

Hannanmetals

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NEWS RELEASE

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HANNAN ANNOUNCES US\$2M JOGMEC JV ANNUAL BUDGET AT SAN MARTIN, PERU AND EXERCISE OF C\$1.1M WARRANTS

Vancouver, Canada – Hannan Metals Limited (“Hannan” or the “Company”) (TSXV: HAN) (OTCPK: HANNF) is pleased to announce that its joint venture partner in Peru, Japan Oil, Gas and Metals National Corporation (“JOGMEC”) has confirmed a US\$2M budget from April 2021 through to March 2022 for the San Martin project. Additionally, during the current fiscal year, an aggregate of 4,877,233 common share purchase warrants (the “Warrants”) have been exercised, for aggregate gross proceeds to the Company of C\$1.1M.

Highlights:

- JOGMEC has confirmed a US\$2M budget from April 2021 through to March 2022 for the 815 sq km San Martin (“Joint Venture”) JV project as part of the Second Base Earn-in Period. Under the JV Agreement, JOGMEC has the option to earn up to a 75% beneficial interest in the project by spending up to US\$35,000,000 to deliver to the joint venture a feasibility study;
- Additional C\$1.1M has been received from warrant exercises, which will fund general working capital and exploration within 1,339 sq km of mining concessions that Hannan has applied for in its own right in Peru, making it a top ten in-country landholder;
- During 2021 work on the San Martin JV project will focus on three different scales from the large project scale, prospect definition to drill targeting, and include ground-breaking LiDAR airborne surveys over very large areas;
- Multiple field teams continue to work actively in the field undertaking reconnaissance prospecting and soil sampling at both the Tabalosos project at the San Martin JV Project and at Hannan’s 100% owned Previsto project.

Michael Hudson, CEO, states: *“We are thankful for JOGMEC’s continued support and involvement at the San Martin JV sediment-hosted copper-silver project. We aim to have an active and successful year of continued high-grade copper and silver discoveries over large areas combined with social and environmental permitting advances. Equally, I would like to thank our shareholders for their support in bringing additional funds to the Company, as we continue to advance our own exploration efforts to find large-scale mineral systems throughout Peru’s frontier areas.”*

Hannan’s holds 2,154 square kilometres of granted concessions and applications and is a top 10 concession holder in Peru. The top 10 is dominated by some of the world’s largest exploration and mining companies and Hannan stands out as one of the very few juniors to acquire such a significant land position. Hannan is exploring 815 sq km at the San Martin JV area prospective for copper and silver. The Company is also exploring 277 sq km of mining concessions prospective for copper-silver and in its own right in the San Martin area for sediment-hosted copper and silver (“San Martin Hannan Project”), and 1,062 sq km of mining concessions prospective for copper-gold 100% owned by Hannan prospective for back-arc porphyry copper-gold systems (the “Previsto Project”) in central-eastern Peru.

The San Martin JV Project is located 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 88 mineral concessions for a total of 815 sq kms, covering multiple

trends within a 120 km of combined strike for sedimentary-hosted copper-silver mineralization. A total of 45 granted mining concessions for 349 sq km have been granted, while the remaining 43 are under application.

The US\$2M annual JV budget will focus on three different scales:

- At the project scale work will identify the most prospective zones within the large 815 sq km 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;
- At the prospect scale, targeted prospecting will then be undertaken in areas of interest with regional mapping along creeks and extensive soil sampling, with real time portable XRF analysis. Trial electrical geophysics will be undertaken to determine if reduced copper-rich horizons can be identified in the subsurface;
- 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 2022.

The Company also announces that during the current fiscal year, an aggregate of 4,877,233 common share purchase warrants (the "Warrants") have been exercised to date, for aggregate gross proceeds to the Company of C\$1,098,339. No commission has been paid in connection with the exercise of the Warrants. Proceeds are being used for the Company's ongoing exploration programs and for general working capital purposes.

