



2022 **ANNUAL REPORT**

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.

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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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DIRECTORS' REPORT

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 2022.

Dear Shareholders,

The year ended 30 June 2022 was a transformational year for Hannans Ltd.

The Company announced multiple transactions that if successfully completed would see it transition from Western Australian minerals exploration company to European lithium-ion battery recycling company.

This change in nature and scale of the Company's activities resulted in ASX suspending the Company from trading until such time as the relevant transactions and changes were approved by shareholders at a general meeting. At the time of writing this meeting is scheduled to be held in October 2022.

The change in strategy could not have been made possible without the support of major shareholder Neometals Ltd and this is acknowledged. Neometals are the licensor of the underlying technology that has enabled Hannans to enter the European LiB recycling industry.

Whilst due diligence and compliance has been ongoing over several months Hannans has continued to explore its Western Australian mineral exploration projects. These activities have been managed by a team of dedicated directors and consultants. While a world class economic discovery has alluded the team their diligent work gave Hannans shareholders exposure to a potential discovery. The Board will seek to identify and attract high quality partners to continue exploration on Hannans' projects.


After the end of the financial year the current Board completed a Board and executive management succession process to ensure that the Company had the requisite skills and experience to implement the proposed European LiB recycling strategy.

On the assumption that shareholders approve the transaction and change, and that ASX approves the re-admission to trading several long serving Hannans directors will retire from the Board late 2022. I would like to take this opportunity to acknowledge the long term dedication and commitment to Hannans by directors Amanda Scott, Markus Bachmann, Clay Gordon and company secretary Ian Gregory.

The Board acknowledges that Hannans has been suspended from trading for a significant amount of time however we feel it has been in the best interests of Hannans shareholders to complete satisfactory due diligence, complete the transactions and build a strong foundation for a bright new future.

As a Board we are grateful for the faith shown in us by shareholders to lead the Company and create value. We hand over to the new Board to leads the Company in a new direction.

Yours sincerely,



Jonathan Murray
Non-Executive Chairman

EUROPEAN LITHIUM-ION BATTERY (LiB) RECYCLING

LiBs are energy storage devices comprising several metals including nickel, cobalt, lithium, and manganese (and others). Demand for lithium-ion batteries to power electric vehicles and energy storage has seen significant growth in the last decade and is forecast to continue. If not handled correctly, LiB can explode, are flammable and toxic and are not suitable for long term storage at end-of-life or for disposal in landfill.

LiB recycling involves shredding, sorting, and refining to make the batteries safe and to recover valuable metals for reuse.

ACN 630 589 507 Pty Ltd (**ACN 630**) (a wholly owned Australian subsidiary of ASX listed Neometals Ltd) has developed a proprietary, sustainable process for the recovery of valuable constituents from cell production scrap and end-of-life LiBs. The process targets the recovery of valuable materials from consumer electronic batteries (devices with lithium cobalt oxide cathodes), and nickel-rich electric vehicle and stationary storage battery chemistries (lithium-nickel-manganese-cobalt cathode).

ACN 630 is the owner and head licensor of the patent applications and associated know-how that underpins this process (the **Technology**).

The Technology has been the subject of five years of research and development by Neometals, including bench and pilot trials, feasibility studies and engineering. This has culminated in a recycling commercialisation joint venture ("**Primobius GmbH**") between Neometals and large privately owned German engineering firm SMS Group GmbH (**SMS**). The Technology has been substantially de-risked.

The transactions entered by Hannans give it the license to commercialise the technology in Norway, Sweden, Denmark, Finland, the UK, Ireland, Italy and South-eastern Europe.

Hannans shareholders are therefore poised to benefit from long-term ongoing research and development investment into the Technology. Hannans believes these attributes significantly increase the potential for the commercialisation strategy to be successfully executed. The Technology enables battery cell manufacturers to close the loop, deliver safe, responsible, and cost-effective products and eliminate waste.

A summary of the Company's LiB Recycling activities throughout the year are as follows:

Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
Ø	Signed Memorandum of Understanding (MoU) with Critical Metals Ltd (Critical Metals) to commercialise lithium-ion battery recycling technology in Norway, Sweden, Denmark, and Finland (Nordic region).		
Ø	Signed (and subsequently terminated) a Memorandum of Agreement (MoA) with Greenhouse Investments Ltd (Greenhouse) to complete exclusive due diligence on an opportunity to recycle LiBs in the UK and Ireland.		
Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
Ø	Nordic region – satisfied all conditions precedent to the MoU announced in the 1st Quarter.		
Ø	New business (LiB recycling and energy storage) – commenced search for rapid growth opportunities in Europe.		
Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
Ø	Announced major transaction enabling expansion of Hannans LiB recycling activities into major European electric vehicle (EV) markets including the UK, Ireland, Italy and South-eastern Europe, with due diligence and documentation ongoing with Greenhouse.		
Ø	Completed technical tour of Primobius GmbH LiB recycling demonstration plant in Hilchenbach, Germany which is based on same Technology being commercialised by Hannans. [Note Mercedes-Benz AG announced it will establish a battery recycling plant with Primobius. ¹]		
Ø	Supported successful lodgement by third party of pre-qualification documentation for LiB recycling tender – outcome of process anticipated late 2022.		
Ø	Completed face-to-face meetings held with technology providers and investors in Norway, Sweden, Finland, and Germany.		
Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
Ø	Completed due diligence on proposed expansion into the UK, Ireland, Italy and South-eastern Europe, and renegotiated acquisition agreement with Greenhouse.		
Ø	Liaised with stakeholders to obtain required consents and approvals required to settle the improved acquisition agreement.		
Ø	Advanced documentation to enable shareholders to vote on the acquisition agreement, raise capital and recommence trading on ASX.		

¹ Source: <https://group.mercedes-benz.com/company/news/recycling-factory-kuppenheim.html>

WESTERN AUSTRALIA MINERALS EXPLORATION

Hannans was incorporated on 11 March 2002 in Torbay, Albany. Its founding directors were William (Bill) Hicks, Dr Ernest Dechow, and Damian Hicks. Hannans listed on ASX on 5 December 2003. Since incorporation, the Company has focused on making a world class economic minerals discovery. Most of the exploration was undertaken in the Goldfields, Pilbara and Gascoyne regions of Western Australia and was focused on nickel sulphide, gold, iron, and manganese. For a period, the Company explored the Fennoscandian Shield in Sweden for copper-gold, gold and iron. Currently, Hannans' mineral exploration activities are focussed on greenfields nickel exploration at Forrestania and Fraser Range and nickel-copper and copper-gold exploration in the East Gascoyne region of Western Australia.

A summary of the Company's mineral exploration activities throughout the year are as follows:

Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
∅	Forrestania (Nickel) – completed diamond drill testing and reporting of geophysical nickel targets.		
∅	Moogie (Copper-Gold & Nickel-Copper) – identified coincident geophysical and geochemical anomalies at Breccia, Minni Ritchi and Ghallangee prospects.		
∅	Fraser Range (Nickel-Copper) – increased holdings of prospective tenure.		
∅	New business (Nickel) – continued search for attractive nickel sulphide exploration projects in Western Australia.		
∅	Southern Cross (Gold & Nickel) – elected not to exercise option to acquire project.		
Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
∅	Moogie (Copper-Gold & Nickel-Copper) – monitored arrival of contractor to complete helicopter-borne (electromagnetic) geophysical survey over four priority targets.		
∅	Fraser Range (Nickel-Copper) – reviewed historical data covering new tenure and completed preparations for ground (electromagnetic) geophysical surveys.		
∅	Forrestania (Nickel) – completed preparations for ground electromagnetic (EM) geophysical surveys and geochemical sampling of nickel prospects within the Western Ultramafic Belt.		
∅	New business (Nickel) – continued search for attractive nickel sulphide exploration projects in Western Australia.		
Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
∅	Moogie (Copper-Gold, Nickel-Copper & Gold) – completed airborne and ground EM surveys.		
∅	Forrestania (Nickel) – completed preparations for ground geophysics and soil geochemistry within Western Ultramafic Belt.		
∅	Fraser Range (Nickel-Copper) – completed preparations for geochemical, geophysical, and geological reconnaissance programmes.		
∅	New business (Nickel, Copper, Lithium) – continued project generation activities for high-grade nickel, lithium and copper opportunities in Western Australia.		
Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
∅	Moogie (Copper-Gold, Nickel-Copper & Gold) – continued regional soil geochemistry and rock chip sampling over specific targets, assays and interpretation pending. Obtained government approval to drill test targets, commenced heritage approval process.		
∅	Forrestania (Nickel) – commenced soil geochemistry utilising UltraFine+™ analysis technique, assays and interpretation pending.		
∅	Fraser Range (Nickel-Copper) – completed acquisition and interpretation of multiclient and open file airborne electromagnetic (EM) data.		

ANNUAL RESOURCE STATEMENTS

Hannans through the joint operation with Classic Minerals Ltd holds a 20% interest in the following JORC resources for the year ended 30 June 2021 and 30 June 2022 at the Forrestania Gold Project².

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.

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

Table 1. JORC Compliant Indicated and Inferred Mineral Resource Table.

