

HANNAN METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2022

This discussion and analysis of financial position and results of operation is prepared as at January 26, 2023 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended November 30, 2022 of Hannan Metals Ltd. ("Hannan" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, that the political environment in which the Company operates will continue to support the development and operation of mining projects, the threat associated with outbreaks of viruses and infectious diseases, including the novel COVID-19 virus, measures taken by governments, the Company or others to attempt to mitigate the effects of or reduce the spread of COVID-19, may affect the Company, whether directly or through effects on employee health, workforce productivity and availability (including the ability to transport personnel to where the Company has operations), travel restrictions, risks related to negative publicity with respect to the Company or the mining industry in general, unexpected geological conditions, local community relations, dealings with non-governmental organizations, delays in operations due to permit grants, environmental and safety risks. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com or the Company's website www.hannanmetals.com and readers are urged to review these materials.

Company Overview

The Company currently is a reporting issuer in British Columbia and Alberta. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") and trade under the symbol "HAN". The Company's principal, registered and records office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

Hannan is a top 10 concession holder in Peru, a country that is dominated by some of the world's largest exploration and mining companies. Hannan is one of the few juniors to acquire such a significant land position. The Company is focussed on two new frontier areas in Peru. Both are in the sub-Andean zone which is characterized by highland jungle in the transition between the Cordillera and Amazon Basin.

In September 2022 the Company completed a \$2,570,400 private placement financing with Teck Resources Limited, as described in "Financial Conditions / Capital Resources".

San Martin Discovery History

In late 2018 at San Martin in Peru, Hannan recognized the significant potential for large copper-silver deposits and aggressively staked a commanding tenure position. In 2020 the Company signed a significant US \$35,000,000 earn-in and Joint Venture on one third of our ground holding at San Martin with the Japan Oil, Gas and Metals National Corporation (“JOGMEC”). JOGMEC is an independent administrative agency within the Japanese government which, among other things, seeks to secure stable resource supply for Japan.

The San Martin Project covers a new, basin-scale high-grade sediment-hosted copper-silver system that extends over 200 km x 100 km along the foreland region of the eastern Andes Mountains. Mineralization is geologically similar to the vast Kupferschiefer deposits in Eastern Europe. Sediment-hosted stratiform copper-silver deposits are among the two most important copper sources in the world, the other being copper porphyries.

Valiente Discovery History

Hannan’s second major project in Peru is Valiente located 300 km south of the San Martin Project. Here the Company is targeting Miocene age porphyry copper-gold in a back-arc setting in Central Eastern Peru. Hannan considers the belt to be a potential new metallogenic province of Peru. Located far inboard of the conventional porphyry settings, the project shows regional similarities to deposits such as the large Bajo de Alumbra copper-gold porphyry in Argentina.

In 1984 Ingemmet, the Peruvian Geological Survey, conducted mapping in the central part of the Central Cordillera in the Departments of Huanuco and Ucayali. The area was sporadically explored during the 1990’s by Gitennes, Newcrest, BHP, WMC and others but records are sparse. At this time, access to the area was restricted because of unpredictable security conditions and poor infrastructure.

From 2020 to 2021, Hannan launched a greenfields exploration program for porphyry and epithermal gold deposits in the high jungle areas of the Eastern Cordillera of Peru, which included regional database compilation, target generation, and field mapping. Hannan also conducted regional stream sediment sampling (fine clay fraction). The target generation permitted definition of prospective area, one of which was the Valiente block located along the eastern flank of the Central Cordillera, Department of Ucayali.

In 2022, field work started in the Belen area which represents a small proportion (4%) of Hannan’s total landholding at Valiente. In this area, several geochemical anomalies were found, with boulders of diorite porphyry containing quartz-sulfide and magnetite veinlets. Subsequent mapping, soil and rock sampling at Belen during the last two months has identified porphyry-style alteration and veinlets.

Hannan’s exploration programs are fully funded in 2022 with a Peru-wide exploration project budget of US \$2,700,000, of which US \$1,600,000 will be funded by JOGMEC for the San Martin JV Project. At San Martin the focus is to continue to build a basin-scale project and work towards drilling in fiscal 2023. At Valiente, the Company is permitting more detailed work including soil sampling, mapping and trenching as well as recently completing a high resolution airborne magnetic survey.

Field and social teams are actively engaged in the area, with Hannan’s policy to undertake exploration activities only within areas where full support from local stakeholders exists.

Management believes Hannan is uniquely leveraged to make significant grassroots discoveries in two prospective, yet unexplored terrains in Peru. If successful, these will be compelling targets for the major gold and copper mining houses in the years to come.

Properties Update

Peru

San Martin JV Project (Copper-Silver, Peru, 78 mining concessions for 735 sq km)

The San Martin JV Project is in north-eastern Peru. Project access is excellent via a proximal paved highway, while the altitude ranges from 400 metres to 1,600 metres in a region of high rainfall and predominantly forest cover. Hannan has staked a total of 105 mineral concessions for a total of 815 sq km, covering multiple trends within a 120 km of

combined strike for sedimentary-hosted copper-silver mineralization. A total of 40 granted mining concessions for 434 sq km have been granted, while the remainder remain under application.

