

HANNAN METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2024

This discussion and analysis of financial position and results of operation is prepared as at January 24, 2025 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended November 30, 2024 of Hannan Metals Ltd. ("Hannan" or the "Company"). The following disclosure and associated financial statements are presented in accordance with IFRS Accounting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, that the political environment in which the Company operates will continue to support the development and operation of mining projects, the threat associated with outbreaks of viruses and infectious diseases, risks related to negative publicity with respect to the Company or the mining industry in general, unexpected geological conditions, local community relations, dealings with non-governmental organizations, delays in operations due to permit grants, environmental and safety risks. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedarplus.ca or the Company's website www.hannanmetals.com and readers are urged to review these materials.

Company Overview

The Company is a reporting issuer in British Columbia and Alberta and listed on the TSX Venture Exchange ("TSXV") under the symbol "HAN". Hannan holds a significant tenure position in Peru, where the Company is focused on two new frontier areas in the sub-Andean zone: the San Martin copper-silver project and the Valiente copper-gold project.

At San Martin, discovered in 2018, the Company signed a US \$35,000,000 earn-in and Joint Venture agreement with JOGMEC in 2020. The project covers a basin-scale high-grade sediment-hosted copper-silver system extending over 200 km x 100 km. The Valiente Project, located 300 km south of San Martin, targets Miocene-age porphyry copper-gold deposits in a back-arc setting. Discovered in 2021, the project represents a potential new metallogenic province of Peru.

Directors and Officers

On November 8, 2024 the Company held its annual general meeting (“AGM”) and Michael Hudson, Georgina Carnegie, Nick DeMare and David Henstridge were re-elected as directors of the Company. Subsequent to the AGM, the Board re-appointed Mr. Hudson as Executive Chairman and Chief Executive Officer (“CEO”), Mr. Lars Dahlenborg as President, Mr. Harvey Lim as Chief Financial Officer (“CFO”) and Ms. Mariana Bermudez as Corporate Secretary. Messrs. DeMare, Henstridge and Ms. Carnegie were appointed as members of the Audit Committee.

On November 11, 2024 Ms. Catalina “Katty” Vargas was appointed as a director of the Company. Ms. Vargas has been part of the Company’s leadership team since July 2019, serving as General Manager and Health, Safety, Environmental and Community (“HSEC”) Leader involved in stakeholder engagement and risk management for the Company’s exploration activities. Ms. Vargas holds a degree in Business Administration and a Master’s Degree in International Business Administration from UPC University Lima, complemented by post-graduate specializations in Mining and Environmental Law and Organization and Business Administration. She has further enhanced her expertise through International Management programs at Harvard Business School and Tonji University in Shanghai.

As of the date of this MD&A the directors and officers of the Company are as follows:

Michael Hudson	Director, CEO, Executive Chairman
Georgina Carnegie	Director
Nick DeMare	Director
David Henstridge	Director
Katty Vargas	Director
Harvey Lim	CFO
Lars Dahlenborg	President
Mariana Bermudez	Corporate Secretary

Properties Update

Valiente Project (Copper-Gold, Peru, 100% Hannan)

Hannan holds 920 sq km of mineral tenure at Valiente, with 99 granted mining concessions totaling 905 sq km. The Company has discovered seven mineralizing systems over a 140 km x 50 km area. The project has seen significant developments during the second half of 2024, particularly at the Belen, Previsto Central, Vista Alegre, and Ricardo Herrera prospects.

In November 2024, the Company received environmental approval (“DIA”) for its first drill program at the Belen prospect, covering 40 drill platforms across 702 hectares. This significant milestone encompasses three key prospects within an 8 km by 2 km trend: Ricardo Herrera (porphyry copper-gold), Vista Alegre (epithermal gold), and Sortilegio (porphyry copper-gold).

At Previsto Central, the Company made substantial discoveries throughout 2024. In July, field work revealed outcropping porphyry-style copper and gold mineralization over an extensive 10 km x 5 km area. Soil sampling demonstrated significant anomalism with samples commonly exceeding 0.1 g/t gold and 0.025% copper, while the gold anomaly doubled in size to exceed 2 km x 4 km. August brought impressive channel sampling results, with CH14455 returning 126 meters at 0.22% copper, including intervals of 2.5 meters at 0.10 g/t gold and 0.41% copper from 50 meters, and 3 meters at 0.11 g/t gold and 0.15% copper from 82 meters. A second significant channel, CH15391, yielded 192 meters at 0.16% copper.