² Refer to Classic Minerals Ltd (ASX: CLZ) ASX announcement on 21 January 2020 for further information.

CORPORATE ACTIVITIES

Throughout the year Hannans completed several Western Australian mineral exploration transactions, elected to change the scale and nature of its activities by entering the European lithium-ion battery recycling industry, raised capital, managed a Board and executive management succession process and continues to seek to re-comply with the ASX Listing Rules.

A summary of the Company's corporate activities throughout the year are as follows:

Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
ð Lodged Annual Report 2021 and Corporate Governance Statement.			
Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
ð Raised \$5.5M by way of a fully underwritten rights issue at a price of 2.5 cps.			
Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
ð Sought ASX, regulatory and shareholder approvals, and commenced due diligence for major transaction enabling expansion of Hannans LiB recycling activities into major European electric vehicle (EV) markets.			
ð Commenced preparing documentation for a general meeting of shareholders to be held 4th Quarter 2021/2022 to vote on the major transaction, the change in scale and nature of Hannans primary activity to LiB recycling and other required resolutions.			
Quarter 1 (Jul – Sep 2021)	Quarter 2 (Oct – Dec 2021)	Quarter 3 (Jan – Mar 2022)	Quarter 4 (Apr – Jun 2022)
ð Continued the process to obtain shareholder approval for Greenhouse agreement, complete the capital raising and recommence trading on ASX.			

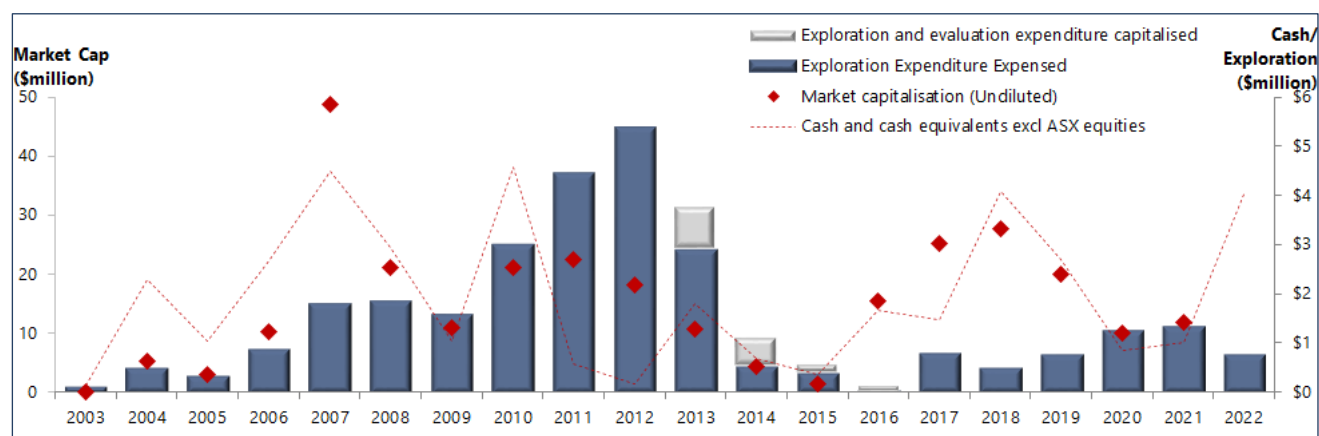


Figure 1. Hannans track record since listing on ASX of exploration expenditure, cash at bank and market capitalisation as at 30 June.

Health & Safety

No Hannans directors, employees, consultants, or contractors suffered any lost time incidents while completing work for the Company during the year.

Environmental, Social & Governance

Hannans embraces its responsibility to operate sustainably and to do no harm. The Company's culture drives its attitude towards ESG and all directors and employees acknowledge that employing sustainable practices are good for society and good for business. Hannans aims to make a positive contribution to the communities that it participates in, and the Hannans Team always aims to leave a positive impact on the people they engage with.

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.

Director	Current holding	
	Ordinary Shares	Options over Ordinary Shares
Damian Hicks	8,155,880	105,000,000
Jonathan Murray	24,839,436	18,500,000
Markus Bachmann ⁽ⁱ⁾	98,825,948	18,500,000
Clay Gordon	9,808,159	18,500,000
Amanda Scott	4,760,001	18,500,000

DIRECTORS MEETINGS

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

Board Member	Board Meetings		Circular Resolutions Passed	Total
	Held while Director	Attended		
Damian Hicks	3	3	6	9
Jonathan Murray	3	3	6	9
Markus Bachmann	3	3	6	9
Clay Gordon	3	2	7	9
Amanda Scott	3	3	7	10

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 advice 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 2021 remuneration report was approved at the last Annual General Meeting held on 26 November 2021.

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

	2022	2021	2020	2019	2018
Profit/(Loss) (\$)	(3,695,128)	(1,550,464)	(1,900,520)	(2,085,563)	(1,379,271)
Share price (c)	2.1	0.5	0.5	1.0	1.4
Market capitalisation (Undiluted) (\$)	54,731,701	11,799,886	9,939,773	19,879,545	27,724,264

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 6 and 7.

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			Value options as proportion of	
	Salary & fees	Other benefits (i)	D&O ⁽ⁱⁱ⁾ insurance	Superannuation	Other benefits	Options (iii)	Long term benefits	Other benefits	Total remuneration	%
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
2022										
Directors										
D Hicks ^(iv)	276,600	33,151	3,502	27,660	–	742,978	–	–	1,083,891	68.5%
J Murray	24,000	–	3,502	–	–	106,140	–	–	133,642	79.4%
M Bachmann	24,000	–	3,502	–	–	106,140	–	–	133,642	79.4%
C Gordon	21,818	–	3,502	2,182	–	106,140	–	–	133,642	79.4%
A Scott	24,000	–	3,502	–	–	106,140	–	–	133,642	79.4%
Total	370,418	33,151	17,510	29,842	–	1,167,538	–	–	1,618,459	72.1%
2021										
Directors										
D Hicks	240,000	18,462	2,590	22,800	–	–	–	–	283,852	0.0%
J Murray	24,000	–	2,589	–	–	–	–	–	26,589	0.0%
M Bachmann	24,000	–	2,589	–	–	–	–	–	26,589	0.0%
C Gordon	24,000	–	2,589	2,280	–	–	–	–	28,869	0.0%
A Scott	24,000	–	2,589	–	–	–	–	–	26,589	0.0%
Total	336,000	18,462	12,946	25,080	–	–	–	–	392,488	0.0%

(i) Short Term Other benefits include annual leave of \$8,898 (2021: \$18,462) and long service leave of \$24,253 (2021: nil) 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 were issued under Hannans' Director Equity Option Plan approved by shareholders in October 2019. The amounts are non-cash items that are subject to vesting conditions. Refer to Section D for more information.

(iv) In accordance with Mr Hicks' agreement, his annual salary increased to \$264,600 starting 1 July 2021 and the unpaid 2021 annual increment of 5% of \$12,000 was paid in the current financial year.

C. Service agreements – Executive Director

Mr Hicks was appointed a Director of 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. In accordance with his agreement, the annual increment of 5% since 1 July 2019 was paid in the current financial year. Mr Hicks' salary starting 1 July 2022 is \$277,830.

REMUNERATION REPORT (AUDITED) (cont'd)

C. Service agreements (cont'd)

Executive Director (cont'd)

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

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

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

Non-Executive Directors

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

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

Name	Termination Notice Period		Termination payments*
	By HANNANS	By Director	
Non-Executive Directors			
J Murray	1 month	Immediate	Notice period
M Bachmann	1 month	Immediate	Notice period
C Gordon	1 month	Immediate	Notice period
A Scott	1 month	Immediate	Notice period

* 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. A total of 165,000,000 options were issued to the directors and executives during the year.

Option series	Number	Grant date	Expiry date	Exercise price (cents)
(O17-T1) 26 Nov 2021 ⁽ⁱ⁾	55,000,000	26 November 2021	25 November 2025	6.1
(O17-T2) 26 Nov 2021 ⁽ⁱⁱ⁾	55,000,000	26 November 2021	25 November 2025	(ii)
(O17-T3) 26 Nov 2021 ⁽ⁱⁱⁱ⁾	55,000,000	26 November 2021	25 November 2025	(iii)

The vesting condition and exercise price of the options are as follows:

- (i) **Vesting condition:** Continuous service as a Director until 25 November 2022.
- (ii) **Vesting condition:** Continuous service as a Director until 25 November 2023.
Exercise price: Calculated at the volume weighted average price (VWAP) for the five (5) trading days before and five (5) trading days after 26 November 2022 PLUS a premium of 50%.
- (iii) **Vesting condition:** Continuous service as a Director until 25 November 2024.
Exercise price: Calculated at the VWAP for the five (5) trading days before and five (5) trading days after 26 November 2023 PLUS a premium of 50%.

D. Share-based compensation (cont'd)

As at 30 June 2022, 193,000,000 options (2021: 28,000,000) were held by Directors and Non-Executives.

