
HANNAN METALS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

HANNAN METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	August 31, 2024 \$	May 31, 2024 \$
ASSETS			
Current assets			
Cash		3,607,048	945,438
GST/VAT receivable		7,187	11,592
Prepaid expenses		<u>114,313</u>	<u>105,982</u>
Total current assets		<u>3,728,548</u>	<u>1,063,012</u>
Non-current assets			
Equipment	4	27,771	29,443
Exploration and evaluation assets	5	<u>6,655,395</u>	<u>5,786,289</u>
Total non-current assets		<u>6,683,166</u>	<u>5,815,732</u>
TOTAL ASSETS		<u>10,411,714</u>	<u>6,878,744</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	<u>336,984</u>	<u>325,161</u>
TOTAL LIABILITIES		<u>336,984</u>	<u>325,161</u>
SHAREHOLDERS' EQUITY			
Share capital	6	23,250,820	19,438,834
Share-based payments reserve		5,708,975	5,758,975
Deficit		<u>(18,885,065)</u>	<u>(18,644,226)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>10,074,730</u>	<u>6,553,583</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>10,411,714</u>	<u>6,878,744</u>

Nature of Operations - Note 1

Event after the Reporting Period - Note 11

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on October 28, 2024 and are signed on its behalf by:

/s/ Nick DeMare
 Nick DeMare
 Director

/s/ Michael Hudson
 Michael Hudson
 Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

HANNAN METALS LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS***(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended August 31,	
		2024 \$	2023 \$
Expenses			
Accounting and administration	7(b)(ii)	22,785	20,983
Audit		45,000	27,382
Corporate development		13,651	13,305
Depreciation		1,672	1,121
Director and officer compensation	7	49,500	67,501
Drill core storage		2,978	2,903
General exploration		49,055	24,517
Insurance		4,445	5,751
Investor relations		4,494	10,347
Legal		15,563	117
Office		10,630	4,903
Professional fees		32,801	33,267
Regulatory fees		4,082	2,301
Share-based compensation	6(d)	12,972	838,724
Shareholder costs		-	1,190
Transfer agent fees		6,522	1,948
Travel		992	16,942
		<u>277,142</u>	<u>1,073,202</u>
Loss before other items		<u>(277,142)</u>	<u>(1,073,202)</u>
Other items			
Interest income		36,851	32,709
Foreign exchange		(548)	7,133
		<u>36,303</u>	<u>39,842</u>
Net loss and comprehensive loss for the period		<u>(240,839)</u>	<u>(1,033,360)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.01)</u>
Weighted average number of common shares outstanding		<u>117,516,883</u>	<u>109,161,569</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

HANNAN METALS LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY***(Unaudited - Expressed in Canadian Dollars)*

Three Months Ended August 31, 2024					
	Share Capital		Share-Based Payments Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount \$			
Balance at May 31, 2024	109,558,069	19,438,834	5,758,975	(18,644,226)	6,553,583
Common shares issued for:					
- private placement	10,593,513	3,707,730	-	-	3,707,730
- share options exercised	282,142	67,750	-	-	67,750
Share issue costs	-	(26,466)	-	-	(26,466)
Transfer on exercise of share options	-	62,972	(62,972)	-	-
Share-based compensation	-	-	12,972	-	12,972
Net loss for the period	-	-	-	(240,839)	(240,839)
Balance at August 31, 2024	120,433,724	23,250,820	5,708,975	(18,885,065)	10,074,730

Three Months Ended August 31, 2023					
	Share Capital		Share-Based Payments Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount \$			
Balance at May 31, 2023	109,161,569	19,313,969	4,966,037	(12,929,480)	11,350,526
Share-based compensation	-	-	838,724	-	838,724
Net loss for the period	-	-	-	(1,033,360)	(1,033,360)
Balance at August 31, 2023	109,161,569	19,313,969	5,804,761	(13,962,840)	11,155,890

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

HANNAN METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended August 31,	
	2024 \$	2023 \$
Operating activities		
Net loss for the period	(240,839)	(1,033,360)
Adjustments for:		
Depreciation	1,672	1,121
Share-based compensation	12,972	838,724
Changes in non-cash working capital items:		
GST/VAT receivable	4,405	17,068
Prepaid expenses	(8,331)	(32,344)
Accounts payable and accrued liabilities	11,823	(29,112)
Net cash used in operating activities	<u>(218,298)</u>	<u>(237,903)</u>
Investing activities		
Exploration and evaluation asset expenditures, net of cost recoveries	(869,106)	(680,180)
Equipment purchases	-	(2,178)
Net cash used in investing activities	<u>(869,106)</u>	<u>(682,358)</u>
Financing activities		
Issuance of common shares	3,775,480	-
Share issue costs	(26,466)	-
Net cash provided by financing activities	<u>3,749,014</u>	<u>-</u>
Net change in cash during the period	2,661,610	(920,261)
Cash at beginning of period	<u>945,438</u>	<u>3,318,801</u>
Cash at end of period	<u>3,607,048</u>	<u>2,398,540</u>