On November 27, 2020 Hannan signed a binding letter agreement for an Option and Joint Venture Agreement (the “JOGMEC Agreement”) with JOGMEC. Under the JOGMEC Agreement, JOGMEC has the option to earn up to a 75% beneficial interest in the San Martin JV Project by spending up to US \$35,000,000 to deliver to the joint venture (“JV”) a feasibility study. Details of the agreement are below - see “*JOGMEC Agreement*”.

The San Martin JV Project covers a new, basin-scale high-grade sediment-hosted copper-silver system situated along the foreland region of the eastern Andes Mountains. Geologically, analogues include the Spar Lake sediment hosted copper-silver deposit in Montana and the vast Kupferschiefer deposits in Eastern Europe where KGHM Polska Miedź (“KGHM”) operates the largest silver producing mine in the world, more than twice the production of any other operation, and also the sixth biggest copper miner on earth. Sediment-hosted stratiform copper-silver deposits are among the two most important copper sources in the world, the other being copper porphyries.

Hannan recognized the significant potential for large copper-silver deposits in this part of Peru and has aggressively staked a commanding position of prospective where mineralized outcrops and boulders have been discovered in context with a consistent mineralized horizon geology over 120 kilometres of combined strike.

Since 2021, the Company has focussed on the Tabalosos project in the northwest of the project area where high-grade copper and silver mineralization has been discovered over 15 kilometres of strike within at least 2 structural corridors. At San Martin outcrop is extremely poor with <1% exposed rock in the area. Individual outcrops were located with the aid of soil samples and LiDAR surveying. Nevertheless, Hannan’s detailed geological facies analysis across the project has identified the economic geological implications for high-grade stratabound sediment hosted copper mineralization that may have significant lateral continuity across the Huallaga basin.

Detailed mapping of outcrops with correlating stratigraphic columns demonstrates that copper mineralization is hosted by an organic rich shale facies within an approximately 10m thick bleached/ altered and copper anomalous package of shaly siltstones. This sequence represents a different depositional environment of lower energy that has facilitated the deposition of a consistent organic-rich, reduced shale facies located at the base of a transition between the Sarayaquillo Formation and the Cushabatay Formation. This transition has previously been recognized in the district in academic literature but is not well documented. The mineralized zone is located in the transition between fluvial-aolian sediments and the onset of marine sedimentation. Copper mineralization is hosted in well-sorted sediments with the main reductant consisting of carbonized plant fragments varying in size from silt to several decimetres, at the top of a red-bed unit. Furthermore, initial observations suggest that the mineralization is mineralogically very simple with the dominant hypogene copper minerals being chalcocite and minor cuprite. Overall, the mineralization is extremely sulphur poor and very little sulfides can be observed in hand specimens. Leaching of the copper mineralization by supergene processes has been observed by Hannan geologists in some zones of Tabalosos and it is possible that the mineralization will show higher grades at depth due to the absence of surface leaching.

Systematic surface channel sampling from 92 channels from the subcropping mineralized copper shale over a 9 km long and 1 km wide area at Tabalosos East returned averaged 0.9 metre @ 1.9% copper and 28 g/t silver using a lower cut of 0.5% copper and minimum width of 0.2 metres and range from 2.0 metres @ 4.9% copper and 62 g/t silver to 0.2 metres @ 0.8% copper and 18 g/t silver. The channel sampled area at Tabalosos East represents only 1% of Hannan’s tenure at the San Martin JV area.

Sediment-hosted stratiform copper-silver deposits are among the two most important copper sources in the world, the other being copper porphyries. They are also a major producer of silver. KGHM Polska Miedz’s (“KGHM”) three copper-silver sediment-hosted mines in Poland (the “Kupferschiefer”) were the leading silver producer in the world and seventh largest global copper miner in 2020. Quoted resources in 2019 for KGHM were 1,518 Mt @ 1.86% copper and 55 g/t silver from a mineralized zone that averages 0.4 metres to 5.5 metres thickness.

To provide context, Hannan’s widths and grade (1.0 metre @ 1.9 % copper and 28 g/t silver) from 91 channel surface samples reported here at San Martin (lower cut 0.5% copper), within an area about 8 km long and 1 km wide, compare with those found during the initial modern-day drill discovery of the Kupferschiefer copper-silver deposits.

- In 1957 the discovery drillhole (Sieroszowice IG 1) intersected 2.0 metres @ 1.5% copper at the depth of 657 metres.

- In 1959 the Lubin-Sieroszowice deposit, based on the results from 24 drillholes contained 1,365 Mt @ 1.4% copper and 26 g/t silver in indicated resources, with a thickness ranging between 0.2–13.1 metres in an area about 28 kilometres long and 6 kilometres wide between 400 to 1000 metres depth.

Hannan initiated baseline studies and permitting to undertake advanced exploration work, including diamond drilling, at Tabalosos in 2021. Hannan has received approval from two local hamlets at Tabalosos to initiate work for an Environmental Impact Statement (Declaración de Impacto Ambiental, or “DIA”) study. The DIA is the primary environmental certification required to allow low impact mineral exploration programs, that includes drilling programs, to proceed in Peru. Work for the DIA will include professional archaeological investigations, community workshops and liaison activities to collect appropriate information necessary to make submittals for approval to the General Directorate of Mining Environmental Affairs of the Ministry of Energy and Mines, Peru. Final DIA and other approvals are anticipated during early 2022. Detailed archaeological work has now been completed at Tabalosos East and the Certificate of the Inexistence of Archaeological Remains (Certificado de Inexistencia de Restos Arqueológicos, or “CIRA”) has been approved by the Ministry of Culture from San Martin.

