1**	**Tranche 2**	**Tranche 3**	**Tranche 4**
Fair value at grant date	1.1 cents	0.7 cents	1.4 cents	1.1 cents
Expected volatility (%)	100%	100%	100%	100%
Risk-free interest rate (%)	0.11%	0.11%	0.11%	0.11%
Expected life of share options	1 year	1 year	2 years	2 years
Share price on issue	0.6 cents	0.6 cents	0.6 cents	0.6 cents
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

(ii) Exercised at end of the financial year

No options over ordinary shares were exercised during the year (2020: nil).

(iii) Expired during the financial year

During the financial year a total of 49,155,848 (2020: 12,016,664) options over ordinary shares expired, comprising of the following:

- 21,155,848 options at 2.7 cents expired on 15 September 2020; and
- 28,000,000 options at 2.6 cents expired on 27 October 2020.

(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 $0.018 (2020: $0.021) and a weighted average remaining contractual life of 0.94 years (2020: 1.15 years).

	2021 $	2020 $
9. Remuneration of auditors		
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	34,339	34,614
Total auditor remuneration	**34,339**	**34,614**

10. Current trade and other receivables

	2021 $	2020 $
Accounts receivable (i)	26,026	4,682
Net goods and services tax (GST) receivable	42,563	24,928
Other receivables	22,260	56,150
	90,849	**85,760**

(i) There were no current trade and other receivables that were past due but not impaired (2020: nil).

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

	2021 $	2020 $
Current		
Equity instruments		
Quoted equity shares (i)	65,000	12,603
Total	**65,000**	**12,603**
Non-current		
Equity instruments		
Quoted equity shares (i)	98,459	–
Unquoted equity shares (ii)	230,001	143,751
Total	**328,460**	**143,751**

(i) Investments in listed entities include the following:
  (a) 687,594 fully paid ordinary shares in Errawarra Resources Ltd (ASX:ERW) where 437,594 fully paid ordinary shares are escrowed to 14 December 2022; and
  (b) 50,000 fully paid ordinary shares in NickelX Ltd (ASX:NKL) where 25,000 ordinary shares are escrowed to 26 October 2021.

(ii) Investment in unlisted entities include the following:
  (a) 575,000 fully paid ordinary shares in Critical Metals Ltd. Critical Metals Ltd has 35,902,500 ordinary shares on issue. The principal activity of the Company is to investigate the recovery of vanadium from steel making slag, sourcing lithium ion battery feedstock for recycling and exploration of mining tenements.
  (b) 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.

12. Non–current other receivables

	2021 $	2020 $
Other receivables – bonds	30,000	30,000
	30,000	**30,000**

13. Property, plant and equipment

	Office furniture and equipment at cost $	Motor vehicles at cost $	Total $
Cost			
Balance at 1 July 2019	20,291	29,025	49,316
Additions	–	–	–
Disposals	–	–	–
Balance at 1 July 2020	**20,291**	**29,025**	**49,316**
Additions	–	–	–
Disposals	–	–	–
Balance at 30 June 2021	**20,291**	**29,025**	**49,316**
Accumulated depreciation and impairment			
Balance at 1 July 2018	18,740	3,040	21,780
Depreciation expense	609	3,639	4,248
Disposals	–	–	–
Balance at 1 July 2019	**19,349**	**6,679**	**26,028**
Depreciation expense	253	3,629	3,882
Disposals	–	–	–
Balance at 30 June 2020	**19,602**	**10,308**	**29,910**
Net book value			
As at 30 June 2020	942	22,346	23,288
As at 30 June 2021	**689**	**18,717**	**19,406**

	2021 $	2020 $
Aggregate depreciation allocated during the year:		
Office furniture and equipment	253	609
Motor vehicles	3,629	3,639
	3,882	**4,248**

14. Exploration and evaluation expenditure

	2021 $	2020 $
Balance at beginning of financial year	2,256,000	2,256,000
LESS: Write off costs (i)	(16,000)	–
Balance at end of financial year	**2,240,000**	**2,256,000**

(i) During the year, Hannans recognised a write off of $16,000 in respect of capitalised exploration and evaluation (2020: 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.