Supplemental cash flow information - See Note 10

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

HANNAN METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

Hannan Metals Ltd. (the “Company”) was incorporated under the provisions of the Company Act (British Columbia). The Company’s common shares currently trade on the TSX Venture Exchange (“TSXV”) 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.

The Company is a junior mineral exploration company engaged in the acquisition and exploration of mineral properties. As at August 31, 2024 the Company has not earned any production revenue, nor has it determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. As a mineral company in the exploration stage the ability of the Company to complete the exploration and development of its mineral property interests will be affected primarily by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

Certain of the Company’s primary mineral properties are located in Peru and, consequently, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

The Company has a history of losses with no operating revenues and, as at August 31, 2024, the Company had working capital of \$3,391,564. The Company’s San Martin JV Project is funded by an arms length party, as described in Note 5(a)(i), under an option agreement and its other mineral property interests and 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. Although 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, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Basis of Measurement

The Company’s condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

HANNAN METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Hannan Metals BC Ltd.	Canada	100%
Hannan Metals Peru Ltd.	Canada	100%
Hannan Metals Ireland Limited	Ireland	100%
Hannan Metals Peru S.A.C.	Peru	100%
Hannan Resources Peru S.A.C.	Peru	100%
Hannan Servicios Peru S.A.C.	Peru	100%

3. Material Accounting Policy Information

These condensed consolidated interim financial statements have been prepared on a basis consistent with the material accounting policies disclosed in the consolidated financial statements for the year ended May 31, 2024. Accordingly, they should be read in conjunction with the consolidated financial statements for the year ended May 31, 2024.

Accounting Standards and Interpretations Issued but Not Yet Effective

In April 2024, the IASB issued a new IFRS accounting standard to improve the reporting of financial performance. IFRS 18 - *Presentation and Disclosure in Financial Statements* replaces IAS 1 - *Presentation of Financial Statements*. The standard will become effective January 1, 2027, with early adoption permitted. The Company is in the process of assessing the impact of this new standard on the Company's consolidated financial statements.

4. Equipment

	Field Equipment \$	Office Equipment \$	Total \$
Cost:			
Balance at May 31, 2023	14,603	19,872	34,475
Additions	-	11,409	11,409
Balance at May 31, 2024 and August 31, 2024	<u>14,603</u>	<u>31,281</u>	<u>45,884</u>
Accumulated Depreciation:			
Balance at May 31, 2023	(6,250)	(5,073)	(11,323)
Depreciation	<u>(1,660)</u>	<u>(3,458)</u>	<u>(5,118)</u>
Balance at May 31, 2024	(7,910)	(8,531)	(16,441)
Depreciation	<u>(542)</u>	<u>(1,130)</u>	<u>(1,672)</u>
Balance at August 31, 2024	<u>(8,452)</u>	<u>(9,661)</u>	<u>(18,113)</u>
Carrying Value:			
Balance at May 31, 2024	<u>6,693</u>	<u>22,750</u>	<u>29,443</u>
Balance at August 31, 2024	<u>6,151</u>	<u>21,620</u>	<u>27,771</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

