

HANNAN METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2017

This discussion and analysis of financial position and results of operation is prepared as at January 25, 2018 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, 2017 of Hannan Metals Ltd. ("Hannan" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting 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.

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.sedar.com and readers are urged to review these materials.

Company Overview

The Company currently is a reporting issuer in British Columbia and Alberta. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") and trade 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 currently engaged in the acquisition and exploration of mineral properties. On November 4, 2016 the Company entered into an agreement to acquire prospecting licenses in Ireland. On January 9, 2017 the Company completed the acquisition of Hannan Metals BC Ltd., as described in "Property Update - Claire Project".

Property Update

Clare Project

On January 9, 2017 the Company closed the acquisition of Hannan Metals BC Ltd. ("Hannan BC") which owns Hannan Metals Ireland Limited ("Hannan Ireland"). Hannan Ireland is currently the registered holder of a 100% interest in ten prospecting licences ("PLs") located in County Clare, Ireland (the "Licences"). Under a separate asset purchase agreement (the "Asset Purchase Agreement") between Hannan Ireland and Lundin Mining Exploration Limited ("Lundin"), an Irish subsidiary of Lundin Mining Corporation (TSX: LUN), Hannan Ireland purchased all exploration data associated with the Licences from Lundin in which the Company has made cash payments totalling

US \$575,000 and is required to make a further cash payment of US \$425,000 on March 21, 2018. Hannan Ireland is also required to pay Lundin a one-time bonus payment of US \$5,000,000 within the earlier of (i) Hannan Ireland's 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. Additionally, Hannan Ireland will be required to pay a one-time cash fee of US \$2,000,000 less cash payments already made to Lundin, if it transfers its rights to the Licences to an arm's length party (which excludes the Company) for US \$10,000,000 or greater on or before December 3, 2017. Lundin also retains a 2% net smelter return royalty (the "NSR") 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 Hannan Ireland for US \$5,000,000, which must be exercised within one year from the date of commercial production.

The Clare zinc-silver-lead-copper property (the "Clare Project") currently consists of ten PLs granted and issued by the Exploration and Mining Division ("EMD") of the Department of Communications, Climate Action and Environment in County Clare, Ireland. The western edge of the prospect area is 1.5km east of the town of Ennis. All prospecting licences of the Clare Project are 100% owned by Hannan Ireland.

The Irish base metal ore field is considered one of the world's best mineralized zinc provinces and is considered highly prospective for new zinc discoveries. In 2015 Ireland was the world's 10th largest zinc producing nation with 230,000 tonnes produced.

The Clare Project is underlain by Upper Devonian (sandstones) to Lower Carboniferous (sandstones and limestones) rocks. The stratigraphy appears simple; beds are the right way up and most of the major units are consistent in thickness across the property, however syn-rift and/or later structures appear to complicate the geological framework. The stratigraphic succession of the Irish Lower Carboniferous is well constrained throughout, with the exception of the uppermost units. The axis of an open syncline runs southwest-northeast through the centre of the Clare Project. Beds dip at between 10 and 15 degrees towards the centre of the syncline. The Lower Carboniferous sequence includes the Waulsortian Limestone, which hosts most of Ireland's important zinc-lead sulphide deposits, such as the Lisheen (pre-mining resource 18.9 Mt @ 15.0% Zn+Pb) and Galmoy (pre-mining resource of 6.2 Mt @ 12.4% Zn+Pb) deposits. This data has been sourced from the Irish Exploration, Mining Division website <http://www.mineralsireland.ie/>. The Company has been unable to independently verify the information and states that the information is not necessarily indicative of the mineralization on the Clare Project that is the subject of the technical report.

The Clare Project has a rich history of small scale 19th century mining. Modern exploration efforts from the early-1960's, by Irish Base Metals, Rio-Finex, Central Mining Finance, Billiton and Belmore Resources Ltd followed up some of these earlier historic mines.

There are two known Waulsortian-hosted zinc-lead deposits on the property, the flagship Kilbricken prospect (see below) and the smaller Milltown prospect, where Belmore Resources Ltd ("Belmore") intersected 13.3m @ 5.8% Pb and 10.5% Zn from 45.4 metres in drill hole 3788/19 in 1994. The lowest part of the sequence is also prospective for copper-silver mineralization and contains numerous copper showings, most notable at Ballyvergin where Irish Base Metals drilled hole BV11 which intersected 31.5m @ 1.0% Cu from 51.7 metres in the 1960s. Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted is interpreted to be approximately 95% of the sampled thickness.