The Warrants were exercised pursuant to the terms of warrant certificates issued in connection with the closing of unit private placement financings undertaken by the Company in July 2018 (the "July Warrants"), April 2019 (the "April Warrants"), and February 2020 (the "February Warrants"). Each outstanding warrant is exercisable for one common share of the Company. The April Warrants originally comprised 2,500,000 Warrants at an exercise price of \$0.15, and were exercised in full.

Following the exercise of the Warrants, the Company has 6,619,300 July Warrants, 12,752,629 February Warrants and 2,000,000 warrants at \$0.35 expiring on July 13, 2022, outstanding. If the July Warrants are exercised in full by their expiry date of July 6, 2021, the Company will receive additional proceeds of \$1,654,825 from such exercise. The Company has a total of 84,471,444 shares issued and outstanding, as at today's date.

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) absent registration under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements.

About the San Martin JOGMEC JV Agreement (Copper-Silver, Peru, 87 mining concessions for 815 sq km)

On November 30, 2020 Hannan announced that it had signed a binding letter agreement for a significant Option and Joint Venture Agreement (the "Agreement") with JOGMEC. Under the Agreement, JOGMEC has the option to earn up to a 75% beneficial interest in the San Martin Project by spending up to US \$35,000,000 to deliver to the joint venture ("JV") a feasibility study.

The 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. Initial exploration activities will focus on the collection of the geological, geophysical, and geochemical datasets in the JV project areas.

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. According to the World Silver Survey 2020 KGHM Polska Miedz's ("KGHM") three copper-silver sediment-hosted mines in Poland are the leading silver producer in the world with 40.2Moz produced in 2019. This is almost twice the production of the second largest producing mine. The Polish mines are also the sixth largest global copper miner and in 2018, KGHM produced 30.3 Mt of ore at a grade of 1.49% copper and 48.6 g/t silver from a mineralized zone that averages 0.4 to 5.5 metres thickness.

About Japan Oil, Gas and Metals National Corporation (JOGMEC)

JOGMEC is a Japanese government independent administrative agency which among other things seeks to secure stable resource supply for Japan. JOGMEC has a strong reputation as a long term, strategic partner in mineral projects globally. The mandated areas of responsibilities within JOGMEC relate to oil and natural gas, metals, coal and geothermal energy. JOGMEC facilitates opportunities with Japanese private companies to secure supply of natural resources for the benefit of the country's economic development.

About Hannan Metals Limited (TSXV:HAN) (OTCPK: HANNF)



Hannan Metals Limited is a natural resources and exploration company developing sustainable resources of metal needed to meet the transition to a low carbon economy. Over the last decade, the team behind Hannan has forged a long and successful record of discovering, financing, and advancing mineral projects in Europe and Peru. Hannan holds 1,864 square kilometers (186,400 hectares) of granted mineral concessions and applications in Peru making it a top ten in-country explorer by area.

Mr. Michael Hudson FAusIMM, Hannan's Chairman and CEO, a Qualified Person as defined in National Instrument 43-101, has reviewed and approved the technical disclosure contained in this news release.

On behalf of the Board,

Further Information

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"Michael Hudson"

Michael Hudson, Chairman & CEO

Forward Looking Statements

Certain disclosure contained in this news release, including the Company's expectations regarding the Agreement and the payments and earn-in upon the successful completion of certain milestones, the Company's future plans, the projected proceeds from the exercise of Warrants and the use of proceeds from any such exercises, may constitute forward-looking information or forward-looking statements, within the meaning of Canadian securities laws. These statements may relate to this news release and other matters identified in the Company's public filings. In making the forward-looking statements the Company has applied certain factors and assumptions that are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. These risks and uncertainties include but are not limited to the potential impact of epidemics,

pandemics or other public health crises, including the current coronavirus pandemic known as COVID-19 on the Company's business. Readers are cautioned not to place undue reliance on forward-looking statements. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

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