	<u>August 31, 2024</u>			<u>May 31, 2024</u>		
	<u>Acquisition Costs \$</u>	<u>Deferred Exploration Costs \$</u>	<u>Total \$</u>	<u>Acquisition Costs \$</u>	<u>Deferred Exploration Costs \$</u>	<u>Total \$</u>
Peru						
- San Martin JV Project	-	429,380	429,380	-	442,750	442,750
- Valiente Project	1,489,839	4,736,176	6,226,015	1,082,562	4,260,977	5,343,539
	<u>1,489,839</u>	<u>5,165,556</u>	<u>6,655,395</u>	<u>1,082,562</u>	<u>4,703,727</u>	<u>5,786,289</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	<u>Peru</u>		<u>Ireland</u>	<u>Total</u> \$
	<u>San Martin</u> JV Project \$	<u>Valiente</u> Project \$	<u>Clare Project</u> \$	
Balance at May 31, 2023	<u>457,274</u>	<u>3,712,873</u>	<u>4,064,469</u>	<u>8,234,616</u>
Exploration costs				
Assays	18,026	-	-	18,026
Community	17,636	3,854	-	21,490
Consulting	387,276	246,682	1,350	635,308
Equipment rental	42,460	56,325	-	98,785
Field workers	-	74,863	-	74,863
Geology	465,717	492,463	-	958,180
Insurance	7,346	4,294	-	11,640
Legal	32,772	22,929	-	55,701
Logistics	184,296	193,133	-	377,429
Travel	27,427	51,320	-	78,747
VAT incurred	84,820	110,877	-	195,697
	<u>1,267,776</u>	<u>1,256,740</u>	<u>1,350</u>	<u>2,525,866</u>
Acquisition costs				
License applications and fees	<u>15,939</u>	<u>373,926</u>	<u>14,789</u>	<u>404,654</u>
Other				
Cost recoveries	(1,184,542)	-	-	(1,184,542)
Management fees	(113,697)	-	-	(113,697)
Impairment	-	-	(4,080,608)	(4,080,608)
	<u>(1,298,239)</u>	<u>-</u>	<u>-</u>	<u>(5,378,847)</u>
Balance at May 31, 2024	<u>442,750</u>	<u>5,343,539</u>	<u>-</u>	<u>5,786,289</u>
Exploration costs				
Community	6,754	-	-	6,754
Consulting	132,521	283,883	-	416,404
Geology	-	30,351	-	30,351
Insurance	799	1,308	-	2,107
Legal	861	549	-	1,410
Logistics	43,800	112,411	-	156,211
Travel	-	2,514	-	2,514
VAT incurred	15,774	44,183	-	59,957
	<u>200,509</u>	<u>475,199</u>	<u>-</u>	<u>675,708</u>
Acquisition costs				
License applications and fees	<u>203,314</u>	<u>407,277</u>	<u>-</u>	<u>610,591</u>
Other				
Cost recoveries	(393,834)	-	-	(393,834)
Management fees	(23,359)	-	-	(23,359)
	<u>(417,193)</u>	<u>-</u>	<u>-</u>	<u>(417,193)</u>
Balance at August 31, 2024	<u>429,380</u>	<u>6,226,015</u>	<u>-</u>	<u>6,655,395</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

(a) **Peru**

(i) *San Martin JV Project*

On November 27, 2020, as amended April 17, 2023 and April 17, 2024, the Company entered into a binding letter agreement for an option and joint venture agreement (the “Agreement”) with Japan Organization for Metals and Energy Security (“JOGMEC”). Under the Agreement, JOGMEC has the option to earn up to a 75% interest in mining concessions in San Martin Province of the Department of San Martin, northern Peru (the “San Martin JV Project”).

The Agreement grants JOGMEC the option to earn an initial 51% interest by funding US \$8,000,000 in project expenditures on the San Martin JV Project by March 31, 2027, subject to acceleration at JOGMEC’s discretion.

JOGMEC, at its election, can then earn:

- an additional 16% interest for a total 67% 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% 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, the Company shall have the right to purchase from JOGMEC for US \$1, a 2% interest, whereby the Company’s interest will be increased to 51% and JOGMEC’s interest will be reduced to 49%.

At the completion of a feasibility study, JOGMEC has the right to either:

- purchase up to an additional 10% interest from the Company (for a total 85% 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 10% interest from the Company (for a total 85% interest) in consideration of JOGMEC’s agreement to fund development of the San Martin JV Project, by loan carrying the Company until the San Martin JV 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 interest in any party is diluted to less than 5% then that party’s interest will be automatically converted to a 2% net smelter royalty (“NSR”), and the other party may at any time purchase 1% of the 2% NSR for a cash payment of US \$1,000,000; and
- the Company will manage exploration at least until JOGMEC earns a 51% interest, after which the majority interest holder will be entitled to act as the operator of the San Martin JV Project.

(ii) *Valiente Project*

The Valiente Project is located in central eastern Peru.

HANNAN METALS LTD.
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5. Exploration and Evaluation Assets (continued)

(b) **Ireland**

Clare Project

The Company holds a 100% interest in prospecting licences located in County Clare, Ireland (the “Licences”) pursuant to an assignment agreement. Under a separate asset purchase agreement dated June 3, 2016 (the “Asset Purchase Agreement”) between the Company and Lundin Mining Exploration Limited (“Lundin”), the Company purchased all exploration data associated with the Licences for cash payments totalling \$1,249,383 (US \$1,000,000). The Company is also required to pay Lundin a one-time bonus payment of US \$5,000,000 within the earlier of: (i) a decision to proceed with mine construction, or: (ii) within 90 days of the establishment of a commercial financing to finance capital costs for mine construction. Lundin retains a 2% net smelter return royalty on all sales of mineral products extracted from the area of land subject to the Licences, subject to a 0.5% buy back right of the Company for US \$5,000,000, which must be exercised within one year from the date of commercial production.