	Issued in Financial 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										
D Hicks	2022	35,000,000	35,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	–	–
	2022	35,000,000	35,000,000	26 Nov 21	1.9 cents	25 Nov 23	(ii)	25 Nov 25	–	–
	2022	35,000,000	35,000,000	26 Nov 21	1.5 cents	25 Nov 24	(iii)	25 Nov 25	–	–
J Murray	2018	–	–	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	–	3,500,000
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	–
	2022	5,000,000	5,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	–	–
	2022	5,000,000	5,000,000	26 Nov 21	1.9 cents	25 Nov 23	(ii)	25 Nov 25	–	–
	2022	5,000,000	5,000,000	26 Nov 21	1.5 cents	25 Nov 24	(iii)	25 Nov 25	–	–
M Bachmann	2018	–	–	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	–	3,500,000
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	–
	2022	5,000,000	5,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	–	–
	2022	5,000,000	5,000,000	26 Nov 21	1.9 cents	25 Nov 23	(ii)	25 Nov 25	–	–
	2022	5,000,000	5,000,000	26 Nov 21	1.5 cents	25 Nov 24	(iii)	25 Nov 25	–	–
C Gordon	2018	–	–	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	–	3,500,000
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	–
	2022	5,000,000	5,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	–	–
	2022	5,000,000	5,000,000	26 Nov 21	1.9 cents	25 Nov 23	(ii)	25 Nov 25	–	–
	2022	5,000,000	5,000,000	26 Nov 21	1.5 cents	25 Nov 24	(iii)	25 Nov 25	–	–
A Scott	2018	–	–	27 Oct 17	1.0 cents	27 Oct 18	1.8 cents	27 Oct 21	–	3,500,000
	2018	–	3,500,000	27 Oct 17	1.2 cents	27 Oct 19	1.5 cents	27 Oct 22	–	–
	2022	5,000,000	5,000,000	26 Nov 21	2.1 cents	25 Nov 22	6.1 cents	25 Nov 25	–	–
	2022	5,000,000	5,000,000	26 Nov 21	1.9 cents	25 Nov 23	(ii)	25 Nov 25	–	–
	2022	5,000,000	5,000,000	26 Nov 21	1.5 cents	25 Nov 24	(iii)	25 Nov 25	–	–

(i) The unlisted options become vested on the vesting date upon continuous service as a Director. No other vesting condition applies.

(ii) The volume weighted average price (**VWAP**) for the five (5) trading days before and five (5) trading days after the 1st anniversary of the approval by shareholders PLUS a premium of 50%.

(iii) The VWAP for the five (5) trading days before and five (5) trading days after the 2nd anniversary of the approval by shareholders PLUS a premium of 50%.

Values of options over ordinary shares granted and exercised for directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Directors	Value of options during the year	
	Granted \$	Exercised \$
D Hicks	1,942,500	–
J Murray	277,500	35,630
M Bachmann	277,500	35,630
C Gordon	277,500	35,630
A Scott	277,500	35,630
TOTAL	3,052,500	142,520

No options issued to directors and key management personnel expired during the year.

REMUNERATION REPORT (AUDITED) (cont'd)

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

	Balance at 1 July	Granted as remuneration	Received on exercise of options	Net other change	Balance at 30 June
Key management personnel	No.	No.	No.	No.	No.
2022					
Damian Hicks	7,461,763	–	–	694,117	8,155,880
Jonathan Murray	19,523,313	–	3,500,000	1,816,123	24,839,436
Markus Bachmann	85,952,405	–	3,500,000	8,878,146	98,330,551
Clay Gordon	5,771,294	–	3,500,000	536,865	9,808,159
Amanda Scott	1,260,001	–	3,500,000	(3,500,000)	1,260,001
	119,968,776	–	14,000,000	8,425,251	142,394,027

Options of Hannans Ltd

	Balance at 1 July	Granted as remune- ration	Options exercised	Net other change	Balance at 30 June	Vested at 30 June Exercisable	Not exercisable
Key management personnel	No.	No.	No.	No.	No.	No.	No.
2022							
Damian Hicks	–	105,000,000	–	–	105,000,000	–	105,000,000
Jonathan Murray ⁽ⁱ⁾	7,000,000	15,000,000	(3,500,000)	–	18,500,000	3,500,000	15,000,000
Markus Bachmann	7,000,000	15,000,000	(3,500,000)	–	18,500,000	3,500,000	15,000,000
Clay Gordon	7,000,000	15,000,000	(3,500,000)	–	18,500,000	3,500,000	15,000,000
Amanda Scott	7,000,000	15,000,000	(3,500,000)	–	18,500,000	3,500,000	15,000,000
	28,000,000	165,000,000	(14,000,000)	–	179,000,000	14,000,000	165,000,000

(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

Critical Metals Ltd (**CM1**), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors, was provided with a short term loan facility of \$200,000 at an interest rate of 12.5% per annum. The loan is unsecured. CM1 has drawn down \$200,000 on the loan facility. The fair value of the loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2022. Refer to notes 10 and 25(c) for further information.

REMUNERATION REPORT (AUDITED) (cont'd)

E. Additional information (cont'd)

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 \$213,073 (2021: \$15,136) to the Group during the year. Mr Murray's director's fees are also paid to Steinepreis Paganin. At 30 June 2022 \$8,229 was owed to Steinepreis Paganin (2021: \$433).

Corporate Board Services Pty Ltd (**CBS**), of which Mr Damian Hicks is a director, provided accounting and compliance services amounting to \$185,515 (2021: \$150,000) to the Group during the year. At 30 June 2022 \$39,067 was owed to CBS (2021: Nil).

Scott Geological AB, of which Ms Amanda Scott is a director, provided geological services amounting to \$14,213 (2021: \$5,825) to the Group during the year. Ms Scott's director's fees are also paid to Scott Geological. At 30 June 2022 there was no amount outstanding owed to Scott Geological AB (2021: Nil).

Advance Geological Pty Ltd, of which Mr Clay Gordon is a director, provided geological services amounting to \$81,095 (2021: \$14,888) to the Group during the year. Mr Gordon's director's fees are paid directly to him. At 30 June 2022 \$27,818 (2021: nil) was owed to Advance Geological.

Transaction with Critical Metals Ltd (CM1)

Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors of Critical Metals Ltd (**CM1**). On 26 November 2021, shareholders approved the Company entering into an agreement with CM1 and its wholly owned subsidiary, LiB Recycling Pty Ltd (together referred to as **Critical Metals**) to commercialise the lithium-ion battery technology (**Technology**) in Norway, Sweden, Denmark, and Finland (**Agreement**). Under the Agreement, Hannans will manage and fund all tasks and activities in the territories through to a final investment decision (**FID**) with respect to the construction of each plant for the processing or recycling of feedstock batteries using the Technology. Refer to the Notice of Annual General Meeting dated 25 October 2021 for further information.

Expenses of \$10,850 (2021: nil) were recharged by CM1 to the Group during the year. Expenses of \$8,884 (2021: \$2,256) were recharged to CM1 by the Group during the year. At 30 June 2022 \$9,181 (2021: \$2,474) was owed by CM1.

End of Remuneration Report

PROJECTS

The Projects are constituted by the following tenements:

Tenement Interest			Tenement Interest			Tenement Interest		
Tenement Number	%	Note	Tenement Number	%	Note	Tenement Number	%	Note
Project: Forrestania			Project: Forrestania			Project: Fraser Range		
E77/2207-I	100	1,2	E77/2460	100	3	E28/3167	100	3
E77/2219-I	100	1,2	Project: Moogie			E28/3168	100	3
E77/2220-I	100	1,2	E09/2373	100	1	E63/2020	100	1
E77/2239-I	100	1,2	E09/2374	100	1	E63/2021	100	1
P77/4290	100	1,2	E09/2417	100	1	E63/2022	100	1
P77/4291	100	1,2	E09/2460	100	1	E63/2023	100	1
E77/2546	100	1	E09/2461	100	1	E63/2024	100	1
P77/4534	100	1				E63/2025	100	1
						E63/2026	100	1
						E63/2143	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 Hannans LiB Pty Ltd (previously known as HR Forrestania Pty Ltd) (**HLB**) is a wholly owned subsidiary of Hannans Ltd. HLB is the registered holder of the tenements.

