

HANNAN METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED AUGUST 31, 2020

This discussion and analysis of financial position and results of operation is prepared as at October 28, 2020 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the three months ended August 31, 2020 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 or the Company's website www.hannanmetals.com and readers are urged to review these materials.

COVID-19

On March 11, 2020 the World Health Organization ("WHO") declared the outbreak of a novel coronavirus, identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. A state of emergency in Peru has been in place since March 16, 2020 under which Peru enacted mandatory quarantine and all borders were closed. The state of emergency is currently scheduled to remain in place until October 31, 2020. In June 2020 the Peruvian government began to ease lock-down restrictions on the country's mining sector, with a phased restart of activities. All work requires the implementation of health protocols including self-distancing, disinfection procedures, use of protective masks and COVID-19 testing. Activities in Ireland have been restricted to minimal care and maintenance levels.

The Company has implemented safety and physical distancing procedures, including working from home and continuing desktop and office work remotely where possible. In Peru, local social work continues to build on relationships remotely with existing stakeholders. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments, however the Company remains well funded and will have Peruvian teams back in the field when it is safe and appropriate to do so.

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's activities have been primarily focused on the applications for mineral concessions and geological and community social work at the San Martin copper silver project in north-central Peru. The Company also holds nine prospecting licences located in County Clare Ireland which is currently being maintained.

During the three months ended August 31, 2020 the Company completed a private placement for proceeds of \$1,000,000 and received a further \$470,552 on the exercise of warrants and share options. See also "Financial Condition/Capital Resources".

Property Update

San Martin Copper-Silver, Peru

The San Martin Project is located about 30 kilometres northwest of Tarapoto. Mining concessions cover 120 kilometres of combined strike of the prospective host horizon. Project access is excellent via a proximal paved highway, while the altitude ranges from 400 metres to 1,600 metres in a region of high rainfall and predominantly forest cover.

San Martin encompass a newly identified, basin-scale high-grade copper-silver system situated along the foreland region of the eastern Andes Mountains in Peru and neighboring countries. Geologically, these share similarities with sedimentary copper-silver deposits including the vast Kupferschiefer deposit in Eastern Europe and deposits of the African Copper Belt situated in sub-Saharan Africa, two of the largest copper districts on earth. Hannan recognized the exceptional potential for large copper-silver deposits in this part of Peru and has aggressively staked a commanding land position.

Key points are:

- A new frontier basin-scale copper (chalcocite) district.
- Permit applications for 65,600 hectares ("ha") covering 120 kilometres ("km") of strike.
- Initial prospecting has identified high grade mineralization in outcrop and float and alteration in an area covering 100 km x 50 km. Similar style of outcrop/boulders have been discovered over 100 km of strike.
- Best results from outcrop - 20 km apart:
 - 3m @ 2.5% Cu and 22g/t Ag (LD190517-19)
 - 2m @ 5.9% Cu and 66g/t Ag (TC190536-38).
- Mineralization forms at multiple stratigraphic levels and is spatially linked to salt structures.

As of the date of this MD&A, Hannan has staked a total of 87 mineral concessions at the San Martin project which have been either granted or are under application for a total of 65,600 ha (656 sq kms), covering multiple trends within a 120 km of combined strike for sedimentary-hosted copper-silver mineralization. As of the date of this MD&A, a total of 43 granted mining concessions for 329 sq km have been granted. Additionally, the Company has staked 28 mineral concession applications for 27,700 ha for copper-silver in the broader Huallaga Basin and 9 mineral concession applications for 8,000 ha prospective for copper and/or gold in Peru.

The San Martin project is an early stage exploration project. Previous mineral exploration in the area is limited. RTZ worked in the southern and northern areas for one year in the late 1990's and conducted reconnaissance sampling and drilled 3 diamond drillholes in the transitional lead-zinc parts of the system in the south. A private Canadian company completed soil sampling and some geophysics during a one year period in the southern project area. These data are not available to Hannan. Hannan's in-depth regional geological understanding has been derived from the substantial data gathered during petroleum exploration activities undertaken in the Huallaga Basin since 1989. This data, which recently has been made publicly available, includes >2,000 kilometres of 2D seismic, 618 kilometres of geological traverses, 1,600 gravity stations, 13,000 kilometres of aeromagnetic surveys and >2,000 rock samples for geochemical and petrological studies. This information has provided Hannan a tremendous amount of data to guide exploration and support geological models.