Channel samples are considered representative of the in-situ mineralization and sample widths quoted approximate the true width of mineralization, while grab samples are selective by nature and are unlikely to represent average grades on the property.

JOGMEC JV Agreement

The JOGMEC JV Agreement grants JOGMEC the option to earn an initial 51% ownership interest by funding US \$8,000,000 in project expenditures at San Martin over a four-year period, subject to acceleration at JOGMEC’s discretion. JOGMEC, at its election, can then earn:

- an additional 16% interest for a total 67% ownership interest by achieving either a prefeasibility study or funding a further US \$12,000,000 in project expenditures in amounts of at least US \$1,000,000 per annum (for a US \$20,000,000 total expenditure); and
- subject to owning a 67% interest, a further 8% interest for a total 75% ownership interest by achieving either a feasibility study or funding a further US \$15,000,000 in project expenditures in amounts of at least US \$1,000,000 per annum (for a US \$35,000,000 total expenditure).

Should JOGMEC not proceed to a prefeasibility study or spend US \$20,000,000 in total, Hannan shall have the right to purchase from JOGMEC for the sum of US \$1, a two percent (2%) Participating Interest, whereby Hannan’s Participating Interest will be increased to fifty-one percent (51%) and JOGMEC’s Participating Interest will be reduced to forty-nine percent (49%). At the completion of a feasibility study, JOGMEC has the right to either:

- purchase up to an additional ten percent (10%) Participating Interest from Hannan Metals (for a total 85% maximum capped Participating Interest) at fair value as determined in accordance with internationally recognized professional standards by an agreed upon independent third-party valuator; or
- receive up to an additional ten percent (10%) Participating Interest from Hannan (for a total 85% maximum capped Participating Interest) in consideration of JOGMEC’s agreement to fund development of the project, by loan carrying Hannan until the San Martin Project generates positive cash flow.

After US \$35,000,000 has been spent by JOGMEC and before a feasibility study has been achieved, both parties will fund expenditures pro rata or dilute via a standard industry dilution formula. If the Participating Interest in the Joint Venture of any party is diluted to less than 5% then that party’s Participating Interest will be automatically converted to a 2.0% net smelter royalty (“NSR”), and the other party may at any time purchase 1.0% of the 2.0% NSR for a cash payment of US \$1,000,000. Hannan will manage exploration at least until JOGMEC earns a 51% interest, after which the majority participant interest holder will be entitled to act as the operator of the joint venture.

JOGMEC has confirmed a US \$1,600,000 budget from April 2022 through to March 2023 for the San Martin JV Project as part of the Second Base Earn-in Period.

San Martin Hannan Project (Copper-Silver, Peru, 10 mining concessions for 90 sq km, 100% Hannan)

As of the date of this MD&A the Company holds 10 mining concessions which have been granted or are under application for 87 sq km for copper-silver in the broader Huallaga Basin in its own right. The mining concessions demonstrate the Company’s strategy to open new search spaces and apply disruptive exploration models to previously

unexplored terrain. The new areas were identified during a stereographic geological remote study using detailed terrain corrected topographic elevation data and the Sentinel-2 super-spectral satellite data from the European Space Agency (“ESA”). The resultant geological and target map highlighted the new stratabound copper-silver target areas that were subsequently staked.

Work at this property includes BLEG sampling and boulder and outcrops prospecting in river catchments. Social permits are pending carry out more systematic surface work such as soil surveys and channel sampling of outcrops.

Valiente Project (Copper-Gold, Peru, 111 mining concessions for 1,011 sq km, 100% Hannan)

Hannan holds 1,011 sq km of mineral tenure prospective for back-arc porphyry copper-gold systems (the “Valiente Project”) in central eastern Peru. These new areas will be explored alongside Hannan’s existing projects in San Martin, located approximately 250 kilometres north of Valiente. A total of 69 granted mining concessions for 671 sq km have been granted, while the remainder remain under application.

The Belen prospect, 100% owned and explored by Hannan Metals Ltd, is located 19 km east of the city of Tingo Maria, in central Peru. The deposit site is characterized by steep topography on the eastern flank of the Central Cordillera with elevations between 800 and 2000 m above sea level (“a.s.l.”). The project was discovered in 2021 during an extensive greenfields exploration program initiated by Hannan.

Peru has been a major copper and gold producer since precolonial times. Currently known gold deposits include orogenic gold, porphyry Cu-Au, porphyry Au, transitional porphyry-epithermal, epithermal, and placer gold. The Belen project may represent a transitional porphyry-epithermal style within the newly discovered Valiente metallogenic belt of the central eastern Andes. The Valiente project is located further east than most of the conventional Andean porphyry settings and shows regional similarities to deposits such as the large Bajo de Alumbra copper-gold porphyry in Argentina. It is interpreted that Valiente was formed in a tectonically favourable area associated with an arc-oblique wrench fault system, that may have aided the ascent of oceanic arc-related magmas into the transfer zone so far inboard from the magmatic arc.