During fiscal 2024 the Company determined to relinquish certain of its non-core licenses as they come due for renewal. While the Company’s core licences remain in good standing the Company has determined to impair all capitalized exploration and evaluation costs on the Clare Project and, accordingly, recorded an impairment provision of \$4,080,608. The carrying value was impaired as full recovery of capitalized amount is in doubt.

6. Share Capital

(a) ***Authorized Share Capital***

The Company’s authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) ***Equity Financings***

Three Months Ended August 31, 2024

On June 27, 2024 the Company completed a non-brokered private placement of 10,593,513 units at \$0.35 per unit, for total proceeds of \$3,707,730. Each unit comprised one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.50 per share on or before June 27, 2026. Directors and officers of the Company purchased a total of 258,571 units of the private placement.

The Company incurred \$26,466 for legal and other costs associated with this private placement.

Fiscal 2024

During fiscal 2024 Company did not complete any equity financings.

HANNAN METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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6. Share Capital (continued)

(c) **Warrants**

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at August 31, 2024 and 2023 and the changes for the three months ended on those dates, is as follows:

	<u>2024</u>		<u>2023</u>	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	3,522,230	0.35	3,522,230	0.35
Issued	<u>5,296,753</u>	0.50	<u>-</u>	-
Balance, end of period	<u>8,818,983</u>	0.44	<u>3,522,230</u>	0.35

The following table summarizes information about the Company warrants outstanding and exercisable at August 31, 2024:

Number	Exercise Price \$	Expiry Date
3,522,230	0.35	May 9, 2026
<u>5,296,753</u>	0.50	June 27, 2026
<u>8,818,983</u>		

(d) **Share Option Plan**

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years. The Plan permits the holder of share options to exercise cashless (net exercise) by surrendering a portion of the underlying share option shares to pay for the exercise cost.

During the three months ended August 31, 2024 the Company recorded compensation expense of \$12,972 (2023 - \$nil) on the vesting of share options previously granted.

During the three months ended August 31, 2023 the Company granted share options to purchase 4,510,000 common shares of the Company and recorded compensation expense of \$838,724.

The fair value of share options granted during the three months ended August 31, 2023 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	<u>2023</u>
Risk-free interest rate	4.0%
Estimated volatility	96%
Expected life	5 years
Expected dividend yield	0%
Estimated forfeiture rate	0%

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6. Share Capital (continued)

The estimated volatility was based on the historical share prices of the Company. The weighted average grant date fair value of all share options granted during the three months ended August 31, 2023 was \$0.19 per share option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at August 31, 2024 and 2023 and the changes for the three months ended on those dates, is as follows:

	2024		2023	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	8,311,500	0.26	5,373,000	0.29
Granted	-	-	4,510,000	0.25
Exercised	(350,000) ⁽¹⁾	0.275	-	-
Expired	(45,000)	0.28	(500,000)	0.45
Balance, end of period	<u>7,916,500</u>	0.26	<u>9,383,000</u>	0.26

(1) In accordance with the Plan, 100,000 share options were exercised on a cashless basis (net exercise) for the issuance of 32,142 common shares.

The following table summarizes information about the share options outstanding and exercisable at August 31, 2024:

Number	Exercise Price \$	Expiry Date
50,000	0.235	December 3, 2024
3,453,000	0.28	December 28, 2025
150,000	0.28	March 1, 2026
<u>4,263,500</u>	0.25	August 22, 2028
<u>7,916,500</u>		

See also Note 11.

7. Related Party Transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

The Company has determined that key management personnel consists of the Chief Executive Officer ("CEO"), the President and the Chief Financial Officer ("CFO") of the Company. During the three months ended August 31, 2024 the Company incurred a total of \$76,251 (2023 - \$76,251) to key management personnel for their services which have been allocated based on the nature of the services provided: expensed \$27,750 (2023 - \$43,251) to director and officer compensation; and capitalized \$48,501 (2023 - \$33,000) to exploration and evaluation assets. As at August 31, 2024 \$33,217 (May 31, 2024 - \$33,217) remained unpaid and has been included in accounts payable and accrued liabilities.