During late 2018 initial reconnaissance sampling was conducted on the Tabalosos claims. While only a smaller proportion of the claims were accessible owing to seasonal rains, four separate areas of high-grade mineralized copper-silver boulders were discovered over a 15-kilometre strike, across multiple structures. Grab samples taken from nineteen mineralized boulders (>0.1% copper) within creeks which drain outcrop returned values ranging from 0.1 to 8.3% copper and 0.2 to 109 g/t silver with an average grade of 2.8% copper and 27.2 g/t Ag over 15 kilometres of strike across two structural corridors, highlighting the potential for discovery of a strike extensive near-surface, sediment-hosted copper deposit. Grab samples are selected samples and not necessarily representative of the mineralization hosted on the property.

Additional work was conducted at the western part of Tabalosos in July 2019. Grab samples obtained from six mineralized boulders (>0.1% copper) range in grade from 0.8% to 11.5% copper and 8 g/t silver to 28 g/t silver with an average grade of 4.2% copper and 17 g/t silver over a 5-kilometre strike. The new area is located 3.5 kilometres immediately west of the initial discovery made in late October 2018. Additionally, a grab sample from a boulder located 8.5 kilometres south of Tabalosos South West assayed 12.3% copper and 70 g/t silver in an adjacent anticlinal fold limb.

During March 2019 the Gera claims were visited for early stage reconnaissance mapping. The work identified similar style geology as the Tabalosos and Sacanche prospects and the Gera prospect is prospective for similar style mineralization. In total the Gera claims cover 10,000 hectares and are located immediately NW of the Tabalosos claims. During late 2019 and the first quarter of 2020 the Company explored the project with 4 field teams before suspending operations due to the COVID-19 pandemic.

The San Martin project lies in the Sub-Andean zone of Andean Cordillera. Since the 1970's the area has principally been explored for petroleum, delivering large seismic datasets similar to those being used by Hannan for targeting of zinc in Ireland. Seismically-defined basin structures and stratigraphy are now being interpreted in the context of sediment-hosted copper mineralization.

The Sub-Andean zone is underlain by a series of retro-arc foreland basins that were inverted during the Mid-Eocene and the Miocene. The inversion exposed a rift sequence initiated in the late Permian, composed of red beds and thick basin-wide evaporites. These rocks are contemporary to the Pucara and Mitu Groups in western Peru. The geological history shows a strong similarity to sedimentary basins which host giant sediment hosted copper deposits with respect to the stratigraphy, basin architecture, presence of thick evaporites and long periods of quiescence.

Copper and silver mineralization is hosted by the 150 Ma Saraquillo Formation, which was deposited in an intra-continental basin during the Jurassic-Early Cretaceous period. The Saraquillo Formation is 1.2-1.8 kilometres thick and extends for over 1,000 kilometres of strike. The Saraquillo Formation is spatially associated with salt domes which supports the seismic observations of widespread evaporitic strata, with several small artisanal salt and copper mines present in the area. Copper mineralization discovered to date is associated with the contact of fine-grained reduced carbonaceous sandstones with highly oxidized red beds of the Saraquillo Formation. Chalcocite is the dominant copper sulphide and it is always found together with carbonaceous material. Chalcocite occurs as fine disseminations, fracture filling and centimetre-sized massive aggregates. Secondary copper minerals are common on exposed surfaces. Albitization and silicification is associated with the mineralization, where the former dominates in more strongly mineralized samples.