TENEMENTS UNDER APPLICATION

Applications for tenements have been submitted are as follows:

Tenement Number	Tenement Number
Project: Forrestania	Project: Moogie
E77/2711	E09/2640
	E09/2662
	E09/2697

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 2022	2,606,271,476
Ordinary fully paid shares at the date of this report	2,606,271,476

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 10 unlisted option holders holding 241,500,000 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	129,500,000
Movements of share options during the year	
Exercised on 27 October 2021 exercisable at 1.8 cents	(28,000,000)
Expired on 30 October 2021 exercisable at 1.2 cents	(10,000,000)
Expired on 30 October 2021 exercisable at 1.7 cents	(15,000,000)
Issued on 26 November 2021 exercisable at 6.1 cents, expiring 25 November 2025	55,000,000
Issued on 26 November 2021 exercisable at VWAP* for five (5) trading days before and five (5) trading d ^{ays} after the 1st anniversary of the approval by shareholders PLUS a premium of 50%, expiring 25 November 2025	55,000,000
Issued on 26 November 2021 exercisable at VWAP* for five (5) trading days before and five (5) trading d ^{ays} after the 2nd anniversary of the approval by shareholders PLUS a premium of 50%, expiring 25 November 2025	55,000,000
Balance at 30 June 2022	241,500,000
Total number of options outstanding at the date of this report	241,500,000

* VWAP = Volume Weighted Average Price

Substantial Shareholders

Hannans Ltd has the following substantial shareholders as at 19 September 2022:

Name	Number of shares	Percentage of issued capital
Neometals Investments Pty Ltd	845,086,264	32.43%

Range of Shares as at 19 September 2022

Range	Total Holders	Units	% Issued Capital
1 – 1,000	142	33,093	0.00%
1,001 – 5,000	196	656,734	0.03%
5,001 – 10,000	178	1,524,137	0.06%
10,001 – 100,000	2,445	109,210,419	4.19%
100,001 – 9,999,999	1,672	2,494,847,093	95.72%
Total	4,633	2,606,271,476	100.00%

DIRECTORS' REPORT

CAPITAL (cont'd)

Unmarketable Parcels as at 19 September 2022

	Minimum parcel size	Holders	Units
Minimum \$500.00 parcel at \$0.021 per unit	23,810	1,250	14,413,526

Top 20 holders of Ordinary Shares as at 19 September 2022

Rank	Name	Units	% of Issued Capital
1	Neometals Investments Pty Ltd	845,086,264	32.43%
2	Citicorp Nominees Pty Limited	193,352,594	7.42%
3	MCA Nominees Pty Ltd	84,601,689	3.25%
4	Equity & Royalty Investments Ltd	60,705,177	2.33%
5	Anglo American Exploration	60,000,000	2.30%
6	Mossisberg Pty Ltd	27,500,000	1.06%
7	Acacia Investments Pty Ltd	26,240,944	1.01%
8	BNP Paribas Noms Pty Ltd <DRP>	25,954,929	1.00%
9	Mrs Andrea Rae Murray <Murray Family No 2 A/C>	23,823,825	0.91%
10	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient DRP>	19,632,529	0.75%
11	Mr Simon Charles McCreed	16,700,000	0.64%
12	Mr Ross Edward Itzstein	15,103,594	0.58%
13	CS Fourth Nominees Pty Limited <HSBC Cust Nom AU Ltd 11 A/C>	11,088,344	0.43%
14	Superhero Securities Limited <Client A/C>	10,922,831	0.42%
15	Mr Geoffrey Alby Langbecker	10,150,145	0.39%
16	Mr William Scott Rankin	8,699,489	0.33%
17	Ms Simone Anne Milasas <MW Global Wealth A/C>	8,629,675	0.33%
18	Rattler Racing Pty Ltd	7,750,000	0.30%
19	DJH Ventures Pty Ltd <CW Hulls & Co S/F A/C>	7,651,163	0.29%
20	Mr Mark Dimasi + Mrs Julianne Dimasi <The Dimasi Family A/C>	7,558,140	0.29%
Total of Top 20 holders of ORDINARY SHARES		1,471,151,332	56.46%

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 tenements and implementation of the proposed European LiB recycling strategy.

FINANCIAL REVIEW

The Group began the financial year with cash reserves of \$1,013,733.

During the year total exploration expenditure expensed by the Group amounted to \$731,359 (2021: \$1,324,932). 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 \$2,213,635 (2021: \$579,376). This has resulted in an operating loss after income tax for the year ended 30 June 2022 of \$3,695,128 (2021: \$1,550,464 loss).

As at 30 June 2022 cash and cash equivalents totalled \$4,030,952.

Summary of 5 Year Financial Information as at 30 June

	2022	2021	2020	2019	2018
Cash and cash equivalents (\$)	4,030,952	1,013,733	855,949	2,686,790	4,082,079
Net assets/equity (\$)	6,296,651	3,199,959	3,157,778	4,989,155	6,788,307
Exploration expenditure expensed (\$)	(731,359)	(1,324,932)	(1,254,103)	(766,344)	(505,967)
Exploration and evaluation expenditure capitalised/(written-off) (\$)	–	(16,000)	–	(404,000)	(28,000)
No of shares on issue	2,606,271,476	2,359,977,192	1,987,954,539	1,987,954,539	1,980,304,538
No of options on issue	241,500,000	129,500,000	108,655,848	117,172,512	125,022,513
Share price (\$)	0.021	0.005	0.005	0.010	0.014
Market capitalisation (Undiluted) (\$)	54,731,701	11,799,886	9,939,773	19,879,545	27,724,264

Summary of Share Price Movement for year ended 30 June 2022

	Price (cents)	Date
Highest	5.7	17-31 Jan 2022
Lowest	0.6	14, 19, 20-23, 27 Jul, 2 Aug, 1 Sep 2021
Latest	2.1	19 September 2022

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	Date	Announcement Title
13/07/2021	Forrestania Nickel Project Update	8/11/2021	Change of Directors' Interest Notice x 5
30/07/2021	4th Quarter Activities Report	8/11/2021	Appendix 2A
30/07/2021	4th Quarter Cashflow Report	12/11/2021	Change of Director's Interest Notice
2/08/2021	Southern Cross Gold & Nickel Project Update	23/11/2021	LiB Recycling in the Nordic Region (Updated)
2/09/2021	Moogie Nickel-Copper Update	26/11/2021	AGM Results
6/09/2021	Trading Halt	26/11/2021	AGM Presentation
8/09/2021	Suspension from Official Quotation	30/11/2021	Binding Agreement to Recycle Lithium Batteries
9/09/2021	Reinstatement to Official Quotation	6/12/2021	Change of Directors' Interest Notice x 5
9/09/2021	LiB Recycling in the Nordics Presentation	6/12/2021	Notification regarding unquoted securities - HNR
9/09/2021	Lithium-ion Battery Recycling in the Nordics	6/12/2021	Updated Capital Structure
10/09/2021	Change in substantial holding from NMT	7/12/2021	Notification of cessation-of securities - HNR
20/09/2021	Response to ASX Price Query	19/01/2022	Trading Halt
20/09/2021	Trading Halt	19/01/2022	Pause in Trading
20/09/2021	Pause in Trading	21/01/2022	Suspension from Official Quotation
24/09/2021	Appendix 4G & Corporate Governance Statement [†]	25/01/2022	Extension to Voluntary Suspension
24/09/2021	2021 Annual Report	31/01/2022	2nd Quarter Activities Report
27/09/2021	Trading Halt	31/01/2022	2nd Quarter Cashflow Report
29/09/2021	Suspension from Official Quotation	1/02/2022	Reinstatement to Official Quotation
4/10/2021	Reinstatement to Official Quotation	1/02/2022	Expansion to Major European EV Markets
4/10/2021	Expansion of LiB Recycling in Europe	1/02/2022	Response to ASX Price Query
8/10/2021	LiB Recycling in Europe	3/02/2022	Lithium Battery Recycling Expansion Presentation
11/10/2021	Proposed issue-of securities - HNR	17/02/2022	Moogie Nickel-Copper-PGE Project Update
11/10/2021	Rights Issue Offer Document	10/03/2022	Forrestania Gold Update
11/10/2021	Cleansing Notice	11/03/2022	Half Year Financial Report
11/10/2021	Fully Underwritten \$5.5M Rights Issue	5/04/2022	Moogie Ni-Cu-PGE Project Update
11/10/2021	Trading Halt	11/04/2022	Update on Battery Recycling and Reconciliation
12/10/2021	Neometals Commit \$1.8M to Rights Issue	29/04/2022	3rd Quarter Activities Report
18/10/2021	Date of AGM and Director Nomination	29/04/2022	3rd Quarter Cashflow Report
20/10/2021	Rights Issue Open	3/06/2022	Suspension from Official Quotation
25/10/2021	Notice of Annual General Meeting	3/06/2022	Pause in Trading
27/10/2021	Rights Issue Closing Date	19/07/2022	Extension of Suspension
01/11/2021	Application for quotation of securities - HNR	28/07/2022	Improved Acquisition Agreement
1/11/2021	Updated Capital Structure	29/07/2022	4th Quarter Activities Report
1/11/2021	1st Quarter Activities Report	29/07/2022	4th Quarter Cashflow Report
1/11/2021	1st Quarter Cashflow Report	2/09/2022	Updated Transaction Timetable
3/11/2021	Rights Issue Closed	12/09/2022	Board Succession
5/11/2021	Lithium Battery Recycling in the Nordic Region		

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

The following 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:

(a) Revised Agreement with Greenhouse Investments Ltd and Capital Raising

On 28 July 2022, the Company announced that it executed a revised agreement with Greenhouse Investments Ltd (**Greenhouse**) to acquire 100% of the non-exclusive rights to commercialise a lithium battery (**LiB**) recycling technology (**Technology**) in the United Kingdom and Ireland (**Non-Exclusive Territories**) and the sole and exclusive rights to commercialise the Technology in Italy and South Eastern Europe (**Exclusive Territories**). Under the original binding heads of agreement between Hannans and Greenhouse, the licences for the Non-Exclusive Territories were to be sub-licensed to Hannans, while in the Exclusive Territories, Hannans would receive a right to fund new lithium battery recycling plants in those jurisdictions, in consideration for project equity (to be negotiated on a case-by-case basis). Under the revised agreement, all Greenhouse licences (for the Exclusive Territories and Non-Exclusive Territories) will be novated to Hannans and Hannans will directly hold a 100% interest in the licences. This new arrangement presents as a stronger outcome for Hannans shareholders and removes the complexity and risks associated with sub-licenses and the right to fund. Hannans needs to raise up to \$2m at 2.0 cents per share to fund the activities in the new territories. The agreement with Greenhouse is subject to satisfaction of conditions, including obtaining shareholder approval, entry into a substantive agreement, and re-comply with ASX's requirement for admission and quotation.