Significant historic exploration on the Clare Project has concentrated on three project areas and on identifying other areas of the Clare Project which have the potential to warrant similar investigation. The project areas are:

- Kilbricken
- Ballyvergin
- Kilmurry

In 2008, Belmore, a private Irish company, drill tested the base of the Waulsortian Limestone beneath near-surface sulphidic and calcite veined shelf carbonates at the historic Kilbricken lead mine. The discovery drillhole at Kilbricken, DH04, intersected 10m @ 13.8% Zn, 5.5% Pb, 0.08% Cu, and 62.8g/t Ag from 448.1 metres at the targeted base of Waulsortian Limestone. Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted is interpreted to be approximately 95% of the sampled thickness.

After this initial discovery, Lundin joint ventured Kilbricken and the wider tenure package from Belmore. In 2011, Lundin purchased 100% of Belmore. Drilling by Lundin from 2009 to 2012 continued to intersect sulphide mineralization in the hanging wall of the Main Kilbricken fault. Significant intersections from Lundin's drilling programs are shown in Table 1.

Table 1: Kilbricken Better Mineralized Drill Intersections.

Hole ID	Mineralized Intersection
DH46	20.5m @ 7.5% Zn, 9.9% Pb, 0.07% Cu, 74.6g/t Ag from 415.3m
DH06	21.3m @ 11% Zn, 4.8% Pb, 0.06% Cu, 94.4g/t Ag from 441.9m
DH50	11.8m @ 9.8% Zn, 5.7% Pb, 0.07% Cu, 178.2g/t Ag from 484.6m
DH43	9.4m @ 4.1% Zn, 12% Pb, 0.52% Cu, 242.8g/t Ag from 442.1m
DH04	10.0m @ 13.8% Zn, 5.5% Pb, 0.08% Cu, 62.8g/t Ag from 448.1m
DH52	19.3m @ 7.2% Zn, 1.2% Pb, 0.18% Cu, 64.6g/t Ag from 425.7m
DH44	17.2m @ 2.9% Zn, 4.4% Pb, 0.11% Cu, 83.5g/t Ag from 447.9m
DH167	4.5m @ 0.8% Zn, 2.6% Pb, 18.91% Cu, 867.6g/t Ag from 616.5m
DH161	10.4m @ 8.4% Zn, 3.9% Pb, 0.09% Cu, 26.5g/t Ag from 607m
DH206	10.0m @ 0.9% Zn, 8.7% Pb, 0.16% Cu, 90.7g/t Ag from 619m
DH111	4.1m @ 21.5% Zn, 5.7% Pb, 0.1% Cu, 95.4g/t Ag from 447.6m

An initial National Instrument 43-101 Mineral Resource estimate for the Kilbricken Project was reported in July 2017 and is listed in Tables 1-3. The calculation was calculated by Mr. Geoff Reed, MAUSIMM (CP), of Reed Leyton Consulting Pty Ltd ("Reed Leyton") from Sydney, Australia. The resource has an effective date of July 10, 2017. The Mineral Resource estimates conform to Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves dated May 10, 2014 (CIM definitions).

The maiden resource estimate calculated for Hannan's 100%-owned Kilbricken zinc-lead-silver-copper deposit includes:

- Total indicated mineral resource of 2.7 million tonnes at 8.8% zinc equivalent ("ZnEq"), including 1.4 millions tonnes at 10.8% ZnEq;
- Total inferred mineral resource of 1.7 million tonnes at 8.2% ZnEq, including 0.6 million tonnes at 10.4% ZnEq;

Tables 2, 3 and 4 below outline global indicated and inferred resources for each mineralized body as well as a breakdown of resources by location for various lower cut off grades.

