

# HANNAN METALS LIMITED

## Chairman's Report to the Shareholders

Dear Shareholders and Stakeholders,

On behalf of the Board of Directors, I would like to thank you, our shareholders worldwide, and our stakeholders in Ireland, for joining our vision to create Ireland's next mining district. In our first year of operation it has been an absolute pleasure to establish ourselves in Ireland and we look forward to a long association in the country. Hannan is now solidly poised to take our next steps.

To understand where we are now, it makes sense to go back to the start, for a moment. Kilbricken, our flagship project, was one of Ireland's largest Victorian era mines from 1834-1854. During that time in the closest village to the mine (Quin, County Clare), Patrick "Paddy" Hannan, our namesake, was baptised on 26 April 1840. Paddy subsequently emigrated to Australia in 1863, just after the worst of the Irish potato famine from 1845 and 1852. At that time everyone in Ireland must have presumed that Kilbricken had then been mined out. Paddy went on to make fame and become a gold prospector on the other side of the world who discovered Australia's largest gold deposit in 1893 near Kalgoorlie, Western Australia.

Let's rush forward 153 years after mining ceased, to 2007 and 400 metres below Kilbricken when Belmore Resources Ltd, a private Irish company discovered the source for the remobilized mineralization mined during Victorian times. The project was subsequently bought by Lundin Mining Ltd for an implied price of £16m (or €20m). A total of 278 holes for 134,000m of diamond drilling were completed on the project when Hannan purchased the project in 2016.

During our first year of operation and 163 years after mining ceased, the first mineral resource was quoted at Kilbricken, which immediately ranked it as one of the top ten base metal deposits discovered in Ireland by tonnes and grade. Total indicated mineral resources were calculated as 2.7 million tonnes at 8.8% zinc equivalent ("ZnEq"), including 1.4 million tonnes at 10.8% ZnEq and total inferred mineral resources of 1.7 million tonnes at 8.2% ZnEq, including 0.6 million tonnes at 10.4% ZnEq. We have hit the ground running, with other notable highlights including drilling one of the highest-grade holes into Kilbricken and reported in our industry, as well as expanding the footprint of our search space with some very encouraging surface soil sampling with strong structural and stratigraphic context.

Even though Kilbricken has a great history, our story is one of resource expansion and what will happen in the future. Our first reported holes have already demonstrated expansion of the current resource, and with existing anomalies along strike and up and down dip, that are currently being drill tested with 2 drill rigs turning continuously, the potential for further resource expansion at Kilbricken remains high.

Hannan has 100% ownership of 9 prospecting licences for 32,223 hectares – a sizeable area in western Ireland. There remains over 20 kilometres of untested host horizon on our project, something that is no longer common in Ireland. It is important to understand the initial resource at Kilbricken is expandable at many scales, from near-resource to district-scale.

Many of you have heard me say it before that Hannan has the right project, at the right time and in the right place. Zinc remains in tight supply amidst rising demand and stagnant supply. Ireland is a leading global jurisdiction for zinc mining and exploration. And with an active program of drilling, seismics and lots of field based programs, we trust that you will continue to join us for an exciting 2018.

Sincerely,

*"Michael Hudson"*

**Michael Hudson**

Chairman, CEO and Qualified Person

as defined by NI 43-101

Vancouver, British Columbia Canada,

October 10, 2017