During the period a 5,176-line kilometre airborne magnetic and radiometric survey was completed and processed at the Valiente project. The survey covers the all of Hannan’s 100%-owned mining concessions across the project area. Hannan’s preliminary evaluation of the airborne data demonstrates at least 18 magnetic anomalies of significance across the project. Magnetic and radiometric data were recorded simultaneously during the survey. Both data sets are instrumental for targeting porphyry deposits due to the presence of magnetic minerals (such as magnetite) and potassic alteration (from minerals such as biotite and K-feldspar), often associated with the core of porphyry mineral systems. A strong correlation is observed with known mineralized areas and magnetic and potassic radiometric anomalies. Initial results demonstrate an excellent correlation between the known areas of mineralization and magnetic and radiometric data. This positive correlation is thought to be augmented by two local factors. Firstly, the sedimentary country rocks are non-magnetic which make detection of low magnetic bodies simpler. Secondly, the overburden of the area is local and despite the thick jungle canopy, the detection of potassic alteration zones from radiometric data is straight forward.

The Belen Cu-Au porphyry is the most advanced prospect at Valiente and described below in more detail:

Ricardo Herrera Copper-Gold Porphyry Target

A linked porphyry copper-gold and epithermal gold mineral system has been identified at Belen within an 8 km by 2 km trend. Recent detailed field work has identified a leached copper-gold porphyry with well-developed quartz veining at upper topographic levels and evidence for an enriched chalcocite blanket sampled over 1 km within lower lying creeks at the Ricardo Herrera Copper-Gold Porphyry Target. This coincides with a highly anomalous Cu-Au-Mo soil anomaly over a 1,600 m by 800 m area above a mapped and radiometrically dated Miocene-age porphyry intrusion.

The Ricardo Herrera porphyry stock was intruded in several stages, broadly termed early, intermineral, and late, all interpreted within a relatively short time interval. The early stages are hornblende feldspar porphyries of andesitic composition, whereas the late stages consist of unaltered feldspar porphyries of andesitic composition. The intrusions caused contact metamorphism and hydrothermal alteration that partially obliterated the original texture and composition of the sedimentary country rocks. Two early porphyries are identified. The first being an intermediate argillic (chlorite from secondary biotite-white micas) with relicts of potassic alteration (secondary biotite-magnetite)

with “EB” type veinlets (early biotite), M-type (magnetite) veinlets and few A-type veinlets (quartz). The second early porphyry intrusion is characterized by A-type veinlets, jarosite-goethite iron oxide veinlets with phyllic alteration (quartz-white sericite), argillic alteration (kaolinite). The intermineral stock is dominated by supergene argillic alteration and propylitic alteration (chlorite, epidote).

In porphyry copper systems, the area with the highest copper grade often corresponds to the early porphyries. The focus of the detailed geological mapping has therefore been to identify this area and to sample it with systematic rock sampling. Assays from this work are pending.

At Ricardo Herrera the combined early hornblende feldspar porphyry is at least covering an area of 850 m x 250 m on the surface. But limited exposures, that are mostly constrained to creeks and rare outcrops, make it difficult to define the true area. Observed copper minerals include pyrite, chalcopyrite, chalcocite, molybdenite, neotocite and chrysocolla mineralization. The intermineral hornblende feldspar porphyry contains supergene argillic alteration and minor neotocite. Moderate to pervasive secondary biotite alteration is common throughout the host rock. Strong chloritization and pyritization is observed replacing the secondary biotite.

At this initial stage of exploration at the Ricardo Herrera porphyry target, the early porphyry occupies a surface area of 0.21 km² which is comparable to the 22.37 Moz gold La Colosa deposit in Colombia where the early diorite porphyry occupies a surface area of 0.35 km².

Channel sampling at Ricardo Herrera has been focused on creeks where outcrop exposures are good. In many places access is a limiting factor of what can be sampled. Most channels have to date been taken from zones peripheral to what is interpreted to be the core of the system. The results are summarized in Table 1. Results from 34 individual channels include 5 m @ 0.11% Cu and 5 ppm Mo. This channel is open to either side and is from the strongly leached and weathered exposure of the early diorite porphyry. Fractures are rich in jarosite and goethite after pyrite and chalcopyrite. Importantly, the best and highest-grade results have been achieved from the leached early porphyry. The results are also low in manganese therefore interpreted to be representative of a leached porphyry system. Channel sampling continues.

Vista Alegre Epithermal gold target

Vista Alegre consists of a gold-bearing epithermal target identified by large gold mineralized boulders of quartz-pyrite and iron oxides. Strongly gold anomalous soil samples have been discovered 2.5 km NW of Ricardo Herrera. Infill sampling at 25 m x 25 m on the target has now been initiated.