(b) Board Succession

On 12 September 2022, the Company announced details of the Board succession plan to align the Board's skills matrix with its planned future business activities.

Mr Jonathan Murray will continue as Chairman of the Board.

Hannans' largest shareholder Neometals Ltd has nominated Mr Andrew Umbers to be non-executive director, and Mr Umbers has provided his consent to be a director. Mr Umbers has over 35 years of experience in Investment Banking and resides in London, UK. He was a Director at Barclays De Zoete Wedd, Managing Director at Credit Suisse, CEO at Evolution plc and a Director of European Equities of Credit Suisse. Mr Umbers has been responsible for advising on the listing and financing of approximately 100 companies on European stock markets. He was formerly Chairman of Leeds United Football Club and is Founder and Managing Partner of Oakwell Sports, the leading sports and sports technology commercial, strategic and financial adviser in Europe.

Hannans' proposed second largest shareholder Greenhouse has nominated Mr Mark Sumich to be non-executive director, and Mr Sumich has provided his consent to be a director. Mr Sumich has 30 years of corporate and commercial experience, as an entrepreneur, business consultant, corporate lawyer and corporate finance executive and resides in Perth, Australia. He has held Chair and Managing Director roles in ASX-listed companies in the IT, technology, and resources sectors, raised over A\$100m in C-level roles, co-founded two ASX-listed entities (Globe Metals & Mining Ltd and DMC Mining Ltd) and has significant international business experience in Europe, Africa and China.

Mr Sumich was previously employed by Clayton Utz and Price Waterhouse Coopers, has a law degree (Hons) from the University of Western Australia, a Master of Business Administration from the London Business School and holds a Graduate Diploma in Applied Finance & Investment from FINSIA.

Mr Umbers and Mr Sumich will only join the Board of Directors if shareholders approve the Greenhouse Transaction, and Hannans recommences trading on ASX.

The existing Board and management will focus their efforts on communicating the change in scale and nature of Hannans activities to Hannans shareholders, completing the capital raise and ensuring the recommencement of trading on ASX.

Likely developments and Expected Results

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

Environmental Regulation and Performance

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

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

COMPLIANCE (cont'd)

Share options

During the year ended 30 June 2022, 28,000,000 shares were issued upon the exercise of options.

As at the date of this report, there were 241,500,000 options on issue to purchase ordinary shares at a range of exercise prices (241,500,000 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 \$17,510 (2021: \$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 21.

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

Executive Director

Perth, Australia this 23rd day of September 2022

INDEPENDENCE DECLARATION TO THE DIRECTORS OF HANNANS LTD



Ernst & Young
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Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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ey.com/au

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 2022, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'V L Hoang'.

V L Hoang
Partner
Perth
23 September 2022

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 2 to the financial report and giving a true and fair view of the financial position and performance of the Group for the financial year ended 30 June 2022; 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 2022.

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 2022



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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 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 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.

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANNANS LTD



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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
<p>As disclosed in Note 14 of the financial report, at 30 June 2022, the Group held capitalised exploration and evaluation expenditure assets of \$2.240 million.</p> <p>The carrying value of exploration and evaluation expenditure assets is assessed for impairment by the Group when facts and circumstances indicate that an exploration and evaluation asset may exceed its recoverable amount.</p> <p>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 will be able to maintain tenure, 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. During the year, the Group determined that there had been no indicators of impairment.</p> <p>Given the relative size of the balance and the judgemental nature of impairment indicator assessments associated with exploration and evaluation assets, we considered this a key audit matter</p>	<p>We evaluated the Group's assessment as to whether there were any indicators of impairment to require the carrying value of exploration and evaluation assets to be tested for impairment. Our audit procedures included the following:</p> <ul style="list-style-type: none">▶ Considered the Group's right to explore was current, which included obtaining and assessing supporting documentation such as tenure documents.▶ Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest, which included reviewing the Group's cash flow forecast and enquiring of senior management and directors as to their intentions and the strategy of the Group.▶ Assessed whether any exploration and evaluation data existed to indicate that the carrying amount of capitalised exploration and evaluation assets is unlikely to be recovered through development or sale.▶ Assessed the adequacy of the disclosure included in Note 14 of 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 2022 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report 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.



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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANNANS LTD



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- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Hannans Ltd for the year ended 30 June 2022, 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'V L Hoang'.

V L Hoang
Partner
Perth
23 September 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Interest	5(a)	1,545	621
Other income	5(b)	–	125,000
Loss on sale of listed securities	5(c)	–	(486)
Employee and contractors expenses	5(d)	(1,512,947)	(238,308)
Depreciation expense	5(e)	(4,318)	(3,882)
Consultants expenses		(470,431)	(210,089)
Occupancy expenses	5(f)	(9,548)	(750)
Marketing expenses		(6,782)	(5,520)
LiB recycling project expenses		(413,550)	–
Exploration and evaluation expenses		(731,359)	(1,324,932)
Write off of exploration and evaluation expenses	14	–	(16,000)
Fair value changes in financial assets designated at fair value through P&L	10,11	(338,129)	244,709
Other expenses		(209,609)	(120,827)
Loss from continuing operations before income tax expense		(3,695,128)	(1,550,464)
Income tax benefit/(expense)	6	–	–
Loss from continuing operations attributable to members of the parent entity		(3,695,128)	(1,550,464)
Other comprehensive loss for the year		–	–
Total other comprehensive loss for the year		–	–
Total comprehensive loss for the year		(3,695,128)	(1,550,464)
Net loss attributable to the parent entity		(3,695,128)	(1,550,464)
Total comprehensive loss attributable to the parent entity		(3,695,128)	(1,550,464)
Loss per share:			
Basic (cents per share)	20	(0.15)	(0.07)
Diluted (cents per share)	20	(0.15)	(0.07)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	27(a)	4,030,952	1,013,733
Trade and other receivables	10	144,132	90,849
Other financial assets at fair value through profit and loss	11	140,331	65,000
Total current assets		4,315,415	1,169,582
Non-current assets			
Other receivables	12	30,000	30,000
Property, plant and equipment	13	15,088	19,406
Other financial assets at fair value through profit and loss	11	115,001	328,460
Exploration and evaluation expenditure	14	2,240,000	2,240,000
Total non-current assets		2,400,089	2,617,866
TOTAL ASSETS		6,715,504	3,787,448
Current liabilities			
Trade and other payables	15	378,317	580,104
Provisions	16	40,536	7,385
Total current liabilities		418,853	587,489
TOTAL LIABILITIES		418,853	587,489
NET ASSETS		6,296,651	3,199,959
Equity			
Issued capital	17	48,067,444	42,433,949
Reserves	18	1,506,938	655,948
Accumulated losses	19	(43,277,731)	(39,889,938)
TOTAL EQUITY		6,296,651	3,199,959

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2022

		Attributable to equity holders			
	Note	Ordinary Shares \$	Option Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2021		42,433,949	655,948	(39,889,938)	3,199,959
Loss for the year		–	–	(3,695,128)	(3,695,128)
Other comprehensive loss for the period		–	–	–	–
Total comprehensive loss for the period		–	–	(3,695,128)	(3,695,128)
Transactions with owners					
Issue of shares	17	5,457,357	–	–	5,457,357
Share based payments	18	–	1,158,325	–	1,158,325
Exercise/Lapse of options	17,18	504,000	(307,335)	307,335	504,000
Share issue expense	17	(327,862)	–	–	(327,862)
Total transactions with owners		5,633,495	850,990	307,335	6,791,820
Balance as at 30 June 2022		48,067,444	1,506,938	(43,277,731)	6,296,651
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	17	1,605,000	–	–	1,605,000
Share based payments	17,18	50,750	31,506		82,256
Exercise/Lapse of options	18	–	(467,916)	467,916	–
Share issue expense	17	(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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Payments for LiB recycling project		(402,645)	–
Payments for exploration and evaluation		(1,123,791)	(932,632)
Payments to suppliers and employees		(891,474)	(590,127)
Interest received		1,634	779
Receipt from ATO (COVID-19 cash boost)		–	62,258
Net cash used in operating activities	27(b)	(2,416,276)	(1,459,722)
Cash flows from investing activities			
Payment for investment securities		–	(21,932)
Proceed on sale of tenements		–	100,000
Proceeds on sale of investment securities		–	29,049
Amount advanced to Critical Metals Ltd		(200,000)	–
Net cash (used in)/received by investing activities		(200,000)	107,117
Cash flows from financing activities			
Proceeds from issues of equity securities		5,457,357	1,605,000
Proceeds from exercise of options		504,000	–
Payment for share issue costs		(327,862)	(94,611)
Net cash received by financing activities		5,633,495	1,510,389
Net increase in cash and cash equivalents		3,017,219	157,784
Cash and cash equivalents at the beginning of the financial year		1,013,733	855,949
Cash and cash equivalents at the end of the financial year	27(a)	4,030,952	1,013,733

The accompanying notes form part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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 2022 were authorised for issue in accordance with a resolution of the Directors on 23 September 2022.