	2021 $	2020 $
15. Current trade and other payables		
Trade payables (i)	405,035	66,746
Accruals	136,713	139,973
Other payable	38,356	31,778
	580,104	**238,497**

(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

	2021 $	2020 $
Current		
Employee benefits	7,385	11,076
	7,385	**11,076**

	Employee benefits $	Total $
Balance at 1 July 2019	–	–
Increase/(decrease) in provision	11,076	11,076
Balance at 1 July 2020	**11,076**	**11,076**
Increase/(decrease) in provision	18,462	18,462
Utilised during the year	(22,153)	(22,153)
Balance at 30 June 2021	**7,385**	**7,385**

	2021 $	2020 $
17. Issued capital		
2,359,977,192 fully paid ordinary shares (2020: 1,987,954,539)	42,433,949	40,872,810
	42,433,949	**40,872,810**

	2021		2020	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	1,987,954,539	40,872,810	1,987,954,539	40,872,810
Vendor Shares - 4 Dec 2020	7,250,000	50,750	–	–
Share Purchase Plan - 22 December 2020	239,772,654	1,055,000		
Placement of shares - 22 December 2020	124,999,999	550,000		
Share issue costs	–	(94,611)	–	–
Balance at end of financial year	**2,359,977,192**	**42,433,949**	**1,987,954,539**	**40,872,810**

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

	Option reserve $	Total reserve $
18. Reserves		
Balance at 1 July 2019	1,061,897	1,061,897
Share based payment expense	69,143	69,143
Exercise/lapse of options	(38,682)	(38,682)
Balance at 1 July 2020	1,092,358	1,092,358
Share based payment expense	31,506	31,506
Exercise/lapse of options	(467,916)	(467,916)
Loss in an associate	–	–
Balance at the end of the financial year	**655,948**	**655,948**

Nature and purpose of reserves

Option reserve

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

Share options

As at 30 June 2021, options over 129,500,000 (2020: 108,655,848) 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	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	1.5 cents each	27 Oct 2022
Hannans Ltd	3,500,000	Ordinary	1.5 cents each	19 Nov 2022
Hannans Ltd	10,000,000	Ordinary	1.2 cents each	30 Oct 2021
Hannans Ltd	15,000,000	Ordinary	1.7 cents each	30 Oct 2021
Hannans Ltd	20,000,000	Ordinary	2.2 cents each	30 Oct 2022
Hannans Ltd	25,000,000	Ordinary	2.7 cents each	30 Oct 2022

Share options are all unlisted, carry no rights to dividends and no voting rights. On 29 October 2020 70,000,000 options were issued to an unrelated third party (2020: 3,500,000). No options were exercised during the period (2020: nil). A total of 49,155,848 (2020: 12,016,664) expired unexercised during the period.

	2021 $	2020 $
19. Accumulated losses		
Balance at beginning of financial year	(38,807,390)	(36,945,552)
Loss attributable to members of the parent entity	(1,550,464)	(1,900,520)
Items of other comprehensive income recognised directly in retained earnings:		
Options lapsed	467,916	38,682
Options exercised	–	–
Balance at end of financial year	**(39,889,938)**	**(38,807,390)**

20. Loss per share

	2021 Cents per share	2020 Cents per share
Basic loss per share:	(0.07)	(0.10)
Diluted loss per share:	(0.07)	(0.10)

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:

	2021 $	2020 $
Loss for the year	(1,550,464)	(1,900,520)

	2021 No.	2020 No.
Weighted average number of ordinary shares for the purposes of basic loss per share	2,181,967,701	1,987,954,539
Effects of dilution from:		
Share options	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution loss per share	**2,181,967,701**	**1,987,954,539**

At 30 June 2021 129,500,000 (2020: 108,655,848) were not included in the diluted earnings per share calculation as they are anti-dilutive.

21. Commitments for expenditure

	2021 $	2020 $
Exploration, evaluation & development (expenditure commitments)		
Not longer than 1 year	385,514	143,080
Longer than 1 year and not longer than 5 years	1,060,933	436,240
Longer than 5 years	327,241	–
	1,773,688	**579,320**

22. Contingent liabilities and contingent assets

The Office of State Revenue (**OSR**) informed the Company on 30 October 2012 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. On 21 October 2015 OSR informed the Company that the matter is currently being reviewed by the technical branch. The Company does not consider it probable a stamp duty liability will arise.

23. 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.