Table 2: Kilbricken Deposit Indicated Mineral Resources Base Case 5% ZnEq Lower Cut Off Grade

Zone	Category	Cutoff ZnEq %	Tonnes	Zn %	Pb %	Ag g/t	Cu %	ZnEq %	SG
Chimney	Indicated	5	1,369,000	5.6	4.2	66	0.1	10.8	3.5
Fort	Indicated	5	1,287,000	3.7	1.4	34	0.5	6.7	3.0
Total	Indicated	5	2,656,000	4.7	2.9	50	0.3	8.8	3.2

Table 3: Kilbricken Deposit Inferred Mineral Resources Base Case 5% ZnEq Lower Cut Off Grade

Zone	Category	Cutoff ZnEq %	Tonnes	Zn %	Pb %	Ag g/t	Cu %	ZnEq %	SG
Chimney	Indicated	5	635,000	5.9	3.6	61	0.1	10.4	3.4
Fort	Indicated	5	1,046,000	3.4	2.5	30	0.3	6.8	3.0
Total	Indicated	5	1,681,000	4.4	2.9	41	0.2	8.2	3.1

Table 4: Kilbricken Deposit Indicated and Inferred Mineral Resources for the Chimney and Fort Zones at Various ZnEq Lower Cut Off Grades. The 5% ZnEq base case is highlighted.

Zone	Category	Cutoff	Tonnes	Zn %	Pb %	Ag g/t	Cu %	ZnEq %	SG
Chimney	Indicated	4	1,444,000	5.4	4.1	64	0.1	10.4	3.4
Fort	Indicated	4	1,452,000	3.6	1.4	33	0.5	6.5	2.9
Chimney	Inferred	4	682,000	5.7	3.5	58	0.1	10.0	3.3
Fort	Inferred	4	1,194,000	3.2	2.4	30	0.3	6.5	3.0
Chimney	Indicated	5	1,369,000	5.6	4.2	66	0.1	10.8	3.5
Fort	Indicated	5	1,287,000	3.7	1.4	34	0.5	6.7	3.0
Chimney	Inferred	5	635,000	5.9	3.6	61	0.1	10.4	3.4
Fort	Inferred	5	1,046,000	3.4	2.5	30	0.3	6.8	3.0
Chimney	Indicated	6	1,291,000	5.8	4.4	67	0.1	11.1	3.5
Fort	Indicated	6	790,000	4.4	1.5	34	0.5	7.5	3.0
Chimney	Inferred	6	586,000	6.1	3.8	63	0.1	10.8	3.4
Fort	Inferred	6	876,000	3.5	2.7	31	0.3	7.0	3.0
Chimney	Indicated	7	1,173,000	6.0	4.5	70	0.1	11.5	3.5
Fort	Indicated	7	407,000	4.8	1.3	43	0.8	8.5	3.0
Chimney	Inferred	7	536,000	6.3	3.9	66	0.1	11.2	3.4
Fort	Inferred	7	267,000	4.2	2.6	44	0.5	8.3	3.0

Note: The zinc equivalent (ZnEq) value was calculated using the following formula: $ZnEq\% = Zn\% + (Cu\% * 2.102) + Pb\% * 0.815 + (Ag\ g/t * 0.023)$ with assumed prices of Zn \$2587/t; Cu \$5437/t; Pb \$2108/t and Ag \$18.44/oz.

Technical Summary

Two styles of mineralization are evident at Kilbricken. The upper Chimney zone demonstrates the classic high-grade (>10% ZnEq) Irish stratabound mineralization targeted by Hannan. This body has been drilled within an area of 750 metres by 200 metres and averages 12 metres thickness. The lower Fort Zone was found later than the Chimney zone and has been tested with fewer drill holes. It is structurally hosted, lower grade, but thicker, averaging 40 metres, and drilled within a 400 metre by 200 metres area.

The initial resource is expandable at all scales, from near resource to prospect scale. The Company has already commenced a drill resource expansion program with a three-fold objective:

1. To further delineate the underground potential around the current resource area. As of the date of this MD&A two holes have been completed, and one hole is in progress, for 1,986 metres.
2. To test conceptual and advanced exploration targets within 1-5 kilometres defined by recent structural and stratigraphic interpretation of re-processed 2D and 3D seismic data, litho geochemistry and soil geochemistry.
3. Test for first order mineralization within the 40 kilometre under-tested Waulsortian host horizon that exists within the Company's 100% owned 35,444 hectares of granted prospecting licences.

Lundin completed significant work on the property. A total of 278 drill holes for 134,000 m of diamond drilling was completed over the entire project. A total of 222 drill holes for 118,000 metres were drilled at the Kilbricken area. Lundin also undertook regional exploration in the remainder of the Clare Project, largely focussed on other Waulsortian-hosted zinc-lead prospects. Lundin carried out 616 metres of drilling at the Ballyvergin prospect with the objective of discovering additional zones of copper-silver mineralization. Lundin drilled a total of 2,370 metres on the Kilmurry Project, located within the Clare project area, 9 kilometres south-east of Kilbricken. In addition, significant surface geochemical and multiple geophysical surveys have been undertaken by Lundin and previous operators on the Clare Project area. Of note are a 3D seismic survey over the main Kilbricken mineralization in 2011, and 2D seismic survey conducted in 2012 that consisted of 8 traverses (each 3 - 3.5km long) over a total 10 kilometre strike length, spaced between 1-2 kilometres across the Kilbricken trend.