The Company’s first geophysical Induced Polarization survey at Previsto Central, completed in October 2024, confirmed a substantial 6 km x 6 km copper-gold porphyry and epithermal gold mineral system. The survey identified seven high-priority targets, including two porphyry targets within a 5 km by 1 km intrusive trend and five epithermal targets that correlate with extensive gold soil anomalies.

December 2024 brought significant geophysical results from Vista Alegre, where IP surveying identified two distinct types of anomalies. The first comprises a high chargeability - low resistivity zone extending over 2.4 km strike length and up to 500m depth, coinciding with gold-in-soil values up to 0.23 ppm. The second consists of high chargeability

- high resistivity zones over 1 km strike length, correlating with mineralized boulders that have returned assays up to 1.98 g/t gold and 29 g/t silver.

At Ricardo Herrera, December's IP survey revealed two significant anomalies. The main anomaly extends for 1,000 meters strike length and 250 meters width, with chargeability values ranging from 12-15ms and peaks to 26ms, defined to 350 meters depth. A parallel target measuring 400 meters by 200 meters was also identified, representing a blind target within the permitted drilling area.

San Martin JV Project (Copper-Silver, Peru)

The San Martin project achieved a significant milestone in January 2024 with the receipt of DIA approval for 40 drill platforms. The Company is currently awaiting Authorization to Initiate activities, expected by Q2 2025, with drilling anticipated to commence in Q2 2025. The planned program comprises two stages: an initial 2,000-meter program over 2 km strike length, followed by an additional 1,500 meters subject to results.

Future Developments

Looking ahead to 2025, the Company has clear development paths for its key projects. At the Valiente (Belen) Project, the Company plans to reapply for CIRA by the end of December 2024, submit the permit application in Q1 2025, and commence drilling in Q2 2025. The San Martin Project awaits Authorization to Initiate activities, with drilling expected to commence in 2025.

At the Cerro Rolando Project in Chile, the Company has signed a community contract and anticipates drill approval by end of Q1 2025. The program will test a shallow conductor at 60m depth, with three platforms permitted and a minimum requirement of one 100m hole.

Qualified Person

Mr. Michael Hudson, the Company's Chairman and CEO, a Fellow of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

Selected Financial Data

The following selected quarterly financial information is derived from the unaudited condensed consolidated interim financial statements of the Company and prepared using IFRS.

Three Months Ended	Fiscal 2025		Fiscal 2024				Fiscal 2023	
	Nov 30/24 \$	Aug 31/24 \$	May 31/24 \$	Feb 29/24 \$	Nov 30/23 \$	Aug 31/23 \$	May 31/23 \$	Feb 28/23 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(1,084,175)	(277,142)	(169,094)	(242,369)	(282,459)	(1,073,202)	(295,427)	(877,420)
Other Items	101,582	36,303	51,859	(4,076,270)	36,947	39,842	(273,081)	70,573
Net loss	(982,593)	(240,839)	(117,235)	(4,318,639)	(245,512)	(1,033,360)	(568,508)	(806,847)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.04)	(0.00)	(0.01)	(0.01)	(0.01)
Statement of Financial Position:								
Working capital	2,426,734	3,391,564	737,851	1,038,377	1,585,092	2,216,885	3,092,758	2,060,155
Total assets	10,223,391	10,411,714	6,878,744	6,958,248	11,372,420	11,474,318	11,698,066	10,469,430
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended November 30, 2024 Compared to Three Months Ended August 31, 2024

During the three months ended November 30, 2024 ("Q2") the Company reported a net loss of \$982,593 compared to a net loss of \$240,839 for the three months ended August 31, 2024 ("Q1"), an increase in loss of \$741,754. The increase in loss is primarily attributed to a \$807,033 increase in general and administrative expenses, from \$277,142 reported in Q1 compared to \$1,084,175 in Q2. Significant variances were due to:

- (i) the Company recorded share-based compensation of \$814,680 in Q2 compared to \$12,972 recorded in Q1 on the granting and vesting of share options;
- (ii) \$45,000 recorded in Q1 pertaining to the audit compared to \$15,000 in Q2 due to the timing of billings; and
- (iii) recognition of a foreign exchange gain of \$68,816 in Q2 compared to a foreign exchange loss of \$548 in Q1.