Previous work has also included:

- Systematic 100 m x 100 m soil sampling program. Two strong gold anomalous trends that extend for 1,800 m and 970 m respectively have been identified. Assays have been received to date from 376 samples covering an area of 2 km x 1.7 km. Values range from <0.001 ppm to 0.094 ppm, average 0.0056 g/t in soil. The gold anomaly correlates very well with several elements including arsenic.
- Soil anomalies are coincident with gold found in quartz-iron oxide boulders. To date 19 boulders >0.1 ppm Au have been sampled over a trend of 1.6 km that is parallel to the main gold anomaly. A total 43 rock samples from boulders average 0.48 g/t Au, 6 g/t Te and range from below detection limit to 2.69 g/t Au and <DL to 59 g/t Te.
- Two gold mineralized outcrops have also been located 270 m apart. The mineralization is hosted by 5 – 30 cm wide quartz veins in an intrusive host rock with magnetite and iron oxides. The mineralization is correlated with high values of copper and molybdenum. The outcrops assayed:
 - Grab sample: 1.17 g/t Au, 0.67 % Cu and 33.4 ppm Mo.
 - Channel sample: 30 cm @ 3.21 g/t Ag, 0.57 % Cu and 22 ppm Mo

Sortilegio

Recent field work, and reported here, at the Sortilegio porphyry target have indicated the presence of a second large-scale copper-gold porphyry at Belen located 7 km north west of Ricardo Herrera. Prospecting has identified a boulder with A-type vein with pervasive potassic alteration (secondary biotite) and intermediate argillic alteration (chlorite-magnetite) disseminated chalcopyrite, with traces of bornite and chalcocite. The discovery coincides with a large copper soil anomaly where scout soil ridge line sampling has been completed at a sample spacing of 200 m and an

irregular line spacing of 400 – 500 m. The boulder assayed 0.41% Cu and 0.16 g/t Au and is interpreted to represent the core of a porphyry system.

Other Targets at Valiente

At the 100% owned Valiente Project Hannan have found a new Miocene age porphyry copper-gold belt in the Peruvian back-arc where we have discovered 7 mineralizing systems over 140kmx 50km area. Areas of interest include the Previsto Target. Many copper-bearing boulders with different stages of porphyry intrusions have been observed with strong hydrothermal alteration and B-style quartz-sulphide veins relating to porphyry mineralization. Values up to 25.6% Cu and 28 g/t Ag, have been assayed. Gold anomalous boulders are also present with 0.9 g/t Au and 0.12% Cu assayed from a strongly leached hydrothermal breccia with porphyritic clasts.

Control of the Valiente and San Martin Hannan Projects is held 100% through Hannan subsidiaries or in trust via other private companies.

Future Developments

An updated US \$1,600,000 annual budget is confirmed for the San Martin JV Project and from April 2022 to March 2023 that will focus on three different scales:

- (i) At the project scale, work will identify the most prospective zones within the large land position by completing the regional scale stream sediment sampling, combined with large-scale LiDAR airborne surveys to define geology, structure, outcrops and access in the densely forested terrain.
- (ii) At the prospect scale, targeted prospecting will then be undertaken in areas of interest with regional mapping along creeks, followed and detailed mapping in trenches and pits and extensive soil sampling, with real time portable XRF analysis. Trial IP electrical geophysics will be undertaken to determine if reduced horizons can be identified in the subsurface.
- (iii) At the drill scale, the Company plans to complete environmental permitting over three separate areas during the year to set the joint venture up with large scale and multiple drill targets for 2023.

Social work continues with successful engagement with all key stakeholders from local communities to provincial leadership, over the large area. Hannan aims to have a transparent approach prior to, during and after technical field work. Hannan speaks to all stakeholders to gain authorization to conduct surface exploration. The Company has a dedicated social team and has hired local representatives and used local radio to inform a wider audience on the Company's plans.

Baseline studies for the DIA (Environmental Impact Statement for drilling) involving up to 12 specialist consultants undertaking socio-economic and environmental baseline studies, environmental monitoring, archaeological investigations, community workshops and liaison activities have been completed. Final DIA and other approvals are anticipated during early 2023.

Field crews are active on the Valiente Project conducting stream sediment and soil sampling, prospecting and detailed field mapping and will soon commence baseline studies for drill permitting:

- (i) First outcrop recognition of a linked porphyry copper-gold and epithermal gold mineral system at Belen within an 8 km by 2 km trend across three prospect areas (Ricardo Herrera, Vista Alegre and Sortilegio). Field mapping continue.
- (ii) Soil sampling to date covers about 50% of the 8 km Belen trend on a grid spacing of 100 m x 100 m. A total of 1,630 samples have been taken. Soil sampling continues.
- (iii) A detailed pole-dipole induced polarization geophysical survey over the Ricardo Herrera target has been completed with data now being analyzed.
- (iv) The Company is also initiating work to commence drill permitting.

Clare Zinc-Lead-Silver Project, Ireland

Hannan also has 100% ownership of the Clare zinc-silver-lead-copper property (the "Clare Project") which consists of seven PLs granted and issued by the Exploration and Mining Division ("EMD") of the Department of Communications, Climate Action and Environment in County Clare, Ireland. The western edge of the prospect area is 1.5km east of the town of Ennis. All prospecting licences of the Clare Project are 100% owned by Hannan Ireland.

The Irish base metal ore field is considered one of the world's best mineralized zinc provinces and is considered highly prospective for new zinc discoveries. In 2015 Ireland was the world's 10th largest zinc producing nation with 230,000 tonnes produced.

In 2008, Belmore, a private Irish company, drill tested the base of the Waulsortian Limestone beneath near-surface sulphidic and calcite veined shelf carbonates at the historic Kilbricken lead mine. The discovery drillhole at Kilbricken, DH04, intersected 10m @ 13.8% Zn, 5.5% Pb, 0.08% Cu, and 62.8g/t Ag from 448.1 metres at the targeted base of Waulsortian Limestone. Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted is interpreted to be approximately 95% of the sampled thickness.