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 describe' 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 2022 and the comparative information presented in these financial statements for the year ended 30 June 2021.

Going concern basis of preparation

The Group recorded a loss of \$3,695,128 (2021: loss \$1,550,464) for the year ended 30 June 2022 and had a cash outflow from operating and investing activities of \$2,616,276 (2021: \$1,352,605 outflow) during the twelve (12) month period. The Group had cash and cash equivalents at 30 June 2022 of \$4,030,952 (2021: \$1,013,733) and has a working capital surplus of \$3,896,562 (2021: \$582,093 surplus).

The Group's cashflow forecast for the period ended 1 September 2022 to 31 March 2024 shows that the Group to continue to meet its current committed administration and exploration expenditure and therefore the going concern basis of preparation remains appropriate.

(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 2021 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.

Initial adoption of AASB 2021-3: *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*

The Group has applied AASB 2021-3: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021* this reporting period.

The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications.

The amendment has not had a material impact on the Group's financial statements.

Initial adoption of AASB 2020-8: *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*

The Group has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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

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

- Ø will not have to derecognise or adjust the carrying amount of financial statements for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- Ø will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- Ø will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The amendment has not had a material impact on the Group financials.

New and Amended Accounting Standards and Interpretation issued but not yet effective and not yet adopted by the Group

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The Group plans on adopting the amendment for the reporting period ending 30 June 2023. The Group is in the process of determining the impact of initial application.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The Group is in the process of determining the impact of initial application.

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

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The Group is in the process of determining the impact of initial application.

AASB 2014-10: Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The Group is in the process of determining the impact of initial application.

(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, annual leave and long service 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 after the end of the reporting period, are presented as current liabilities and measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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

(d) Employee benefits (cont'd)

Liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

(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.

Financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding (the SPPI criterion).

The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

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 and other short term 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.

(e) Financial assets (cont'd)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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

(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.

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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

(i) Tax (cont'd)

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. Income tax liabilities between the entities would be allocated among the members of the tax consolidated group should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this on the basis that the possibility of default is remote.

(j) Exploration and evaluation expenditure

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

- i. such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- ii. exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

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

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

(k) 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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

(l) Joint arrangements (cont'd)

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 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.

(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.

(n) Foreign currency translation (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange 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.

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).

(o) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group as at and for the period ended 30 June 2022. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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

(o) Principles of consolidation (cont'd)

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

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

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

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

(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

Group as a lessee

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) Right-of-use assets

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) Lease Liabilities

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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. 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 using the effective interest method.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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.

Key judgements — loans and unquoted equity shares

The Group measures the fair value of loan and unquoted equity shares based on discounted future cash flows to their present value that reflects the recent transaction based on market conditions, and the risks specific to the asset.

4. Subsidiaries

The consolidated financial statements of the Group include:

Name of entity	Principal Activities	Country of incorporation	% Ownership interest	
			2022	2021
Parent entity:				
Hannans Ltd ⁽ⁱ⁾	Battery recycling and exploration	Australia		
Subsidiaries:				
HR Equities Pty Ltd ⁽ⁱⁱ⁾	Equities holding	Australia	100	100
Hannans LiB Pty Ltd ⁽ⁱⁱⁱ⁾	Battery recycling and 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, Hannans LiB Pty Ltd and Reed Exploration Pty Ltd are held by the parent entity.

(iii) Hannans LiB Pty Ltd was previously known as HR Forrestania Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
5. Income/expenses from operations			
(a) Interest income			
Bank		1,545	621
Total interest income		1,545	621
(b) Other Income			
Asset sale ⁽ⁱ⁾		–	100,000
Cash flow boost ⁽ⁱⁱ⁾		–	25,000
Total other income		–	125,000
<p>(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.</p> <p>(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.</p>			
(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		315,569	213,228
Post employment benefits:			
Defined contribution plans		29,842	25,080
Share-based payments:			
Equity settled share-based payments		1,167,536	–
Total employee benefits expense		1,512,947	238,308
(e) Depreciation of non-current assets		4,318	3,882
(f) Lease rental expenses:			
Lease payments ⁽ⁱ⁾		9,548	750
Total lease rental expenses		9,548	750
<p>(i) The Group has a lease of office and storage space with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for the lease.</p>			
(g) Share-based payments (income) / expense to consultants ⁽ⁱ⁾		(9,211)	31,506
<p>(i) Equity settled share-based payments to consultants were reversed due to non-market vesting conditions not being met.</p>			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

	2022 \$	2021 \$
6. Income taxes		
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	(3,695,128)	(1,550,464)
Income tax benefit calculated at 25% (2021: 26%)	(923,782)	(403,121)
Effect of expenses that are not deductible in determining taxable profit	476,929	(46,102)
Effect of net deferred tax asset not recognised as deferred tax assets	446,853	449,223
Income tax benefit/(expense) attributable to operating loss	–	–
The tax rate for year ended 30 June 2022 payable by Australian corporate entities on taxable profits under Australian tax law is 25% (2021: 26%). Unrecognised deferred tax above is calculated at 25% (2021: 26%).		

	Statement of Financial Position		Statement of Comprehensive Income	
	2022 \$	2021 \$	2022 \$	2021 \$
Deferred Income Tax				
Deferred income tax at 30 June relates to the following				
Deferred tax liabilities				
Exploration and evaluation assets	(294,541)	(246,630)	(47,911)	4,160
Unearned income	–	(52)	52	41
Prepayments	(9,025)	(5,736)	(3,289)	(917)
Property, plant and equipment	(3,772)	(5,046)	1,274	1,009
Deferred tax assets				
Accruals	20,106	11,150	8,956	(842)
Provision for loss on loan	–	–	–	(3,345)
Financial assets	–	35,020	(69,552)	25,629
Capital raising costs	100,112	9,008	91,104	(8,849)
Revenue tax losses	6,177,282	5,932,875	244,407	480,751
Capital losses	4,622,144	4,807,030	(184,886)	–
Deferred tax assets not brought to account as realisation is not probable	(10,577,774)	(10,537,619)		
	–	–		
Deferred tax assets not recognised			(40,155)	(497,637)
Deferred tax (income)/expense			–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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

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

	2022 \$	2021 \$
(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	421,079	367,408
Share-based payments	1,167,538	—
Long-term employee benefits	—	—
Post-employment benefits	29,842	25,080
Total key management personnel compensation	1,618,459	392,488

The compensation of each member of the key management personnel of the Group is set out in the Directors Remuneration report on pages 8 to 13.

8. Share-based payments

The Company has an ownership-based compensation arrangement for employees and consultants 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)
27 October 2019	28,000,000	27 October 2017	27 October 2022	1.5
19 November 2019	3,500,000	19 November 2019	19 November 2022	1.5
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
25 November 2025	55,000,000	26 November 2021	25 November 2025	6.1
25 November 2025	55,000,000	26 November 2021	25 November 2025	(i)
25 November 2025	55,000,000	26 November 2021	25 November 2025	(ii)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

8. Share-based payments (cont'd)

- (i) The volume weighted average price (VWAP) for the five (5) trading days before and five (5) trading days after the 1st anniversary of the approval by shareholders PLUS a premium of 50%.
- (ii) The VWAP for the five (5) trading days before and five (5) trading days after the 2nd anniversary of the approval by shareholders PLUS a premium of 50%.

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 8 to 13.

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

	2022		2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of the financial year	129,500,000	0.018	108,655,848	0.032
Granted during the financial year	165,000,000	0.060	70,000,000	0.022
Exercised during the financial year	(28,000,000)	0.018	–	–
Expired during the financial year	(25,000,000)	0.015	(49,155,848)	0.027
Balance at end of financial year	241,500,000	0.048	129,500,000	0.018
Exercisable at end of the financial year	31,500,000	0.015	129,500,000	0.018

(i) Issued during the financial year

No options over ordinary shares were issued to an external consultant during the year (2021: 70,000,000*). A total of 165,000,000 options were granted to senior executives and employees during the year (2021: nil).

Option granted on 26 November 2021

Details	Tranche 1	Tranche 2	Tranche 3
Fair value at grant date	2.12 cents	1.9 cents	1.53 cents
Expected volatility (%)	100%	100%	100%
Risk-free interest rate (%)	1.21%	1.21%	1.21%
Expected life of share options	4 years	4 years	4 years
Share price on issue	3.5 cents	3.5 cents	3.5 cents

* These options have been reversed as they do not meet the non-market vesting conditions during the year and is not expected to meet the vesting conditions by the expiry date.