Massive sulphide mineralization at Kilbricken most commonly consists of early massive-textured, fine-grained pyrite, galena and sphalerite cross-cut by coarse-grained sphalerite and galena, resembling sulphides found in the overlying veins. It differs from most other Irish zinc/lead prospects in that it is rich in silver, where the silver is generally associated with galena-rich zones.

Readers are encouraged to review the NI 43-101 Technical Report for the Clare Project, August 22, 2017, on The Mineral Resource Estimate for the Kilbricken Zinc-Silver-Lead-Copper Project Co. Clare, Ireland for Hannan Metals Ltd in support of the Company's news release dated [July 10, 2017](#). The report is available on the on the SEDAR website at www.sedar.com or the Company's website at www.hannanmetals.com. The NI 43-101 Technical Report was authored by Mr. Geoff Reed of Reed Leyton Consultants and Dr. John Colthurst who are independent "qualified persons" as defined by National Instrument 43-101.

Drill Results

The Company's first diamond drill hole at Kilbricken, DH 17-3679-217 ("DH217"), was released in July 2017 and is one of the most mineralized ever drilled at the property. Highlights include:

- 8.0 metres @ 4.1% Zn, 33.7% Pb and 174 g/t Ag (37.9% Zn+Pb) from 528 metres, including 3.2 metres @ 8.4% Zn, 72.8% Pb and 388 g/t Ag (81.2% Zn+Pb) from 528 metres;
- 3.4 metres @ 5.2% Zn, 4.3% Pb and 33 g/t Ag (9.5% Zn+Pb) from 570 metres;
- 26.6 metres @ 7.5% Zn, 0.9% Pb and 14 g/t Ag(8.4% Zn+Pb) from 588 metres, including 18.8 metres @ 8.8% Zn, 1.1% Pb, 19 g/t Ag(9.9% Zn+Pb) from 588 metres;

A 2.2 metre interval from 528 metres assayed 86% lead which approximates pure galena. DH217 was completed at 714 metres into the Fort Zone at Kilbricken. Base metal mineralization was intersected over a total downhole length of 128 metres with multiple intervals exceeding the grade and thickness cut-off for the mineral resource area. DH217 was a 20 metre step out from drill hole DH167 which intersected a lower zone of mineralization that returned 4.5m @ 0.8% Zn, 2.6% Pb, 18.91% Cu, 867.6g/t Ag from 616.5m.

The second hole and the first diamond drill hole to test outside the Kilbricken resource, DH 17-3679-218 ("DH218"), was released in September 2017 and intersected massive sulphide mineralization within a down hole thickness of 55 metres, including:

- 4.0 metres @ 0.7% Zn, 8.9% Pb and 31 g/t Ag (8.6% ZnEQ) from 526 metres, including 1.4 metres @ 1.6% Zn, 15.2% Pb and 53 g/t Ag from 526 metres and 1.0 metres @ 0.4% Zn, 13.8% Pb and 46 g/t Ag from 529 metres;
- 6.0 metres @ 2.5% Zn, 1.8% Pb and 13 g/t Ag (4.4% ZnEQ) from 544 metres, including 2.1 metres @ 5.0% Zn, 3.7% Pb and 25 g/t Ag from 548 metres;
- 6.4 metres @ 4.8% Zn, 1.3% Pb and 15 g/t Ag (6.3% ZnEQ) from 558 metres, including 1.1 metres @ 13.3% Zn, 3.1% Pb, 34 g/t Ag from 558 metres;
- 10.0 metres @ 3.4% Zn, 1.0% Pb and 13 g/t Ag (4.7% ZnEQ) from 571 metres;

DH218 was a 50 metre updip step out and showed good lateral continuity of mineralization from adjacent holes, including drill hole DH167 which intersected a lower zone of mineralization of 4.5 metres @ 0.8% Zn, 2.6% Pb, 18.91% Cu, 867.6g/t Ag from 616.5m; and a 70 metre updip step out from drill hole DH217 which intersected 8.0 metres @ 4.1% Zn, 33.7% Pb and 174 g/t Ag from 528 metres and 26.6 metres @ 7.5% Zn, 0.9% Pb and 14 g/t Ag from 588 metres. Mineralization remains open up-dip from DH218 with further expansion potential. This hole is a strong start to the resource expansion drill program.