In July 2020, the Company received notice from the Geological, Mining and Metallurgical Institute of Peru ("Ingemmet") that a total of 43 granted mining concessions for 329 sq km have now been granted at the San Martin project in Peru. Under Peruvian mining law, a mining concession provides the holder with exclusive rights to undertake exploration (and mining activities subject to additional permitting) within a pre-determined area. The concession provides secure tenure and allows for more advanced social and exploration work programs to be executed including drill permitting.

In July 2020, Hannan completed a regional 17,500 square kilometre stereographic geological remote study using detailed terrain corrected topographic elevation data and the Sentinel-2 super-spectral satellite data from the European Space Agency (ESA). The resultant product was a geological and target map highlighting the prospective mineralized trends over 120 kilometres of strike at the Company's sediment-hosted stratiform copper-silver project in north-eastern Peru and identification of several new stratabound copper silver target areas for immediate follow-up in the field.

Remote sensing in geology is a data acquisition method that complements field observation, as it allows mapping of geological characteristics without physical contact of the areas being explored. Since the late 1970's geological remote

sensing has evolved in parallel with the progression of satellite technology and has significantly improved remote sensed geological mapping. The basis of remote sensing is that each object on earth has a spectral signature that is a specific response to the radiation to which it is subjected.

The study for Hannan was undertaken by stereographic imagery experts, Gavin Daneel & Associates. Expert interpretation of stereographic imagery provides rapid and accurate mapping of a variety of features of interest over a wide range of scales. Remote sensing proxies the geology, using features such as soils and vegetation that preferentially grow above different types of rocks, to help infer the underlying geological patterns including stratigraphic and lithological trends, structural controls and geobotanical anomalies where vegetation stress and abnormal growth may be due to metal accumulation in soils. The remote sensing study utilized data from the Sentinel-2 constellation of two twin satellites that systematically acquire optical imagery at high spatial resolution (10 metres to 60 metres) over land and coastal waters. Sentinel-2 has been developed and is being operated by the European Space Agency, and the satellites were manufactured by a consortium led by Airbus Defense and Space.

The studied area mapped the stratabound copper silver mineralization at the Sacanche project area over 73 kilometres of strike. Known mineralized zones were identified including those recent discoveries mapped and channel sampled within a 20 kilometre strike trend at Sacanche, which include:

- 2.0 metres @ 5.9% copper and 66 g/t silver
- 0.6 metres @ 8.7% copper and 59 g/t silver
- 0.6 metres @ 0.8% copper and 12 g/t silver
- 3.0 metres @ 2.5% copper and 22 g/t silver
- 0.8 metres @ 2.8% copper and 14 g/t silver
- 0.2 metres @ 6.9% copper and 32 g/t silver

Channel samples are considered representative of the in-situ mineralization samples and sample widths quoted approximate the true width of mineralization.

The remote geological study at the Tabalosos project defined and constrained the target position of stratabound copper-silver mineralization over a 30 kilometre trend;

Two target styles have been defined:

1. A stratabound position in the upper levels of the Saraquillo Formation, defined by the presence of debris organic material that hosts high-grade copper-silver mineralization. This zone is correlated over a 30-kilometre-long trend and over 5 kilometres in width across the Tabalosos project area and is the same mineralized stratigraphic level identified in outcrop at Sacanche, located 80 kilometres to the south.
2. A structurally controlled sandstone hosted copper-silver target has been identified in the southern part of the project. This area is 7 kilometres long and up to 5 kilometres wide in Tabalosos. The target is analogous with the base metal gossans discovered earlier this year at Sacanche South, located 80 km to the south.

This new interpretation at Tabalosos is the first in the district to combine seismic data with modern remote surface observation from high resolution satellite imagery. Within the 30 kilometre trend four key zones have been defined over a 5 kilometre cross strike width:

1. Three zones over a 3.5 kilometre strike, where 16 grab samples from boulders (>0.1% copper) averaged 2.7% copper and 29 g/t silver and ranged from 0.1-8.3% copper and 0.2-109 g/t silver.
2. A zone with 3 grab samples from boulders (>0.1% copper) with two different lithologies, averaged 3.3% copper and 12 g/t silver and ranged from 0.2-6.9% copper and 2.2-27 g/t silver.
3. Three zones over a 5 kilometre strike, where 6 grab samples from boulders (>0.1% copper) averaged 4.2% copper and 17 g/t silver and ranged from 0.8-11.5% copper and 8-28 g/t silver.
4. One zone where quick reconnaissance sampling identified a small shale-host boulder that assayed 12.3% copper and 70 g/t silver.