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7. Related Party Transactions (continued)

During the three months ended August 31, 2023 the Company also recorded \$291,650 share-based compensation for share options granted to the key management personnel.

The Company has a management agreement with its CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment of one year of compensation is payable. If the termination had occurred on August 31, 2024 the amount payable under the agreement would be \$120,000.

The Company has a management agreement with its President which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of one year of compensation is payable. If the termination had occurred on August 31, 2024 the amount payable under the agreement would be \$170,004.

(b) *Transactions with Other Related Parties*

(i) During the three months ended August 31, 2024 the Company incurred \$21,750 (2023 - \$24,250) director and officer compensation with respect to the positions of non-management directors and the Corporate Secretary of the Company. As at August 31, 2024 \$120,500 (May 31, 2024 - \$115,500) remained unpaid and has been included in accounts payable and accrued liabilities.

During the three months ended August 31, 2023 the Company also recorded \$323,000 share-based compensation for share options granted to non-executive directors.

(ii) During the three months ended August 31, 2024 the Company incurred a total of \$8,300 (2023 - \$7,600) for accounting and administration services provided by Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company. As at August 31, 2024 \$5,300 (May 31, 2024 - \$4,300) remained unpaid and has been included in accounts payable and accrued liabilities.

During the three months ended August 31, 2023 the Company also recorded \$28,500 share-based compensation for share options granted to Chase.

8. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; and fair value through other comprehensive income ("FVOCI"). The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	August 31, 2024 \$	May 31, 2024 \$
Cash	Amortized cost	3,607,048	945,438
Accounts payable and accrued liabilities	Amortized cost	(336,984)	(325,161)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

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8. Financial Instruments and Risk Management (continued)

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash and accounts payable and accrued liabilities approximate their fair value due to the short term to maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote as cash is held with high quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at August 31, 2024				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	3,607,048	-	-	-	3,607,048
Accounts payable and accrued liabilities	(336,984)	-	-	-	(336,984)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash is not considered significant. The Company has no interest bearing debt.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At August 31, 2024, 1 Canadian Dollar was equal to 2.78 Peruvian Nuevo Soles, 0.67 Euro, and 0.74 US Dollar.

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8. Financial Instruments and Risk Management (continued)

Balances are as follows

	Nuevo Soles	Euros	US Dollars	CDN \$ Equivalent
Cash	173,628	5,549	255,762	416,363
VAT receivable	-	32	-	48
Accounts payable and accrued liabilities	<u>(247,241)</u>	<u>(3,948)</u>	<u>(12,000)</u>	<u>(111,044)</u>
	<u>(73,613)</u>	<u>1,633</u>	<u>243,762</u>	<u>305,367</u>

Based on the net exposures as of August 31, 2024 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Peruvian Nuevo Sole, Euro and US Dollar would result in the Company's loss and comprehensive loss being approximately \$30,000 higher (or lower).

Capital Risk Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any currently contemplated. There have been no changes to the Company's approach to capital management during the year.

9. Segmented Information

The Company operates in one reportable segment, being the exploration and evaluation of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in Ireland and Peru and its corporate assets, comprising mainly of cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	<u>As at August 31, 2024</u>			
	Canada \$	Ireland \$	Peru \$	Total \$
Current assets	3,500,805	9,445	218,298	3,728,548
Equipment	-	-	27,771	27,771
Exploration and evaluation assets	-	-	<u>6,655,395</u>	<u>6,655,395</u>
	<u>3,500,805</u>	<u>9,445</u>	<u>6,901,464</u>	<u>10,411,714</u>
	<u>As at May 31, 2024</u>			
	Canada \$	Ireland \$	Peru \$	Total \$
Current assets	654,394	10,967	397,651	1,063,012
Equipment	-	-	29,443	29,443
Exploration and evaluation assets	-	-	<u>5,786,289</u>	<u>5,786,289</u>
	<u>654,394</u>	<u>10,967</u>	<u>6,213,383</u>	<u>6,878,744</u>

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10. Supplemental Cash Flow Information

During the three months ended August 31, 2024 and 2023 non-cash activities conducted by the Company as follows:

	2024 \$	2023 \$
Financing activities		
Share-based payments reserve	(62,972)	-
Issuance of common shares	<u>62,972</u>	<u>-</u>
	<u>-</u>	<u>-</u>

11. Event after the Reporting Period

Subsequent to August 31, 2024 the Company granted share options to purchase 2,036,700 common shares at an exercise price of \$0.60 per share expiring September 6, 2029.