Six Months Ended November 30, 2024 Compared to Six Months Ended November 30, 2023

During the six months ended November 30, 2024 (the “2024 period”) the Company reported a net loss of \$1,223,432 compared to a net loss of \$1,278,872 for the six months ended November 30, 2023 (the “2023 period”), a decrease in loss of \$55,440, primarily due to a fluctuation in foreign exchange of \$50,503, from a gain of \$17,765 in the 2023 period to a gain of \$68,268 in the 2024 period. General and administration expenses increased by \$5,656, from \$1,355,661 in 2023 period to \$1,361,317 in the 2024 period. Significant variances in expenses are as follows:

- (i) recognition of share-based compensation of \$827,652 recorded in the 2024 period compared to \$843,643 in the 2023 period on the granting and vesting of share options;
- (ii) Swiss Resources Capital AG (“SRC”) provided investor relations services to the Company. Effective July 1, 2023 the monthly fees paid to SRC were reduced from €5,000 to €1,000. Accordingly, investor relations expenses decreased and SRC was paid \$8,979 in the 2024 period compared to \$14,862 in the 2023 period;
- (iii) incurred legal fees of \$17,623 in the 2024 period compared to \$6,522 in the 2023 period. During the 2024 period the Company incurred legal fees of \$11,580 for review of property agreements in Chile;
- (iv) incurred general exploration of \$108,693 in the 2024 period compared to \$36,037 in the 2023 period primarily for the on-going due diligence exploration program on the Cerro Rolando Project;
- (v) incurred \$99,000 (2023 - \$132,502) for director and officer compensation for services provided by officers and directors of the Company. The variance was primarily attributable to compensation amounts capitalized to exploration and evaluation assets. See also “Transactions with Related Parties”; and
- (vi) travel decreased by \$42,875 from \$58,579 in the 2023 period to \$15,704 in the 2024 period.

The Company holds its cash in interest bearing accounts in major financial institutions. Interest income is generated from the deposits and fluctuates primarily with the levels of cash on deposit. During the 2024 period the Company recorded interest income of \$69,617 compared to \$59,024 during the 2023 period due to higher interest rates received.

Exploration and Evaluation Assets

During the 2024 period the Company incurred a total of \$2,391,527 (2023 - \$1,675,880) on the acquisition, exploration and evaluation of its unproven resource assets of which \$739,466 (2023 - \$699,537) was incurred on its San Martin JV Project and \$1,652,061 (2023 - \$976,343) on the Valiente and other projects. In addition the Company recorded a cost recovery of \$674,297 (2023 - \$524,216) on its San Martin JV Project as JOGMEC reimbursed the Company for all project related costs and credited management fees billed to JOGMEC of \$53,235 (2023 - \$46,371). See also “Properties Update”.

Exploration and acquisitions costs incurred during the 2024 period are as follows:

	San Martin JV Project \$	Valiente Project \$	Total \$
Balance at May 31, 2024	442,750	5,343,539	5,786,289
Exploration costs			
Assays	-	77,099	77,099
Community	15,128	-	15,128
Consulting	360,695	632,525	993,220
Geology	-	76,591	76,591
Insurance	1,199	3,305	4,504
Legal	1,511	549	2,060
Logistics	114,932	359,606	474,538
Travel	-	12,646	12,646
VAT incurred	39,700	113,944	153,644
	<u>533,165</u>	<u>1,276,265</u>	<u>1,809,430</u>

	San Martin JV Project \$	Valiente Project \$	Total \$
Acquisition costs			
License applications and fees	206,301	375,796	582,097
Other			
Cost recoveries	(674,297)	-	(674,297)
Management fees	(53,235)	-	(53,235)
	<u>(727,532)</u>	<u>-</u>	<u>(727,532)</u>
Balance at November 30, 2024	<u>454,684</u>	<u>6,995,600</u>	<u>7,450,284</u>

Financing Activities

2024 Period

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. The Company plans to use the net proceeds from the private placement to fund exploration expenditures at the Company's Valiente Project and continued due diligence on the Cerro Rolando Chile Project, as well as for general working capital and corporate purposes. In addition the Company issued 282,142 common shares on the exercise of share options for proceeds of \$67,750.

