

HANNAN METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED FEBRUARY 28, 2025

This discussion and analysis of financial position and results of operation is prepared as at April 24, 2025 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the nine months ended February 28, 2025 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 Valiente copper-gold project (the "Valiente Project") and the San Martin copper-silver project (the "San Martin Project").

At San Martin, discovered in 2019, the Company signed a US \$35,000,000 earn-in and Joint Venture agreement with JOGMEC in 2020. The San Martin 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. With discoveries spanning from 2021 through 2025, the Valiente Project represents a potential new metallogenic province of Peru.

Directors and Officers

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 identified seven mineralized systems over a 140 km x 50 km area. The Valiente Project has seen significant developments during the second half of 2024 and early 2025, particularly at the Belen, Previsto Central, Vista Alegre, Ricardo Herrera and Sortilegio prospects.

Belen, Vista Alegre, Ricardo Herrera, and Sortilegio 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. In February 2025, the Company received the Authorization for Exploration Activities permit from the Ministry of Mines (“MINEM”), which allows the Company to start access works for the maiden drill program. With archaeological monitoring and forestry permits now in process, the Company is executing the final steps before mobilizing drills to site, with drilling anticipated to commence in calendar Q2/2025.

This significant milestone encompasses three key prospects within an 8 km by 2 km trend:

- (i) **Ricardo Herrera (porphyry copper-gold):** In December 2024, IP surveys revealed two significant anomalies. The main anomaly extends for 1,000 m strike length and 250 m width, with chargeability values ranging from 12-15 m and peaks to 26 m, defined to 350 m depth. The anomaly demonstrates strong correlation with outcropping porphyry-style mineralization within a multi-stage calc-alkaline intrusion, a well-defined positive magnetic anomaly, and a distinctive “bulls-eye” soil anomaly containing Cu-Au-Zn-Pb. A parallel target measuring 400 m by 200 m was also identified, representing a blind target within the permitted drilling area. Fourteen drill platforms have been approved for this prospect.
- (ii) **Vista Alegre (epithermal gold):** In December 2024, 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 500 m 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. Twelve drill platforms have been approved for this prospect.
- (iii) **Sortilegio (porphyry copper-gold):** In January 2025, advanced geophysical surveys delineated an extensive 1.2 km chargeability anomaly extending to 500 m below surface. Two distinct targets were identified: 1) Shallow Structural target with high-chargeability anomalies mapped below the surface extending up to 600 m along north-south oriented structures, demonstrating spatial correlation with gossanous gold-mineralized float on surface; and 2) Deep Porphyry Target with a major chargeability anomaly extending 1.2 km in strike length, commencing at 850 m RL (250 m below surface) and extending to 600 m RL (500 m below surface). Thirteen drill platforms have been approved for this prospect.

Previsto Prospect

At Previsto Central, the Company made substantial advancement throughout 2024 and early 2025.

In February 2025, channel sampling revealed high-grade alkalic-type epithermal gold mineralization with 69.1 m at 2.4 g/t gold ("Au") including 26.0 m at 5.4 g/t Au. The north-south channel (CH15486) also returned 13 g/t Ag and includes peak assays of 3.0 m @ 12.7 g/t Au, 49 g/t Ag, 43 g/t Te; 3.0 m @ 11.2 g/t Au, 53 g/t Ag, 36 g/t Te; and 0.7 m @ 16.1 g/t Au, 60 g/t Ag, 48 g/t Te. The channel remains open to both the north (4.8 g/t Au last assay) and south (0.8 g/t Au last assay). An east-west channel (CH16401) that joins the northern end of CH15486 assayed 7.0 m @ 1.2 g/t Au and 19 g/t Ag. This finding is located within a larger 4 km x 4 km gold-in-soil anomaly.

In March 2025, the Company reported the identification of a significant copper porphyry target at Previsto, located only 1,300 m from the previously identified high-grade gold mineralization. Systematic channel sampling across four parallel creeks (spaced 130 m to 290 m apart) confirmed 750 m of continuous copper mineralization with widths up to 192 m. Results from 768.7 m of channel sampling include:

- CH15447: 48.0 m @ 0.12% Cu
- CH15430: 107.0 m @ 0.09% Cu
- CH14555: 126.0 m @ 0.22% Cu
- CH15391: 192.0 m @ 0.17% Cu

The mineralization remains open under cover to the north, south, and east.

Earlier, in July 2024, field work had 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. In August 2024, channel sampling results included CH14455 returning 126 m at 0.22% copper, including intervals of 2.5 m at 0.10 g/t gold and 0.41% copper from 50 m, and 3 m at 0.11 g/t gold and 0.15% copper from 82 m.

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.

The Company continues to advance multiple work programs at Previsto, including expanded soil sampling and channel sampling programs, detailed prospecting, geological mapping and structural analysis, implementation of further induced polarization geophysical surveys, and advancement of drill permitting during 2025.

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 calendar Q2/2025, with drilling anticipated to commence in calendar Q3/2025. The planned program comprises two stages: an initial 2,000 m program over 2 km strike length, followed by an additional 1,500 m subject to results.

