

Hannanmetals

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NEWS RELEASE

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HANNAN RECEIVES LOCAL APPROVAL AND INITIATES ENVIRONMENTAL BASELINE AND PERMITTING PROGRAMS AT TABALOSOS, PERU

Vancouver, Canada – Hannan Metals Limited (“Hannan” or the “Company”) (TSXV: HAN) (OTCPK: HANNF) is pleased to announce the initiation of baseline studies and permitting to undertake advanced exploration work, including diamond drilling, at its 100% owned Tabalosos Copper-Silver Prospect at the San Martin Joint Venture Project in Peru. Japan Oil, Gas and Metals National Corporation (“JOGMEC”) has the option to earn up to a 75% beneficial interest from Hannan in the San Martin Project by spending up to US\$35,000,000 to deliver to the joint venture (“JV”) a feasibility study.

Highlights:

- 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 include diamond drilling, to proceed in Peru;
- The area for the DIA allows for 40 drill platforms and covers an area approximately 9 kilometres long and 3 kilometres wide (2,700 hectares), including the main target areas across both hamlets of Cunchiyacu and Pucayoc at Tabalosos East;
- Baseline studies for the DIA will take approximately 3 months to be completed and will involve up to 12 specialist consultants during May and June undertaking socio-economic and environmental baseline studies, environmental monitoring, archaeological investigations, community workshops and liaison activities. Final DIA and other approvals are anticipated during early 2022.

Michael Hudson, CEO, states: *"Our detailed work over the last months finding high-grade copper and silver outcrop discoveries at Tabalosos has allowed for the next key step of permitting initial drill programs. We are very appreciative of the support shown by the local people in the area to allow this work to proceed, and will continue to work in an open and transparent manner for the benefit of all stakeholders."*

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. Hannan continues to explore, derisk and develop drill targets within the large area at Tabalosos. Eight geologists and additional team members are in site performing BLEG stream sediment sampling, prospecting, mapping, rock chip sampling, trenching and detailed soil sampling.

About the San Martin JOGMEC JV Project (Copper-Silver, Peru, 88 mining concessions for 660 sq km)

The San Martin 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 65,600 ha (656 sq kms), covering multiple trends within a 120 km of combined strike for sedimentary-hosted copper-silver mineralization. A total of 43 granted mining concessions for 329 sq km have been granted, while the rest remain under application. The Tabalosos project is located 80 kilometres north of Sacanche where earlier work by Hannan at San Martin has identified a 20 kilometre strike trend which includes channel

samples such as 2.0 metres @ 5.9% copper and 66 g/t silver, 0.6 metres @ 8.7% copper and 59 g/t silver and 3.0 metres @ 2.5% copper and 22 g/t silver.

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,

"Michael Hudson"
Michael Hudson, Chairman & CEO

Further Information

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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, 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, timing and successful completion of the baseline study, permitting and planned drill programs. 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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