After this initial discovery, Lundin joint ventured Kilbricken and the wider tenure package from Belmore. In 2011, Lundin purchased 100% of Belmore. Drilling by Lundin from 2009 to 2012 continued to intersect sulphide mineralization in the hanging wall of the Chimney fault.

Two styles of mineralization are evident at Kilbricken. The upper Chimney zone demonstrates the classic high-grade (>10% ZnEq) Irish stratabound mineralization targeted by Hannan. This body has been drilled within an area of 750 metres by 200 metres and averages 12 metres thickness. The lower Fort Zone was found later than the Chimney zone and has been tested with fewer drill holes. It is structurally hosted, lower grade, but thicker, averaging 40 metres, and drilled within a 400 metre by 200 metres area.

Lundin completed significant work on the property. A total of 278 drill holes for 134,000 m of diamond drilling was completed over the entire project. A total of 222 drill holes for 118,000 metres were drilled at the Kilbricken area. Lundin also undertook regional exploration in the remainder of the Clare Project, largely focussed on other Waulsortian-hosted zinc-lead prospects. Lundin carried out 616 metres of drilling at the Ballyvergin prospect with the objective of discovering additional zones of copper-silver mineralization. Lundin drilled a total of 2,370 metres on the Kilmurry Project, located within the Clare project area, 9 kilometres south-east of Kilbricken. In addition, significant surface geochemical and multiple geophysical surveys have been undertaken by Lundin and previous operators on the Clare Project area. Of note are a 3D seismic survey over the main Kilbricken mineralization in 2011, and 2D seismic survey conducted in 2012 that consisted of 8 traverses (each 3 - 3.5km long) over a total 10 kilometre strike length, spaced between 1-2 kilometres across the Kilbricken trend.

During 2017 Hannan quoted a maiden resource of 2.7 million tonnes at 8.8% zinc equivalent ("ZnEq"), including 1.4 million tonnes at 10.8% ZnEq indicated and inferred resources of 1.7 million tonnes at 8.2% ZnEq, including 0.6 million tonnes at 10.4% ZnEq. for Kilbricken.

Hannan subsequently drilled at Kilbricken from May 2017 and completed 16 holes for a total of 7,189.3 metres. Hannan's drilling initially focused around Kilbricken with many holes intersecting significant mineralization and extending both the Fort and Chimney Zones. The true thickness of mineralized intervals at Kilbricken is interpreted to be greater than 95% of the sampled thickness.

During January 2018 the Company announced completion of a 40.6 line kilometre 2D seismic survey at the Clare Project. The regional seismic survey is a first for the area and has delivered a critical new set of subsurface data across the Company's 35,444 ha PLs, which will form the basis for current and future drill targeting and prioritization. The survey traversed the most prospective parts of the Clare Basin within the Company's PLs and was used to identify and map geological structures that may host and control base metal mineralization. The Company's seismic survey propels understanding of the architecture and geological prospectivity of the Clare Basin, in a manner not previously possible.

The current focus in Ireland is the Kilmurry prospect which has the indicators of a significant drill target. The Kilmurry fault zone, mapped by seismic surveys, gravity and supported by historic drilling, has been traced over 10 kilometres of strike.

Kilmurry is a seismic and detailed gravity defined structural and stratigraphic target mapped by Hannan over greater than 15 kilometres strike and 1-2 kilometres width. The mineralized position of the hanging wall of the fault, that is an equivalent setting to all zinc mineralization in the Irish Midlands, has never been drill tested. Several geological factors make the fault zone a prospective target for zinc-lead-silver mineralization. Firstly, the entire fault zone was active during the formation of the Waulsortian limestone. The individual fault segments are closely spaced and have significant vertical offset, with the maximum mapped offset being one of the largest basin-scale displacements

(>750 metres) mapped in Ireland. Closely spaced faults and significant fault offset along a relay fault system have a direct correlation with rock deformation and mineralizing fluid path ways in Irish-style zinc-lead-silver deposits.

Furthermore, historic drilling has identified significant alteration and mineralization immediately south in the footwall of the Kilmurry fault zone. Four historic drill holes that have tested the hanging wall of the fault zone never reached the target depth. The holes were drilled over 3.5 kilometre strike and all encountered geological evidence to support the seismic interpretation of the fault zone. Drill hole 11-3643-10 is the most significant and it intersected structurally hosted massive sulphides at 166m depth (0.3m @ 56% zinc + lead). The drill extension of 11-3643-10 being undertaken by Hannan is the first test of the fault zone. If the extension of 11-3643-10 is successful, shallower ramp zones linking the fault segments will be targeted at Kilmurry.

During 2019, existing drill hole (11-3643-10) was extended 65 metres by Hannan from 754 metres to 819 metres depth to test the mineralized target zone at the base of the Waulsortian limestone within the hanging wall of the Kilmurry fault. Hannan's extension of hole 11-3643-10 encountered intense hydrothermal hematite for 4 metres at the base of the potential mineralized position and calcite/dolomite breccia over more than 60 metres thickness, with sporadic gossanous patches after pyrite and calcite textures suggesting replacement of barite. The hydrothermal hematite alteration is highly significant as it lies proximal to mineralization at Irish-style deposits such as Lisheen, Tynagh and Silvermines and can be considered a near-miss indicator. Drilling confirmed seismic interpretations of the north-dipping Kilmurry syn-sedimentary relay fault system which exceeds 15 kilometres in length and is up to 2 kilometres wide and demonstrates one of the largest basin-scale displacements (>600 metres) mapped in Ireland.