Future Developments

Chile

Looking ahead to 2025, the Company has clear development paths for its key projects. At the Valiente (Belen) Project, the Company plans is preparing for the maiden drill program which is estimated to start in late April 2025. The San Martin Project awaits Authorization to Initiate activities, with drilling expected to commence during Q3 2025.

Peru

At the Cerro Rolando Project in Chile, the Company has signed a community contract and is seeking to finalize the drill contractor to start the program in calendar Q2/2025. The program will test a shallow conductor at 60 m depth, with three platforms permitted and a minimum requirement of one 100 m 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.

	Fiscal 2025			Fiscal 2024				Fiscal 2023
Three Months Ended	Feb 28/25 \$	Nov 30/24 \$	Aug 31/24 \$	May 31/24 \$	Feb 29/24 \$	Nov 30/23 \$	Aug 31/23 \$	May 31/23 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(282,554)	(1,084,175)	(277,142)	(169,094)	(242,369)	(282,459)	(1,073,202)	(295,427)
Other Items	(92,949)	101,582	36,303	51,859	(4,076,270)	36,947	39,842	(273,081)
Net loss	(375,503)	(982,593)	(240,839)	(117,235)	(4,318,639)	(245,512)	(1,033,360)	(568,508)
Basic and diluted loss per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.04)	(0.00)	(0.01)	(0.01)
Statement of Financial Position:								
Working capital	1,892,693	2,426,734	3,391,564	737,851	1,038,377	1,585,092	2,216,885	3,092,758
Total assets	9,907,681	10,223,391	10,411,714	6,878,744	6,958,248	11,372,420	11,474,318	11,698,066
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended February 28, 2025 Compared to Three Months Ended November 30, 2024

During the three months ended February 28, 2025 ("Q3") the Company reported a net loss of \$375,503 compared to a net loss of \$982,593 for the three months ended November 30, 2024 ("Q2"), a decrease in loss of \$607,090. The decrease in loss is primarily attributed to a \$801,621 decrease in general and administrative expenses, from \$1,084,175 reported in Q2 compared to \$282,554 in Q3. Significant variances were due to:

- (i) the Company recorded share-based compensation of \$814,680 in Q2 compared to \$nil recorded in Q3 on the granting and vesting of share options; and
- (ii) partially offset by recognition of a foreign exchange loss of \$111,277 in Q3 compared to a foreign exchange gain of 68,816 in Q2 for a fluctuation of \$180,093.

Nine Months Ended February 28, 2025 Compared to Nine Months Ended February 29, 2024

During the nine months ended February 28, 2025 (the "2025 period") the Company reported a net loss of \$1,598,935 compared to a net loss of \$5,597,511 for the nine months ended February 29, 2024 (the "2024 period"), a decrease in loss of \$3,998,576, primarily due to the recognition of an impairment provision of \$4,076,953 on the Clare Project in Ireland in the 2024 period. In addition the Company experienced a slight increase in general administration expenses of \$45,841, from \$1,598,030 during the 2024 period to \$1,643,871 during the 2025 period, and incurred fluctuation in foreign exchange of \$42,666, from a loss of \$343 in the 2024 period to a loss of \$43,009 in the 2025 period. Significant variances in expenses are as follows:

- (i) recognition of share-based compensation of \$827,652 recorded in the 2025 period compared to \$843,643 in the 2024 period on the granting and vesting of share options;
- (ii) investor relations increased by \$85,489, from \$19,417 in the 2024 period to \$104,906 in the 2025 period. The Company engaged Swiss Resources Capital AG ("SRC") to provide investor relations services to the Company for a monthly fee of €1,500. Effective January 16, 2025 the Company also engaged Resource Stock Digest to provide a three month advertising and marketing campaign for US \$125,000;
- (iii) incurred legal fees of \$20,189 in the 2025 period compared to \$10,394 in the 2024 period. During the 2025 period the Company incurred legal fees of \$11,580 for due diligence on the Cerro Rolando Project;
- (iv) incurred general exploration of \$148,724 in the 2025 period compared to \$108,641 in the 2024 period primarily for the on-going due diligence exploration program on the Cerro Rolando Project;

- (v) incurred \$148,500 (2024 - \$198,991) 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”;
- (vi) travel decreased by \$46,129 from \$61,833 in the 2024 period to \$15,704 in the 2025 period. Travel costs were higher in the 2024 period due to review of properties in Chile.

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 2025 period the Company recorded interest income of \$87,945 compared to \$77,815 during the 2024 period.