24. Farm-in and joint operations

		Interest	
Name of project	**Principal activity**	**2021 %**	**2020 %**
Forrestania (i)	Exploration	20	20
Fraser Range (ii)	Exploration	0	0

(i) Reed Exploration entered into a joint arrangement 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.

(ii) On 29 November 2020 Reed Exploration entered into an earn-in agreement with Kingmaker Metals Pty Ltd (**Kingmaker**) whereby Reed Exploration may earn a 70% interest in the Fraser Range tenement (**Tenement**) by incurring exploration expenditure of $1 million in accordance with the following schedule:

- Initial commitment – the Group must incur a minimum $100,000 of exploration expenditure by 30 June 2021, following which it shall have the right to withdraw from this agreement or proceed to the next stage. As at 30 June 2021, $130,998 of exploration expenditure was incurred on the Tenement;
- may elect to incur an additional $200,000 of exploration expenditure by 30 June 2022 to earn a 33% interest in the Tenement (Stage 1 Interest);
- may elect to incur an additional $300,000 of exploration expenditure by 30 June 2023 to earn a 51% interest in the Tenement (Stage 2 Interest); and
- may incur an additional $400,000 of exploration expenditure by 30 June 2024 to earn a 70% interest in the Tenement (Stage 3 Interest).

This joint venture accounting is not applicable and all expenditure throughout the farm-in period is reflected as exploration expenditure in the statement of comprehensive income, consistent with the accounting policy in relation to expenditure on mining properties outlined in note 2(j).

Hannans will be the manager and be solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. Kingmaker will be free-carried until a decision to mine is made. Refer to the ASX Announcement dated 30 November 2020 for further detail in relation to the Tenement and the terms of the agreement.

Capital commitments and contingent liabilities

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

25. 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 24 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 Jonathan Murray is a director, was provided with a loan facility of $50,000 at an interest rate of 20% per annum. Mr Hicks and Mr Bachmann were directors of Errawarra and resigned as directors of Errawarra on 1 April 2021 and 30 June 2021 respectively. The interest rate was reduced to 12.5% starting from 1 July 2019 onwards. The loan was 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 drawdown on the loan facility. Interest on the loan facility to 30 June 2020 amounted to $60,016. The loan was carried at its fair value and is measured to nil as the loan was considered non-recoverable. On 8 September 2020 the Company agreed to convert the outstanding loan, principal plus interest, of $110,016 to 687,594 fully paid ordinary shares in Errawarra at $0.16 per share on an arm’s length basis and waive all rights to interest from 1 July 2020 until the date of the conversion. On 30 October 2020 Errawarra fully repaid the loan by converting the outstanding loan to equity. The settlement of the loan was completed at the fair value of $110,016 and the impairment was reversed to the consolidated statement of profit or loss.

(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	2021	–	15,136	–	433
	2020	–	4,983	–	–
Corporate Board Services	2021	741	150,000	–	–
	2020	2,894	143,750	1,298	–
Scott Geological	2021	–	5,825	–	–
	2020	–	13,639	–	5,029

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

(e) Parent entity

The ultimate parent entity in the Group is Hannans Ltd.

26. Subsequent events

The following matters or circumstances have arisen since 30 June 2021 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 3 September 2021 the Company signed a Memorandum of Understanding (MoU) with Critical Metals that provides Hannans with rights to use a Lithium-ion Battery (LiB) recycling technology that is safe, sustainable, low energy and low CO2. The MoU with Critical Metals will take the form of a joint venture enabling Hannans to earn its interest by funding and managing certain tasks and activities. Refer to ASX announcement dated 9 September 2021 for further details.

	2021 $	2020 $
27. 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	1,013,733	855,949
Term deposit	–	–
	1,013,733	**855,949**
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(1,550,464)	(1,900,520)
Write off exploration and evaluation expenses	16,000	–
Issue of share-based payments	50,750	–
Depreciation of non–current assets	3,882	4,248
Loss on disposal of shares	486	–
Gain on sale or disposal of assets	(100,000)	–
Equity settled share-based payments	31,506	69,142
Change in fair value of financial assets designated at fair value though profit or loss	(244,709)	(36,118)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/Decrease in assets:		
Trade and other receivables	(5,089)	701
Increase/(Decrease) in liabilities:		
Trade and other payables and provisions	337,916	123,956
Net cash from operating activities	**(1,459,722)**	**(1,738,591)**

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.