(ii) Exercised at end of the financial year

During the financial year a total of 28,000,000 (2021: nil) options over ordinary shares were exercised, comprising of 28,000,000 options exercisable at 1.8 cents per option expiring on 27 October 2021 to raise \$504,000.

(iii) Expired during the financial year

During the financial year a total of 25,000,000 (2021: 49,155,848) options over ordinary shares expired as the vesting conditions were not achieved, comprising of the following:

- 10,000,000 options exercisable at 1.2 cents expired on 30 October 2021; and
- 15,000,000 options exercisable at 1.7 cents expired on 30 October 2021.

(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 \$ \$0.048 (2021: \$0.018) and a weighted average remaining contractual life of 2.41 years (2021: 0.94 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
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		55,107	34,339
Other assurance services		7,000	–
Total auditor remuneration		62,107	34,339
10. Current trade and other receivables			
Accounts receivable ⁽ⁱ⁾		72,336	26,026
Net goods and services tax (GST) receivable		35,585	42,563
Other receivables		36,211	22,260
Loan to a related party at fair value ⁽ⁱⁱ⁾	25	–	–
		144,132	90,849
(i) There were no current trade and other receivables that were past due but not impaired (2021: nil).			
(ii) Critical Metals Ltd (CM1), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors, was provided with a short term loan facility of \$200,000 at an interest rate of 12.5% per annum. The loan is unsecured. CM1 has drawn down \$200,000 on the loan facility. The fair value of the loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2022.			
11. Other financial assets at fair value through profit and loss			
Current			
Equity instruments			
Quoted equity shares ⁽ⁱ⁾		140,331	65,000
Total		140,331	65,000
Non-current			
Equity instruments			
Quoted equity shares ⁽ⁱ⁾		–	98,459
Unquoted equity shares ⁽ⁱⁱ⁾		115,001	230,001
Total		115,001	328,460
(i) Investments in listed entities include the following:			
(a) 687,594 (2021: 687,594) fully paid ordinary shares in Errawarra Resources Ltd (ASX:ERW) where 437,594 (2021: 437,594) fully paid ordinary shares are escrowed to 14 December 2022; and			
(b) 50,000 (2021: 50,000) fully paid ordinary shares in NickelX Ltd (ASX:NKL). There were no shares escrowed at 30 June 2022 (2021: 25,000).			
(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 slag, sourcing lithium ion battery feedstock for recycling and exploration of mining tenements. The fair value of the shares was determined based on the latest capital raising price in October 2021 adjusted for changes in the market factors to 30 June 2022.			
(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.			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

	2022 \$	2021 \$
12. Non-current other receivables		
Other asset – term deposit	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 2020	20,291	29,025	49,316
Additions	–	–	–
Disposals	–	–	–
Balance at 1 July 2021	20,291	29,025	49,316
Additions	–	–	–
Disposals	–	–	–
Balance at 30 June 2022	20,291	29,025	49,316

Accumulated depreciation and impairment

Balance at 1 July 2020	19,349	6,679	26,028
Depreciation expense	253	3,629	3,882
Disposals	–	–	–
Balance at 1 July 2021	19,602	10,308	29,910
Depreciation expense	689	3,629	4,318
Disposals	–	–	–
Balance at 30 June 2022	20,291	13,937	34,228

Net book value

As at 30 June 2021	689	18,717	19,406
As at 30 June 2022	–	15,088	15,088

	2022 \$	2021 \$
Aggregate depreciation allocated during the year:		
Office furniture and equipment	689	253
Motor vehicles	3,629	3,629
	4,318	3,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

	2022 \$	2021 \$
14. Exploration and evaluation expenditure		
Balance at beginning of financial year	2,240,000	2,256,000
LESS: Write off costs ⁽ⁱ⁾	—	(16,000)
Balance at end of financial year	2,240,000	2,240,000
<p>(i) During the year, Hannans recognised a write off of nil (2021: \$16,000) in respect of capitalised exploration and evaluation.</p> <p>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.</p>		
15. Current trade and other payables		
Trade payables ⁽ⁱ⁾	215,923	405,035
Accruals	128,487	136,713
Other payable	33,907	38,356
	378,317	580,104
<p>(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.</p>		
16. Provisions		
Current		
Employee benefits	40,536	7,385
	40,536	7,385
	Employee benefits	Total
	\$	\$
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 1 July 2021	7,385	7,385
Increase/(decrease) in provision	44,607	44,607
Utilised during the year	(11,456)	(11,456)
Balance at 30 June 2022	40,536	40,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

17. Issued capital

	2022 \$	2021 \$
2,606,271,476 fully paid ordinary shares (2021: 2,359,977,192)	48,067,444	42,433,949
	48,067,444	42,433,949

	2022		2021	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	2,359,977,192	42,433,949	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
Exercise of options – 28 October 2021	28,000,000	504,000	–	–
Rights issue – 8 November 2021	218,294,284	5,457,357	–	–
Share issue costs	–	(327,862)	–	(94,611)
Balance at end of financial year	2,606,271,476	48,067,444	2,359,977,192	42,433,949

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

18. Reserves

	Option reserve \$	Total reserve \$
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)
Balance at 1 July 2021	655,948	655,948
Share based payment expense	1,158,325	1,158,325
Exercise/lapse of options	(307,335)	(307,335)
Balance at 30 June 2022	1,506,938	1,506,938

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 2022, options over 241,500,000 (2021: 129,500,000) 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	1.5 cents each	27 Oct 2022
Hannans Ltd	3,500,000	Ordinary	1.5 cents each	19 Nov 2022
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
Hannans Ltd	55,000,000	Ordinary	6.1 cents each	25 Nov 2025
Hannans Ltd	55,000,000	Ordinary	(i)	25 Nov 2025
Hannans Ltd	55,000,000	Ordinary	(ii)	25 Nov 2025

(i) The volume weighted average price (VWAP) for the five (5) trading days before and five (5) trading days after the 1st anniversary of the approval by shareholders PLUS a premium of 50%.

(ii) The VWAP for the five (5) trading days before and five (5) trading days after the 2nd anniversary of the approval by shareholders PLUS a premium of 50%.

Share options are all unlisted, carry no rights to dividends and no voting rights. On 25 November 2021 165,000,000 options were issued to directors (2021: 70,000,000 options issued to consultants). A total of 28,000,000 options were exercised during the period (2021: nil). A total of 25,000,000 (2021: 49,155,848) expired unexercised during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

	2022 \$	2021 \$
19. Accumulated losses		
Balance at beginning of financial year	(39,889,938)	(38,807,390)
Loss attributable to members of the parent entity	(3,695,128)	(1,550,464)
Items reclassified from reserves directly in retained earnings:		
Options lapsed	22,295	467,916
Options exercised	285,040	–
Balance at end of financial year	(43,277,731)	(39,889,938)

20. Loss per share

	2022 Cents per share	2021 Cents per share
Basic loss per share:	(0.15)	(0.07)
Diluted loss per share:	(0.15)	(0.07)

Loss for the year

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

	2022 \$	2021 \$
Loss for the year	(3,695,128)	(1,550,464)

	2022 No.	2021 No.
Weighted average number of ordinary shares for the purposes of basic loss per share	2,518,719,281	2,181,967,701
Effects of dilution from:		
Share options	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution loss per share	2,518,719,281	2,181,967,701

At 30 June 2022 241,500,000 (2021: 129,500,000) were not included in the diluted earnings per share calculation as they are anti-dilutive.

	2022 \$	2021 \$
21. Commitments for expenditure		
Exploration, evaluation & development (expenditure commitments)		
Not longer than 1 year	343,866	385,514
Longer than 1 year and not longer than 5 years	947,390	1,060,933
Longer than 5 years	32,256	327,241
	1,323,511	1,773,688

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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 and other projects

Name of project	Principal activity	Interest	
		2022 %	2021 %
Forrestania ⁽ⁱ⁾	Exploration	20	20
Fraser Range ⁽ⁱⁱ⁾	Exploration	N/A	N/A
LiB Recycling Project ⁽ⁱⁱⁱ⁾	Lithium-Ion battery recycling technology	N/A	N/A

(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 (**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:

- Ø 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;
- Ø 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);
- Ø 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
- Ø may incur an additional \$400,000 of exploration expenditure by 30 June 2024 to earn a 70% interest in the Tenement (Stage 3 Interest).

Hannans would be the manager and be solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. Kingmaker would be free-carried until a decision to mine is made.

In June 2022, the Company withdrew from the Agreement and was released from all further obligations.

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).