In December 2022 the Company initiated drill permitting the Kilmurry target where previous work identified four priority targets within the ramp-relay system over 6 kilometres. The permitting is anticipated to be finalized during Q1 2023.

Future Developments

The Company is reviewing opportunities to drill test or deal with third parties at the Clare Project.

Qualified Person

The qualified person for the Company's projects, Mr. Michael Hudson, the Company's Chairman and CEO, a Fellow of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

Selected Financial Data

The following selected quarterly financial information is derived from the unaudited condensed consolidated interim financial statements of the Company and prepared using IFRS.

Three Months Ended	Fiscal 2023		Fiscal 2022				Fiscal 2021	
	Nov 30/22 \$	Aug 31/22 \$	May 31/22 \$	Feb 28/22 \$	Nov 30/21 \$	Aug 31/21 \$	May 31/21 \$	Feb 28/21 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(309,936)	(150,989)	(179,044)	(183,868)	(225,427)	(309,856)	(453,520)	(279,666)
Other Items	43,729	88,567	49,547	(43,022)	(32,747)	43,351	(15,326)	(55,698)
Net loss	(266,207)	(62,422)	(129,497)	(226,890)	(258,174)	(266,505)	(468,846)	(335,364)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Statement of Financial Position:								
Working capital	2,487,300	1,337,445	2,156,671	2,854,497	2,819,854	2,958,830	1,650,346	1,649,757
Total assets	10,636,157	8,284,345	8,342,915	8,437,343	8,484,255	8,674,588	7,248,905	6,851,340
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended November 30, 2022 Compared to Three Months Ended August 31, 2022

During the three months ended November 30, 2022 ("Q2") the Company reported a net loss of \$266,207 compared to a net loss of \$62,422 for the three months ended August 31, 2022 ("Q1"), an increase in loss of \$203,785. The increase

is primarily attributed to a \$158,947 increase in expenses, from \$150,989 in Q1 to \$309,936 in Q2 and a fluctuation in foreign exchange of \$61,857, from a gain of \$81,585 in Q1 to a gain of \$19,728 in Q2.

Six Months Ended November 30, 2022 Compared to Six Months Ended November 30, 2021

During the six months ended November 30, 2022 (the “2022 period”) the Company reported a net loss of \$328,629 compared to a net loss of \$524,679 for the six months ended November 30, 2021 (the “2021 period”), a decrease in loss of \$196,050, primarily due to a fluctuation in foreign exchange of \$98,898, from a gain of \$2,415 in the 2021 period to a gain of \$101,313 in the 2022 period and an overall decrease in general administration expenses of \$74,358 from \$535,283 during the 2021 period to \$460,925 during the 2022 period. Significant variances in expenses are as follows:

- (i) recognized share-based compensation of \$nil in the 2022 period compared to \$60,025 in the 2021 period on the granting and vesting of share options;
- (ii) commencing July 1, 2020 the Company engaged Swiss Resources Capital AG (“SRC”) to provide investor relations services. The Company paid \$44,765 during the 2021 period compared to \$40,850 paid in the 2022 period;
- (iii) incurred \$122,500 (2021 - \$164,215) for management compensation for services provided by officers and directors of the Company. The variance was primarily attributable to additional compensation amounts paid in the 2021 period. See also “Transactions with Related Parties”;
- (iv) incurred \$69,258 in the 2022 period for corporate development, an increase of \$33,421 from \$35,837 in the 2021 period. During the 2022 period the Company engaged a number of independent consultants to provide shareholder awareness campaigns and business development services;
- (v) incurred \$49,500 (2021 - \$35,000) for audit fees. The increase was due to increased activities by the Company; and
- (vi) incurred a total of \$48,514 (2021 - \$44,985) for accounting and administration services of which \$29,800 (2021 - \$28,000) was incurred by Chase Management Ltd. (“Chase”) a private corporation owned by Mr. Nick DeMare, a director of the Company, for services provided by Chase personnel, excluding Mr. DeMare. The Company was also billed \$18,714 (2021 - \$16,985) for accounting services provided by a third party accounting firms for ongoing accounting for its subsidiaries.

The Company holds its cash in interest bearing accounts in major financial institutions. Interest income is generated from the deposits and fluctuates primarily with the levels of cash on deposit. During the 2022 period the Company reported interest income of \$30,983 compared to \$8,189 during the 2021 period.

Exploration and Evaluation Assets

During the 2022 period the Company incurred a total of \$2,301,196 (2021 - \$1,397,736) on the acquisition, exploration and evaluation of its unproven resource assets of which \$615,754 (2021 - \$1,127,362) was incurred on its San Martin JV Project and \$1,685,442 (2021 - \$270,374) on the Valiente and other projects. In addition the Company recorded a cost recovery of \$363,188 (2021 - \$1,256,750) on its San Martin JV Project as JOGMEC reimbursed the Company for all project related costs and credited management fees billed to JOGMEC of \$44,795 (2021 - \$102,293). See also “Properties Update”.