Grab samples are selective by nature and are unlikely to represent average grades on the property.

Sediment-hosted stratiform copper-silver deposits are among the two most important copper sources in the world, the other being copper porphyries. They are also a major producer of silver. According to the World Silver Survey 2020 KGHM Polska Miedz's ("KGHM") three copper-silver sediment-hosted mines in Poland are the leading silver

producer in the world with 40.2Moz produced in 2019. This is almost twice the production of the second largest producing mine. The Polish mines are also the sixth largest global copper miner and in 2018, KGHM produced 30.3 Mt of ore at a grade of 1.49% copper and 48.6 g/t silver from a mineralized zone that averages 0.4 metres to 5.5 metres thick.

At San Martin, the Company believes it has identified an opportunity that could result in a significant discovery and, as a project generator, new opportunities are continually reviewed. At the same time, Hannan needs to consider all options to advance a district scale opportunity at San Martin. The results from our initial work to date has attracted the interest of a number of major mining companies. While in the early stages of our work programs, it would remiss to not consider partnership opportunities that the Company believes are in its best interests. To date the Company remains in discussion with select parties.

Future Developments

The Company has continually monitored the impact of the COVID-19 outbreak. It is now possible to estimate that Peruvian social and technical teams will back in the field during November 2020, with COVID-safe and appropriate work practises.

Social work continues with successful engagement with all key stakeholders from local communities to provincial leadership, over the large area. Local representatives are now working to support the community during the COVID-19 pandemic.

Clare Zinc-Lead-Silver Project, Ireland

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. Hannan has now made all cash payments totalling US \$1,000,000 to Lundin Mining Ltd to complete its purchase of the project. Lundin will retain a 2% net smelter return royalty on all sales of mineral products extracted from the project area, subject to certain buy back provisions. 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.

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 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.

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 Chimney 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 |

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.

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.

Drill Results

Hannan commenced drilling at Kilbricken in May 2017 and has subsequently completed 16 holes for a total of 7,189.3 metres. Hannan's drilling initially focused around Kilbricken with many holes intersecting significant mineralization and extending both the Fort and Chimney Zones. The true thickness of mineralized intervals at Kilbricken is interpreted to be greater than 95% of the sampled thickness.

Drill highlights include:

DH 17-3679-217 ("DH217") at the Fort Zone, one of the most mineralized ever drilled at the property:

- 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;

DH 17-3679-218 ("DH218"), drilled at Fort Zone intersected massive sulphides within a down-hole thickness of 55 metres:

- 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;

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:

- 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") first drill hole to test along strike from the Chimney Zone, was a 75 metre step out:

- 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

The remaining nine drill holes of the 2017 program (DH 17-3679-221 through to DH 17-3679-229; DH 17-3679-225 was abandoned at 72 metres) were drilled outside Kilbricken, based primarily on soil anomalies. Hole 17-3679-221 intersected anomalous copper mineralization 300 metres along strike from the Fort Zone. Hole 17-3679-226, drilled up dip from Kilbricken, intersected hematite alteration which is considered a good indicator of proximity to mineralization. Drill hole 17-3679-228 contained both pyrite at the base of reef with intense dolomitization and a

fault in the stratigraphic footwall, which indicates a drill target at shallower levels up-dip. The remaining five holes did not intersect significant mineralization or alteration.

In October 2018 the Company drilled three drill holes at the Ballyhickey prospect located two kilometres NE of Kilbricken. Drill targets had been developed from seismic and surface geochemistry. The drilling confirmed the geological model and encounter significant faulting similar to the faults controlling the Kilbricken deposits. One of the drill holes intersected weak calcite pyrite alteration at the base of the Waulsortian limestone.