Exploration and Evaluation Assets

During the 2025 period the Company incurred a total of \$3,105,584 (2024 - \$2,276,925) on the acquisition, exploration and evaluation of its unproven resource assets of which \$969,475 (2024 - \$976,146) was incurred on its San Martin JV Project and \$2,136,109 (2024 - \$1,300,779) on the Valiente Project. In addition the Company recorded a cost recovery of \$1,115,421 (2024 - \$786,513) on its San Martin JV Project as JOGMEC reimbursed the Company for all project related costs and credited management fees billed to JOGMEC of \$69,082 (2024 - \$78,789). 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	<u>442,750</u>	<u>5,343,539</u>	<u>5,786,289</u>
Exploration costs			
Assays	-	110,939	110,939
Community	21,434	-	21,434
Consulting	531,047	866,926	1,397,973
Geology	-	140,100	140,100
Insurance	1,215	3,579	4,794
Legal	3,518	602	4,120
Logistics	147,511	449,975	597,486
Travel	-	20,110	20,110
VAT incurred	55,690	164,157	219,847
	<u>760,415</u>	<u>1,756,388</u>	<u>2,516,803</u>
Acquisition costs			
License applications and fees	<u>209,060</u>	<u>379,721</u>	<u>588,781</u>
Other			
Cost recoveries	(1,115,421)	-	(1,115,421)
Management fees	<u>(69,082)</u>	<u>-</u>	<u>(69,082)</u>
	<u>(1,184,503)</u>	<u>-</u>	<u>(1,184,503)</u>
Balance at February 28, 2025	<u>227,722</u>	<u>7,479,648</u>	<u>7,707,360</u>

Financing Activities

2025 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 net proceeds from the private placement is funding exploration expenditures on 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 a total of 595,820 common shares on the exercise of warrants and share options for proceeds of \$167,335.

2024 Period

During the 2024 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 2024 period.

Financial Liquidity and Capital Resources

As at February 28, 2025 the Company had working capital of \$1,892,693 and, subsequent to February 28, 2025, received a total of \$1,562,816 on the exercise of warrants and stock options. 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, including the maiden drill program on the Belan prospect at Valiente, 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 2025 and 2024 periods the following amounts were incurred with respect to the Company's CEO (Mr. Hudson), President (Mr. Dahlenborg) and the CFO (Mr. Lim):

	2025 \$	2024 \$
Professional fees - Mr. Hudson	90,000	90,000
Professional fees - Mr. Dahlenborg	127,503	127,503
Professional fees - Mr. Lim	11,250	11,250
	<u>228,753</u>	<u>228,753</u>

During the 2025 period the Company incurred a total of \$228,753 (2024 - \$228,753) to key management personnel for their services which have been allocated based on the nature of the services provided: expensed \$83,250 (2024 - \$131,241) to director and officer compensation; and capitalized \$145,503 (2024 - \$97,512)

to exploration and evaluation assets. As at February 28, 2025 \$53,217 (May 31, 2024 - \$33,217) remained unpaid.

During the 2025 period the Company also recorded \$286,800 (2024 - \$291,650) share-based compensation for share options granted to key management personnel as follows:

	2025 \$	2024 \$
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 February 28, 2025 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 February 28, 2025 the amount payable under the agreement would be \$170,004.

(b) *Transactions with Other Related Parties*

- (i) During the 2025 and 2024 periods the following amounts were incurred with respect to current and former non-management directors (Nick DeMare, David Henstridge, Georgina Carnegie, Ciara Talbot and Katty Vargas) and the Corporate Secretary (Mariana Bermudez) of the Company:

	2025 \$	2024 \$
Professional fees - Mr. DeMare	11,250	11,250
Professional fees - Mr. Henstridge	11,250	11,250
Professional fees - Ms. Carnegie	11,250	11,250
Professional fees - Ms. Talbot ⁽¹⁾	-	2,500
Professional fees - Ms. Vargas ⁽²⁾	26,235	-
Professional fees - Ms. Bermudez	31,500	31,500
	<u>91,485</u>	<u>67,750</u>

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

(2) Ms. Vargas was appointed as a director on November 11, 2024 and the figure represents amounts paid to Ms. Vargas in her capacity as the general manager of the Peruvian subsidiaries. Ms. Vargas does not receive any additional compensation in her role as a director of the Company.

During the 2025 period the Company incurred a total of \$91,485 (2024 - \$67,750) to non-management directors and officers of the Company which have been allocated based on the nature of the services provided: expensed \$65,250 (2024 - \$67,750) to directors and officers compensation; and capitalized \$26,235 (2024 - \$nil) to exploration and evaluation assets. As at February 28, 2025 \$123,000 (May 31, 2024 - \$115,500) remained unpaid.

During the 2025 period the Company also recorded \$254,400 (2024 - \$323,000) share-based compensation for share options granted to its non-management directors and the Corporate Secretary personnel as follows:

	2025 \$	2024 \$
Mr. Henstridge	83,600	104,500
Mr. DeMare	53,600	76,000

	2025 \$	2024 \$
Ms. Carnegie	83,600	104,500
Ms. Bermudez	33,600	38,000
	<u>254,400</u>	<u>323,000</u>

- (ii) During the 2025 period the Company incurred a total of \$35,800 (2024 - \$34,600) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at February 28, 2025 \$4,800 (May 31, 2024 - \$4,300) remained unpaid.

During the 2025 period the Company also recorded \$30,000 (2024 - \$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 April 24, 2025, there were 124,984,705 issued and outstanding common shares, 4,618,110 warrants outstanding at an exercise price of \$0.50 per share and 9,550,200 share options outstanding at exercise prices ranging from \$0.25 to \$0.60 per share.