2023 Period

During the 2023 period the Company issued 250,000 common shares on the exercise of share options for proceeds of \$32,500. The Company did not complete any equity financings during the 2023 period.

Financial Liquidity and Capital Resources

As at November 30, 2024 the Company had working capital of \$2,426,734. The Company's 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. The Company's San Martin JV Project is funded by JOGMEC under the JOGMEC JV Agreement. 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.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the May 31, 2024 audited annual consolidated financial statements.

Changes in Accounting Policies

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2024 audited annual consolidated financial statements.

Transactions with Related Parties

(a) *Transactions with Key Management Personnel*

The Company has determined that key management personnel consists of the executive members of the Company. During the 2024 and 2023 periods the following amounts were incurred with respect to the Company's CEO (Mr. Hudson), President (Mr. Dahlenborg) and the CFO (Mr. Lim):

	2024 \$	2023 \$
Professional fees - Mr. Hudson	60,000	60,000
Professional fees - Mr. Dahlenborg	85,002	85,002
Professional fees - Mr. Lim	7,500	7,500
	<u>152,502</u>	<u>152,502</u>

During the 2024 period the Company incurred a total of \$152,502 (2023 - \$152,502) to key management personnel for their services which have been allocated based on the nature of the services provided: expensed \$55,500 (2023 - \$86,502) to director and officer compensation; and capitalized \$97,002 (2023 - \$66,000) to exploration and evaluation assets. As at November 30, 2024 \$33,217 (May 31, 2024 - \$33,217) remained unpaid.

During the 2024 period the Company also recorded \$286,800 (2023 - \$291,650) share-based compensation for share options granted to key management personnel as follows:

	2024 \$	2023 \$
Mr. Hudson	141,200	139,650
Mr. Dahlenborg	100,400	104,500
Mr. Lim	45,200	47,500
	<u>286,800</u>	<u>291,650</u>

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 November 30, 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 November 30, 2024 the amount payable under the agreement would be \$170,004.

(b) *Transactions with Other Related Parties*

(i) During the 2024 and 2023 periods the following amounts were incurred with respect to current and former non-management directors (Nick DeMare, David Henstridge, Georgina Carnegie and Ciara Talbot) and the Corporate Secretary (Mariana Bermudez) of the Company:

	2024 \$	2023 \$
Professional fees - Mr. DeMare	7,500	7,500
Professional fees - Mr. Henstridge	7,500	7,500
Professional fees - Ms. Carnegie	7,500	7,500

	2024 \$	2023 \$
Professional fees - Ms. Talbot ⁽¹⁾	-	2,500
Professional fees - Ms. Bermudez	<u>21,000</u>	<u>21,000</u>
	<u>43,500</u>	<u>46,000</u>

(1) Ms. Talbot resigned as a director effective July 31, 2023.

As at November 30, 2024 \$118,000 (May 31, 2024 - \$115,500) remained unpaid.

During the 2024 period the Company also recorded \$254,400 (2023 - \$323,000) share-based compensation for share options granted to its non-management directors and the Corporate Secretary personnel as follows:

	2024 \$	2023 \$
Mr. Henstridge	83,600	104,500
Mr. DeMare	53,600	76,000
Ms. Carnegie	83,600	104,500
Ms. Bermudez	<u>33,600</u>	<u>38,000</u>
	<u>254,400</u>	<u>323,000</u>

- (ii) During the 2024 period the Company incurred a total of \$29,800 (2023 - \$26,800) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at November 30, 2024 \$10,500 (May 31, 2024 - \$4,300) remained unpaid.

During the 2024 period the Company also recorded \$30,000 (2023 - \$28,500) share-based compensation for share options granted to Chase.

Risks and Uncertainties

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should consider investing in the Company's common shares.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at January 24, 2025, there were 120,451,474 issued and outstanding common shares, 8,818,983 warrants outstanding at an exercise prices ranging from \$0.35 to \$0.50 per share and 9,895,200 share options outstanding at exercise prices ranging from \$0.25 to \$0.60 per share.