During November 2017, the Company released the results from two diamond drill holes as part of the resource expansion program at Kilbricken. All of Hannan's drilling during 2017 near Kilbricken has successfully expanded the mineralized footprint outside the resource area.

- DH 17-3679-219 ("DH219"), a 50 metre step out hole from the Fort Zone intersected massive sulphide mineralization within a total down-hole thickness of 92.9 metres. Highlights included:
 - **8.4m @ 8.0% ZnEQ** (6.2% Zn, 0.9% Pb, 15 g/t Ag and 0.35% Cu) from 599.0m, including **1.4m @ 20.8% ZnEQ** (16.8% Zn, 3.5% Pb, 30 g/t Ag, 0.2% Cu) from 604.0m and;
 - **12.8m @ 5.1% ZnEQ** (3.2% Zn, 1.8% Pb, 13g/t Ag and 0.05% Cu) from 631.5m, including **0.9m @ 17.8% ZnEQ** (15.3% Zn, 2.1% Pb, 25 g/t Ag, 0.1% Cu) from 643.4m.

- DH 17-3679-220 (“DH220”), the first diamond drill hole to test along strike from the Chimney Zone, was a 75 metre step out. Highlights included:
 - **3.3m @ 10.4% ZnEQ** (3.6% Zn, 6.5% Pb, 58 g/t Ag and 0.1% Cu) from 477.0m, including **1.0m @ 18.6% ZnEQ** (3.7% Zn, 14.5% Pb, 121 g/t Ag, 0.2% Cu) from 478.6m

Soil Sampling

A 1,000 sample soil program focused on acquiring new samples within an area of >40km² of unexplored Waulsortian Limestone is currently underway. Soil samples have been acquired by hand auger at 50cm depth on average (up to >1m). The sample material is brown earth, sometimes with a clay/sand/peat or chip components from the A horizon. Thin glacial cover (1-5m thick) is common over the project area. In combination with the re-interpretation and quality control of >18,000 historic soil samples, the new data already released reveals multiple new anomalies of Zn-Pb (with associated trace elements), some at target depths <300m. The anomalies show strong correlation with many prospective faults previously interpreted from aeromagnetic, gravity and seismic data.

New soil geochemical sampling results from the first 400 samples released during October 2017 identified a large and coherent anomaly up-dip from the mineral resource area at Kilbricken. As of the date of this MD&A, assays from the first 450 soil samples have been returned from a 1,000 sample program. Sampling infills large previously unsampled areas around known mineralization. The anomaly identified is similar in scale (0.75km x 0.5km) and tenor in zinc, lead, copper and arsenic to the soil anomaly found above known mineralization at the Chimney resource area, and shows a strong correlation with prospective faults identified from gravity, magnetic and seismic data sets. This new anomaly, in combination with known structure, presents a target for immediate follow up, representing the Kilbricken mineralized position at shallower depth.

Regional Soil Sampling

During January 2018 the Company announced the results of an extensive 961 sample regional soil geochemical survey covering >200km² around the deposit. The Kilbricken deposit forms a strong geochemical signature at surface and the geochemical surveys were undertaken to search for new anomalies in a similar geological setting to that of Kilbricken.

Highlights are:

- A 12km by 2km long north-west trending multi-element geochemical anomaly has been discovered. Within this trend there are four Kilbricken-sized multi-point anomalies which have never been drill tested, including a southerly extension to the Ballyhickey historic mine area;
- Outside of the main 12km trend a further three geochemical have been identified;
- Multi-element soil samples coverage, from immediately above and regionally around the 100% Kilbricken zinc deposit now extends over >200km²;
- All seven main anomalies defined are drill targets. As geochemical anomalies are not necessarily located directly above possible mineralization due to dispersion upwards through structural breaks, the geochemical data will be used in conjunction with gravity data and the recently completed 2D seismic data to better locate drill holes to test these anomalies;
- Further soil sampling on the Clare Project is continuing and focussed around Kilbricken, to infill and extend anomalies that have not been closed off.