28. 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 2021, 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 2021 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 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 2020:

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2021				
Variable rate instruments	7,071	(7,071)	–	–
	7,071	**(7,071)**	**–**	**–**
2020				
Variable rate instruments	6,119	(6,119)	–	–
	6,119	**(6,119)**	**–**	**–**

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

28. 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 $
2021							
Financial assets:							
Cash and cash equivalents	0.04%	707,147	–	–	–	306,586	1,013,733
Trade and other receivables	–	–	199	–	–	26,026	26,225
Other receivables – non-current	1.60%	30,000	–	–	–	–	30,000
		737,147	**199**	**–**	**–**	**332,612**	**1,069,958**
Financial liabilities:							
Trade and other payables	–	–	–	–	–	580,104	580,104
		–	**–**	**–**	**–**	**580,104**	**580,104**
2020							
Financial assets:							
Cash and cash equivalents	0.04%	611,850	–	–	–	244,099	855,949
Trade and other receivables	–	–	–	–	–	85,760	85,760
Other receivables – non-current	1.60%	30,000	–	–	–	–	30,000
		641,850	**–**	**–**	**–**	**329,859**	**971,709**
Financial liabilities:							
Trade and other payables	–	–	–	–	–	238,497	238,497
		–	**–**	**–**	**–**	**238,497**	**238,497**

28. 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
	$	$	$	$	$
2021					
Trade and other payables	580,104	–	–	–	580,104
Other financial liabilities	–	–	–		–
	580,104	**–**	**–**	**–**	**580,104**
2020					
Trade and other payables	238,497	–	–	–	238,497
Other financial liabilities	–	–	–	–	–
	238,497	**–**	**–**	**–**	**238,497**

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

(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 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 and the Cash Boost receivable from ATO which was claimed in July 2021.

(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 listed and unlisted equity investments are as detailed in note 11.

A 5 per cent increase (2020: 5 per cent increase) at reporting date in the listed equity prices would increase the market value of the securities by $8,173 (2020: $7,818) and an equal change in the opposite direction would decrease the value by the same amount. The increase/decrease would be reflected in the statement of profit or loss as these equity instruments are classified as equity instruments at FVPL. The increase/decrease net of deferred tax would be $5,721 (2020: $5,472).

(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 2021 was $3,203,430 (2020: $3,157,778). 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 2021 the Group does not hold any external debt funding (2020: Nil) and is not subject to any externally imposed covenants in respect of capital management.

29. 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 unobservable inputs (Level 3)	Total
2021				
Assets measured at fair value				
Equity instruments (note 11):				
Quoted equity shares (i)	163,459	–	–	163,459
Unquoted equity shares (ii)	–	–	230,001	230,001
	163,459	**–**	**230,001**	**393,460**
2020				
Assets measured at fair value				
Equity instruments (note 11):				
Quoted equity shares (i)	12,603	–	–	12,603
Unquoted equity shares (ii)	–	–	143,751	143,751
	12,603	**–**	**143,751**	**156,354**

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 financial assets is derived from quoted market prices in active markets. Refer note 28(g) for market price risk impact.

(ii) The lowest level input has been used to fair value unquoted ordinary shares. The investment was fair valued using the most recent capital raise dated April 2021. An increase in share price of +/- 20% would have an impact to the consolidated statement of profit or loss of $46,000.

30. Parent entity disclosures

The following details information related to the parent entity, Hannans Ltd, at 30 June 2021.
The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2021 $	2020 $
Results of the parent entity		
Loss for the year	(1,666,557)	(2,009,017)
Other comprehensive income	–	–
Total comprehensive loss for the year	**(1,666,557)**	**(2,009,017)**
Financial position of parent entity at year end		
Current assets	753,472	819,663
Non–current assets	2,315,411	2,335,292
Total Assets	**3,068,883**	**3,154,955**
Current liabilities	181,966	194,126
Non–current liabilities	–	–
Total Liabilities	**181,966**	**194,126**
Total equity of the parent entity comprising of:		
Share capital	56,408,040	54,846,901
Reserves	655,948	1,092,358
Accumulated losses	(54,177,071)	(52,978,430)
Total Equity	**2,886,917**	**2,960,829**

(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 2021 (2020: 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 2021 (2020: Nil).

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