(iii) On 26 November 2021, shareholders approved the Company entering into an agreement with Critical Metals Ltd (**CM1**) and its wholly owned subsidiary, LiB Recycling Pty Ltd (together referred to as **Critical Metals**) to commercialise the lithium-ion battery technology (**Technology**) in Norway, Sweden, Denmark, and Finland (**Agreement**). Under the Agreement, Hannans will manage and fund all tasks and activities in the territories through to a final investment decision (**FID**) with respect to the construction of each plant for the processing or recycling of feedstock batteries using the Technology within 12 months of Neometals releasing the results of their front-end engineering and design study in relation to the processing and/or recycling of LiB batteries (**Feed Report Date**). The activities to be undertaken are on Hannans discretion. Refer to the Notice of Annual General Meeting dated 25 October 2021 for further information.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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.

(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

Critical Metals Ltd (**CM1**), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the Directors, was provided with a short term loan facility of \$200,000 at an interest rate of 12.5% per annum. The loan is unsecured. CM1 has drawn down \$200,000 on the loan facility. The fair value of the loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2022.

(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	2022	–	213,073	–	8,229
	2021	–	15,136	–	433
Corporate Board Services	2022	–	185,515	–	39,067
	2021	741	150,000	–	–
Scott Geological	2022	–	14,213	–	10,346
	2021	–	5,825	–	–
Advance Geological	2022	–	81,095	–	27,818
	2021	–	14,888	–	–
Critical Metals Ltd	2022	8,884	10,850	9,181	–
	2021	2,256	–	2,474	–

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

Refer to the Remuneration Report for nature of services provided by the related parties.

(e) Parent entity

The ultimate parent entity in the Group is Hannans Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

26. Subsequent events

The following matters or circumstances have arisen since 30 June 2022 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) Revised Agreement with Greenhouse Investments Ltd and Capital Raising

On 28 July 2022, the Company announced that it executed a revised agreement with Greenhouse Investments Ltd (**Greenhouse**) to acquire 100% of the non-exclusive rights to commercialise a lithium battery (**LiB**) recycling technology (**Technology**) in the United Kingdom and Ireland (**Non-Exclusive Territories**) and the sole and exclusive rights to commercialise the Technology in Italy and South Eastern Europe (**Exclusive Territories**). Under the original binding heads of agreement between Hannans and Greenhouse, the licences for the Non-Exclusive Territories were to be sub-licensed to Hannans, while in the Exclusive Territories, Hannans would receive a right to fund new lithium battery recycling plants in those jurisdictions, in consideration for project equity (to be negotiated on a case-by-case basis). Under the revised agreement, all Greenhouse licences (for the Exclusive Territories and Non-Exclusive Territories) will be novated to Hannans and Hannans will directly hold a 100% interest in the licences. This new arrangement presents as a stronger outcome for Hannans shareholders and removes the complexity and risks associated with sub-licenses and the right to fund. Hannans needs to raise up to \$2m at 2.0 cents per share to fund the activities in the new territories. The agreement with Greenhouse is subject to satisfaction of conditions, including obtaining shareholder approval, entry into a substantive agreement, and re-comply with ASX's requirement for admission and quotation.

(b) Board Succession

On 12 September 2022, the Company announced details of the Board succession plan to align the Board's skills matrix with its planned future business activities.

Mr Jonathan Murray will continue as Chairman of the Board.

Hannans' largest shareholder Neometals Ltd has nominated Mr Andrew Umers to be non-executive director, and Mr Umers has provided his consent to be a director. Mr Umers has over 35 years of experience in Investment Banking and resides in London, UK. He was a Director at Barclays De Zoete Wedd, Managing Director at Credit Suisse, CEO at Evolution plc and a Director of European Equities of Credit Suisse. Mr Umers has been responsible for advising on the listing and financing of approximately 100 companies on European stock markets. He was formerly Chairman of Leeds United Football Club and is Founder and Managing Partner of Oakwell Sports, the leading sports and sports technology commercial, strategic and financial adviser in Europe.

Hannans' proposed second largest shareholder Greenhouse has nominated Mr Mark Sumich to be non-executive director, and Mr Sumich has provided his consent to be a director. Mr Sumich has 30 years of corporate and commercial experience, as an entrepreneur, business consultant, corporate lawyer and corporate finance executive and resides in Perth, Australia. He has held Chair and Managing Director roles in ASX-listed companies in the IT, technology, and resources sectors, raised over A\$100m in C-level roles, co-founded two ASX-listed entities (Globe Metals & Mining Ltd and DMC Mining Ltd) and has significant international business experience in Europe, Africa and China.

Mr Sumich was previously employed by Clayton Utz and Price Waterhouse Coopers, has a law degree (Hons) from the University of Western Australia, a Master of Business Administration from the London Business School and holds a Graduate Diploma in Applied Finance & Investment from FINSIA.

Mr Umers and Mr Sumich will only join the Board of Directors if shareholders approve the Greenhouse Transaction, and Hannans recommences trading on ASX.

The existing Board and management will focus their efforts on communicating the change in scale and nature of Hannans activities to Hannans shareholders, completing the capital raise and ensuring the recommencement of trading on ASX.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

	2022 \$	2021 \$
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	4,030,952	1,013,733
Term deposit	–	–
	4,030,952	1,013,733
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(3,695,128)	(1,550,464)
Write off exploration and evaluation expenses	–	16,000
Issue of share-based payments	–	50,750
Depreciation of non-current assets	4,318	3,882
Loss on disposal of shares	–	486
Gain on sale or disposal of assets	–	(100,000)
Equity settled share-based payments	1,158,325	31,506
Change in fair value of financial assets designated at fair value through profit or loss	338,129	(244,709)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/Decrease in assets:		
Trade and other receivables	(53,283)	(5,089)
Increase/(Decrease) in liabilities:		
Trade and other payables and provisions	(168,637)	337,916
Net cash used in operating activities	(2,416,276)	(1,459,722)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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 2022, 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 2022 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 2021:

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2022				
Variable rate instruments	34,096	(34,096)	–	–
	34,096	(34,096)	–	–
2021				
Variable rate instruments	7,071	(7,071)	–	–
	7,071	(7,071)	–	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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

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

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates			Non interest bearing	Total
			Less than 1 year	1–5 years	5+ years		
Consolidated	%	\$	\$	\$	\$	\$	\$
2022							
Financial assets:							
Cash and cash equivalents	0.03%	3,409,621	–	–	–	621,331	4,030,952
Trade and other receivables	–	–	–	–	–	144,132	144,132
Other receivables – non-current	0.90%	–	–	30,000	–	–	30,000
		3,409,621	–	30,000	–	765,463	4,205,084
Financial liabilities:							
Trade and other payables	–	–	–	–	–	378,317	378,317
		–	–	–	–	378,317	378,317
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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
	\$	\$	\$	\$	\$
2022					
Trade and other payables	378,317	–	–	–	378,317
Other financial liabilities	–	–	–	–	–
	378,317	–	–	–	378,317
2021					
Trade and other payables	580,104	–	–	–	580,104
Other financial liabilities	–	–	–	–	–
	580,104	–	–	–	580,104

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's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the consolidated statement of financial position. The maximum credit risk exposure of the Group at 30 June 2022 is nil (2021: nil).

(g) 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 (2021: 5 per cent increase) at reporting date in the listed equity prices would increase the market value of the securities by \$12,767 (2021: \$8,173) 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 \$9,575 (2021: \$5,721).

The fair value of the CM1 loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2022 (2021: nil). Refer to note 10 for maximum credit risk exposure.

(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 2022 was \$6,296,651 (2021: \$3,199,959). 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 2022 the Group does not hold any external debt funding (2021: Nil) and is not subject to any externally imposed covenants in respect of capital management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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
2022				
Assets measured at fair value				
Equity instruments (note 11):				
Quoted equity shares ⁽ⁱ⁾	140,331	–	–	140,331
Unquoted equity shares ⁽ⁱⁱ⁾	–	–	115,001	115,001
Loan to a related party ⁽ⁱⁱⁱ⁾	–	–	–	–
	140,331	–	115,001	255,332
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

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 latest share issue price dated October 2021 discounted for market conditions. An increase in share price of +/- 20% would have an impact to the consolidated statement of profit or loss of \$23,000.
- (iii) The fair value of the loan was based on net present value with no expected future cash flows. As there is a significant uncertainty as to the repayment of this loan, the fair value of the loan amount was nil as at 30 June 2022. Refer to notes 10 and 25(c) for further information.

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for the financial year ended 30 June 2022

30. Parent entity disclosures

The following details information related to the parent entity, Hannans Ltd, at 30 June 2022.

The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2022 \$	2021 \$
Results of the parent entity		
Loss for the year	(3,979,875)	(1,666,557)
Other comprehensive income	–	–
Total comprehensive loss for the year	(3,979,875)	(1,666,557)
Financial position of parent entity at year end		
Current assets	3,815,416	753,472
Non-current assets	2,205,232	2,315,411
Total Assets	6,020,648	3,068,883
Current liabilities	321,784	181,966
Non-current liabilities	–	–
Total Liabilities	321,784	181,966
Total equity of the parent entity comprising of:		
Share capital	62,041,536	56,408,040
Reserves	1,506,938	655,948
Accumulated losses	(57,849,610)	(54,177,071)
Total Equity	5,698,864	2,886,917

(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 2022 (2021: 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 2022 (2021: Nil).

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