Seismic Survey

During January, 2018 the Company announced completion of a 40.6 line kilometre 2D seismic survey at the Clare Project. The regional seismic survey is a first for the area and has delivered a critical new set of subsurface data across the Company’s 35,444 hectare PLs, which will form the basis for current and future drill targeting and prioritization.

The survey traversed the most prospective parts of the Clare Basin within the Company’s PLs and was used to identify and map geological structures that may host and control base metal mineralization. The Company’s seismic survey propels understanding of the architecture and geological prospectivity of the Clare Basin, in a manner not previously possible. Highlights from the survey are:

- A 40.6 line kilometre 2D seismic survey has been completed across a 12 x 14 kilometre section of the Clare Basin;
- Seismic surveying is not a common technique used in hard rock mineral exploration, but is the basis of most discoveries made in the oil and gas industry. Hannan is one of only a few mineral exploration companies to apply this method;
- Preliminary interpretation of new seismic data has immediately highlighted previously unrecognised structural features;
- These structures have the potential to host mineral deposits and when interpretation is completed, will be used in conjunction with gravity and anomalous soil geochemistry for effective drill targeting through 2018.

Metallurgy

On March 30, 2017 the Company announced the results of a gap analysis on mineralogical investigations on the Kilbricken project, Ireland by Dr. Kurt Forrester of Arn Perspective Ltd. Based on this study and the available information, it is likely a conventional lead-zinc flotation circuit at Kilbricken would be able to achieve saleable mineral concentrates. It is anticipated that there should be no penalties due to the presence of deleterious elements (arsenic, manganese, cadmium, selenium), subject to confirmation from the assessment of bulk element deportment during lead-zinc flotation. A primary grind of between 100µm to 150µm is anticipated to achieve satisfactory liberation and there are no red flags with the modal mineralogical analysis with respect to mineral processing and beneficiation. Based on the information available, it is anticipated that Kilbricken should be able to achieve high recoveries of both zinc and lead concentrates. Results from limited grade recovery analysis indicated the following recoveries probable using a conventional flowsheet:

- Targeting a sphalerite grade of 85% in the zinc concentrate would result in recoveries in excess of 85%.
- Targeting a galena grade of 70% in the lead concentrate would result in recoveries in excess of 75%.

Recommendations include conducting metallurgical test work across the deposit as part of an ongoing exploration and development program. The first drill hole (DH-217) will be used to collect metallurgical samples for locked cycle flotation testwork.

Future Developments

During the third quarter of fiscal 2018 an active work program is planned in Ireland and will consist of:

- A 13 drill hole, 8,500 metre resource expansion drill program is ongoing at Kilbricken.
- A 41 kilometre 2D regional seismic program has been finalized and processing contractors are now under selection.
- Regional sample soil program remains ongoing.
- Metallurgical locked cycle testwork is underway on the Kilbricken mineralization.

Since acquiring the Clare Project in September 2016, Hannan Ireland has focussed on advancing the technical understanding of the Kilbricken project to develop a rigorous geological model to guide future exploration. The Company has engaged a specialist group of geological experts in rift tectonics, structural geology of Irish Zn-Pb deposits and local geology of the project area to re-interpret the structural controls on mineralization at Kilbricken, and the regional structures that controlled development of the Clare rift basin and subsequent Zn-Pb mineralization. In addition, 28-line kilometres of 2D seismic and four square kilometres of 3D seismic data have been re-processed; three airborne magnetic data surveys have been “de-cultured” and had spectral depth filtering applied; gravity data has been reprocessed; and >30,000 soil samples have been re-levelled and combined with geophysical data to define drill targets.

The Company has also commenced a formal technical collaboration with iCRAG at the University College Dublin, an EU and industry funded research centre with experts in Irish mineral deposits.

Qualified Person

The qualified person for the Company's projects, 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 2018		Fiscal 2017				Fiscal 2016	
	Nov 30/17 \$	Aug 31/17 \$	May 31/17 \$	Feb 28/17 \$	Nov 30/16 \$	Aug 31/16 \$	May 31/16 \$	Feb 29/16 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(280,938)	(396,426)	(273,491)	(235,591)	(129,868)	(32,346)	(17,705)	(47,399)
Other Items	11,851	18,262	(7,201)	12,052	(6,588)	(6,909)	(6,879)	(6,790)
Net loss	(269,087)	(378,164)	(280,692)	(223,539)	(136,456)	(39,255)	(24,584)	(54,189)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)
Statement of Financial Position:								
Working capital (deficiency)	1,676,200	2,585,416	(146,446)	776,408	(23,003)	(142,782)	(110,527)	(92,924)
Total assets	5,166,519	5,793,310	2,846,191	3,034,767	178,786	36,926	43,773	50,176
Total long-term liabilities	312,070	307,010	301,893	837,911	492,754	535,970	528,970	521,989