Exploration and acquisitions costs incurred during the 2022 period are as follows:

	Peru			Ireland	Other	Total
	San Martin JV Project	San Martin 100% Project	Valiente Project	Clare Project		
	\$	\$	\$	\$	\$	\$
Balance at May 31, 2022	427,624	270,199	1,258,470	3,921,552	3,316	5,881,161
Exploration costs						
Assays	5,843	-	-	-	-	5,843
Community	3,542	-	18,868	-	-	22,410
Consulting	132,405	4,814	108,354	-	-	245,573
Equipment rental	68,140	-	-	-	-	68,140
Geology	274,680	-	252,135	-	-	526,815
Geophysics	-	-	579,685	-	-	579,685
Insurance	5,184	-	784	-	-	5,968
Legal	10,255	-	1,493	-	-	11,748

	Peru			Ireland	Other	Total \$
	San Martin JV Project \$	San Martin 100% Project \$	Valiente Project \$	Clare Project \$	\$	
Logistics	65,177	2,715	141,966	-	-	209,858
Travel	-	-	9,174	-	-	9,174
VAT incurred	50,528	-	173,830	-	-	224,358
	<u>615,754</u>	<u>7,529</u>	<u>1,286,289</u>	<u>-</u>	<u>-</u>	<u>1,909,572</u>
Acquisition costs						
License applications and fees	-	87,881	303,743	-	-	391,624
Other						
Cost recoveries	(363,188)	-	-	-	-	(363,188)
Management fees	(44,795)	-	-	-	-	(44,795)
	<u>(407,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(407,983)</u>
Balance at November 30, 2022	<u>635,395</u>	<u>365,609</u>	<u>2,848,502</u>	<u>3,921,552</u>	<u>3,316</u>	<u>7,774,374</u>

Financings Activities

On September 23, 2022 the Company completed a private placement of 9,180,000 units at \$0.28 per share to Teck Resources Limited (“Teck”) for cash proceeds of \$2,570,400. In connection with the private placement, the Company granted Teck an equity participation right to maintain its pro-rata ownership in the Company, for so long as Teck’s ownership in the Company remains greater than 5.0%. The Company has been using the net proceeds from the private placement for exploration on the Company’s mineral exploration projects in Peru and Ireland, and for working capital and general corporate purposes.

During the 2021 period the Company issued 7,141,967 common shares on the exercise of warrants and share options for total proceeds of \$1,671,342. The Company did not complete any equity financings during the 2021 period. See also “Financial Liquidity and Capital Resources”.

Financial Liquidity and Capital Resources

As at November 30, 2022 the Company had working capital of \$2,487,300. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Management considers that the Company has adequate resources to maintain its core operations, conduct planned exploration programs on its existing exploration and evaluation assets and discharge its obligations as they become due in the next twelve months. See also “Forward-Looking Statements”.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of the Company’s critical accounting estimates and sources of estimation is included in Note 3 to the May 31, 2022 audited annual consolidated financial statements.

Changes in Accounting Policies

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2022 audited annual consolidated financial statements.

Transactions with Related Parties

(a) *Transactions with Key Management Personnel*

The Company has determined that key management personnel consists of the executive members of the Company. During the 2022 and 2021 the following amounts were incurred with respect to the Company's CEO (Mr. Hudson), President (Mr. Dahlenborg) and the CFO (Mr. Lim):

	2022 \$	2021 \$
Professional fees - Mr. Hudson	48,000	48,000
Other compensation - Mr. Hudson	-	40,000
Professional fees - Mr. Dahlenborg	64,536	82,533
Other compensation - Mr. Dahlenborg	30,000	20,000
Professional fees - Mr. Lim	7,500	4,500
	<u>150,036</u>	<u>195,033</u>

During the 2022 period the Company incurred a total of \$150,036 (2021 - \$195,033) to key management personnel for their services which have been allocated based on the nature of the services provided: expensed \$71,500 (2021 - \$164,215) to director and officer compensation; and capitalized \$78,536 (2021 - \$79,258) to exploration and evaluation assets. As at November 30, 2022 \$79,396 (May 31, 2022 - \$49,868) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the 2022 and 2021 periods the following amounts were incurred with respect to non-management directors (Nick DeMare, David Henstridge, Georgina Carnegie and Ciara Talbot) and the Corporate Secretary (Mariana Bermudez) of the Company:

	2022 \$	2021 \$
Professional fees - Mr. DeMare	7,500	4,500
Other compensation - Mr. DeMare	-	10,000
Professional fees - Mr. Henstridge	7,500	4,500
Professional fees - Ms. Carnegie	7,500	4,500
Professional fees - Ms. Talbot	7,500	4,500
Professional fees - Ms. Bermudez	21,000	20,440
	<u>51,000</u>	<u>48,440</u>

As at November 30, 2022 \$128,000 (May 31, 2022 - \$120,500) remained unpaid.

(ii) During the 2022 period the Company incurred a total of \$29,800 (2021 - \$28,000) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at November 30, 2022 \$10,500 (May 31, 2022 - \$4,200) remained unpaid.

Risks and Uncertainties

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should consider investing in the Company's common shares.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at January 26, 2023, there were 102,117,109 issued and outstanding common shares and 5,165,000 share options outstanding at exercise prices ranging from \$0.13 to \$0.455 per share.