

Hannanmetals

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NEWS RELEASE

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HANNAN ANNOUNCES US\$2M JOGMEC JV ANNUAL BUDGET AT SAN MARTIN, PERU

Vancouver, Canada – **Hannan Metals Limited** (“Hannan” or the “Company”) (TSXV: HAN) (OTCPK: HANNF) is pleased to announce that its joint venture (“JV”) partner in Peru, [Japan Oil, Gas and Metals National Corporation](#) (“JOGMEC”) has confirmed a US\$2M budget from April 2022 through to March 2023 for the San Martin project.

Highlights:

- JOGMEC has confirmed a US\$2M budget from April 2022 through to March 2023 for the 714 sq km San Martin Joint Venture Project (the “JV Agreement”) as part of the Third 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;
- The primary focus will be drill testing the target at Tabalosos East (“DIA1”) where a diamond drill program is planned of up to 3,500 metres at Tabalosos East. The aim is to test for continuity of the surface mineralization mapped and sampled over 9 kilometres long and 1 kilometre at Tabalosos East, and focus on shallow dipping and sub-horizontal zones;
- The second objective will be to expand known mineralization within and outside the Tabalosos East area by systematic field work and to initiate field activities at the Gera target.

Michael Hudson, CEO, states: *“We are again thankful for JOGMEC’s continued support for the San Martin JV sediment-hosted copper-silver project in Peru. This budget year has the potential to be transformative for the project, with our maiden drill program planned to commence on approval of our [Declaracion de Impacto Ambiental \(“DIA”\) or Environmental Impact Statement](#). During the last year we have demonstrated width and grade (average [0.9 metre @ 1.9 % copper and 27 g/t silver](#)) from 105 channel surface samples (lower cut 0.5% copper), within an area about 9 kilometres long and 1 kilometre wide at Tabalosos East, that compare with those found during the initial modern-day drill discovery of the [Kupferschiefer copper-silver deposits](#). Detailed stratigraphic mapping demonstrates that copper mineralization is hosted by defined and mappable organic rich shale facies within an approximately 10 metre thick bleached and altered copper anomalous package of shaly siltstones. Social work is ongoing with successful engagement with all key stakeholders from local communities to provincial leadership, over the large area.”*

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 98 mineral concessions for a total of 714 sq km within the project area, covering multiple trends within a 120 km of combined strike for sedimentary-hosted copper-silver mineralization. A total of 62 granted mining concessions for 441 sq km have been granted, while the remainder remain under application.

Channel samples are considered representative of the in-situ mineralization samples 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.

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. 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.

About the San Martin JOGMEC JV Agreement (Copper-Silver, Peru, 98 mining concessions for 714sq km)

On November 30, 2020 Hannan announced that it had signed a binding letter agreement for a significant Option and Joint Venture Agreement (the "JV Agreement") with JOGMEC. Under the JV 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 2,093 square kilometers 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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