Results of Operations

Three Months Ended November 30, 2017 Compared to Three Months Ended August 31, 2017

During the three months ended November 30, 2017 ("Q2") the Company reported a net loss of \$269,087 compared to a net loss of \$378,164 for the three months ended August 31, 2017 ("Q1"), a decrease in loss of \$109,077. The significant factor for the reduction in loss was the decrease of \$96,679 in share-based compensation expense. During Q2 the Company recorded share-based compensation of \$7,553 on the granting of share options to purchase 50,000 common shares. During Q1 the Company recorded share-based compensation expense of \$104,732 on the granting of 425,000 share options.

During Q2 the Company continued to its expansion drill program at the Kilbricken Project and conducted a regional seismic survey of the Clare Basin and, accordingly, incurred \$652,290, compared to \$232,768 during Q1. See "Property Update - Clare Project". The Company also made a payment of \$514,887 (US \$425,000) to Lundin pursuant to the Asset Purchase Agreement.

Six Months Ended November 30, 2017 Compared to Six Months Ended November 30, 2016

During the six months ended November 30, 2017 (the "2017 period") the Company reported a net loss of \$647,251 compared to net loss of \$175,711 for the six months ended November 30, 2016 (the "2016 period"), an increase in loss of \$471,540 reflecting the increase in corporate activities and incremental costs incurred and additions to personnel due to the Clare Project.

Expenses increased by \$515,150, from \$162,214 during the 2016 period to \$677,364 during the 2017 period. Specific expenses of note during the 2017 period are as follows:

- (i) recorded share-based compensation of \$111,785 (2016 - \$94,772) on the granting of share options to purchase 475,000 (1,071,000) common shares;
- (ii) incurred \$23,800 (2016 - \$7,700) with Chase Management Ltd. ("Chase") a private corporation owned by Mr. Nick DeMare, the President and a director of the Company, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. In addition, during the 2017 period the Company was also billed \$33,308 (2016 - \$nil) for accounting services provided by a third party accounting firm for ongoing accounting for Hannan Ireland;

- (iii) incurred \$143,979 (2016 - \$27,300) for management and director compensation for services provided by current and former officers and directors of the Company. The \$116,679 increase was attributed to the remuneration being paid to its executive officers and additional appointments of director to the Board. See also “Transactions with Related Parties”;
- (iv) incurred \$21,930 (2016 - \$9,500) for audit fees, reflecting the increased scope required for the audit of the fiscal 2017 year-end financial statements compared to fiscal 2016;
- (v) incurred \$29,054 in general exploration. The Company did not incur any general exploration activities during the 2016 period;
- (vi) incurred \$69,727 in professional fees for corporate and financial advisory services. No such services were conducted during the 2016 period;
- (vii) incurred \$61,361 for travel costs, mainly for reviewing ongoing exploration activities in Clare Project. The Company did not incur any travel costs during the 2016 period;
- (viii) incurred \$63,572 in corporate development costs for website sponsorship, media and advertising and marketing programs. The Company did not participate in any of these programs during the 2016 period; and
- (ix) incurred \$19,251 (2016 - \$2,548) for shareholder costs for press releases and translation services.

With the acquisition of the Clare Project in January 2017 the Company commenced an aggressive drilling program on the Kilbricken Project. During the recent six months period the Company incurred \$885,058, primarily for diamond drilling and seismic survey activities. See “Property Update - Clare Project”. In September 2017 the Company paid Lundin a cash payment of \$514,887 (US \$425,00) pursuant to the Asset Purchase Agreement.

Hannan BC had previously issued promissory notes totaling \$290,100 for advances provided to fund Hannan’s Ireland activities incurred prior to the Acquisition, including incorporation costs, completion of the Asset Purchase Agreement and exploration activities prior to the Acquisition. These promissory notes are due and payable on December 31, 2018. During the 2017 period the Company recorded \$10,177 (2016 - \$nil) of interest expense.

Cash Flows

During the 2017 period the Company completed a non-brokered private placement financing of 12,804,713 units, at a price of \$0.26 per unit for proceeds of \$3,329,225. During the 2016 period the Company issued 612,500 common shares for \$61,250 on the exercise of share options. No financings were conducted during the period.

Financial Condition / Capital Resources

As at November 30, 2017 the Company had working capital in the amount of \$1,676,200. To date the Company has not earned significant revenues and is considered to be in the exploration stage. 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. 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 retire its property acquisition obligation as it becomes 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.

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 all the Company's significant accounting policies is included in Note 3 to the May 31, 2017 and 2016 annual financial statements.

Changes in Accounting Policies

There have been no changes in accounting policies.

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 2017 and 2016 periods the following amounts were incurred with respect to the Company's CEO (Mr. Hudson), President and former CEO (Mr. DeMare), VP Exploration (Mr. Dahlenborg) and the CFO (Mr. Lim):

	2017 \$	2016 \$
Professional fees - Mr. Hudson ⁽¹⁾	48,000	-
Professional fees - Mr. DeMare	7,050	9,600
Professional fees - Mr. Dahlenborg ⁽²⁾	69,221	-
Professional fees - Mr. Lim	3,750	6,600
Share-based compensation - Mr. DeMare	-	10,619
Share-based compensation - Mr. Lim	-	5,309
	<u>128,021</u>	<u>32,128</u>

(1) Appointed January 9, 2017

(2) Appointed January 17, 2017

During the 2017 period the Company expensed \$116,949 (2016 - \$16,200) to management and director compensation and \$nil (2016 - \$15,928) for share-based compensation. In addition the Company capitalized \$11,072 (2016 - \$nil) in management fees to exploration and evaluation assets.

As at November 30, 2017, \$140,309 (May 31, 2017 - \$136,867 remained unpaid relating to the professional fees.

(b) Transactions with Other Related Parties

(i) During the 2017 and 2016 the following amounts were incurred with respect to non-management current and former directors (David Henstridge, Michael Iannacone, Georgina Carnegie and Ciara) and the Corporate Secretary (Mariana Bermudez) of the Company:

	2017 \$	2016 \$
Professional fees - Mr. Henstridge	5,550	6,600
Professional fees - Mr. Iannacone ⁽³⁾	3,750	4,500
Professional fees - Ms.Carnegie ⁽⁴⁾	4,050	-
Professional fees - Ms. Talbot ⁽⁵⁾	1,500	-
Professional fees - Ms.Bermudez ⁽⁶⁾	12,180	-
Share-based compensation - Mr. Henstridge	-	10,619
Share-based compensation - Mr. Iannacone	-	4,424
Share-based compensation - Ms.Bermudez	-	5,752
	<u>27,030</u>	<u>31,895</u>

(3) Resigned October 4, 2017

(4) Appointed March 28, 2017

(5) Appointed October 4, 2017

(6) Since June 1, 2017 Ms. Bermudez's compensation was billed by a private corporation owned by Ms. Bermudez. Prior thereto, Ms. Bermudez was employed by Mawson Resources Limited ("Mawson") and her time was allocated to the Company.

As at November 30, 2017, \$77,200 (May 31, 2017 - \$70,000) remained unpaid relating to the professional fees.

- (ii) During the 2017 period the Company incurred a total of \$23,800 (2016 - \$7,700) 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, 2017 \$7,000 (May 31, 2017 - \$7,700) remained unpaid.
- (c) During fiscal 2017 the Company's subsidiary, Hannan BC, issued \$290,100 in promissory notes. The promissory notes bear interest at 7% per annum. The principal amounts and accrued interest are due and payable on December 31, 2018. During the 2017 period the Company recorded \$10,177 (2016 - \$nil) of interest expense. The promissory notes are held by shareholders of the Company including a family trust of the CEO of the Company.
- (c) The Company has received ongoing loans from DNG Capital Corp. ("DNG") a private company owned by Mr. DeMare. Commencing November 1, 2014 the Company agreed to pay interest at a rate of 6% per annum on all outstanding principal amounts. During the 2016 period the Company repaid \$50,000 and recorded \$13,784 of interest expenses. Subsequent to November 30, 2016 the Company repaid all of the loans and all accrued interest.
- (d) During the 2017 period directors, officers and close family members purchased 886,000 units of the private placement for \$230,360.

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 25, 2018, there were 40,263,702 issued and outstanding common shares, 10,923,185 warrants outstanding at exercise prices ranging from \$0.10 to \$0.40 per share and 1,766,000 share options outstanding at exercise prices ranging from \$0.10 to \$0.45 per share.