In February 2019 the Company extended a pre-existing drill hole (11-3643-10) at the Kilmurry prospect located 9km south of the Kilbricken prospect. The target was a seismic and detailed gravity defined structural and stratigraphic target mapped by Hannan over greater than 15 kilometres strike and 1-2 kilometres width. Historic drilling identified significant alteration and mineralization immediately south in the footwall of the Kilmurry target. Hannan's extension of hole 11-3643-10 encountered intense hydrothermal hematite for 4 metres at the base of the potential mineralized position and calcite/dolomite breccia over more than 60 metres thickness, with sporadic gossanous patches after pyrite and calcite textures suggesting replacement of barite. The hydrothermal hematite alteration is highly significant as it lies proximal to mineralization at Irish-style deposits such as Lisheen, Tynagh and Silvermines and can be considered a near-miss indicator. Further drilling is required.

Soil Sampling

A 1,000 sample soil program focused on acquiring new samples within an area of >40km² of unexplored Waulsortian Limestone continues. 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 sampling results have identified a large and coherent anomaly up-dip from Kilbricken. Furthermore, 2km NE of Kilbricken at the Ballyhickey prospect the survey revealed a 3km long and 600m wide soil anomaly that has never been drill tested. The anomaly identified is similar to the soil anomaly found above known mineralization at the Chimney zone, and shows a strong correlation with prospective faults identified from gravity, magnetic and seismic data sets. This new anomaly was drill tested in October 2018. One of three drill holes intersected weak alteration at the base of the Waulsortian limestone.

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:

- 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 geo-chemical 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.
- Several strong multipoint anomalies coinciding with structural targets identified from Hannan's seismic survey. This includes three targets which have been identified in the Kilbricken area, Ballyhickey, Quin and Finanag.
- Outside of the main Kilbricken area 5 targets have been prioritized. Each area consist of 2 or more samples with anomalies from by Zn, Cd,+/- As, Pb. Fe and Mn is generally low.

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:

- The 40.6 line kilometre 2D seismic survey identified the high-grade zinc mineralized position at Kilbricken and defined multiple new high priority targets in similar settings over a combined 12 kilometres trend immediately along strike and up dip from the Kilbricken deposit.
- Over the regional scale, multiple drill targets were also identified across much of the Clare project, including major north dipping faults that are well documented to preferentially host economic zinc deposits in Ireland.
- The 6,000 metre drill program currently being planned will initially test targets over the combined 12 kilometres trend immediately along strike and up dip from Kilbricken.
- In total the Clare project now has 68 kilometres of 2D seismic and 5 square kilometres of 3D seismic surveys which constrain depths and geometry of potentially mineralized targets, which will substantially decrease exploration costs and increase exploration effectiveness.
- Seismic surveying is not a technique commonly used in hard rock mining while is endemic in the oil and gas industry. Hannan is one of few hard rock exploration companies to use the method globally.

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.

Gravity Survey

In October 2018 the Company completed a gravity survey over the Kilmurry prospect, 12km South of Kilbricken. The survey was designed to map the area between two seismic profiles where significant faults were mapped (the Kilmurry fault zone) during the seismic survey. The gravity survey confirmed the existence of the faults and also highlighted the possibility of a fault relay zone between the two seismic profiles.

Future Developments

The current focus in Ireland is the Kilmurry prospect which has the indicators of a significant drill target. The Kilmurry fault zone, mapped by seismic surveys, gravity and supported by historic drilling, has been traced over 10 kilometres of strike. Further drilling is recommended at Kilmurry, with four priority targets defined within the ramp-relay system over 6 kilometres. However, at this stage, the Company's focus remains exploring for copper in Peru.

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 2021 | Fiscal 2020 | | | | Fiscal 2019 | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Aug 31/20 \$ | May 31/20 \$ | Feb 29/20 \$ | Nov 30/19 \$ | Aug 31/19 \$ | May 31/19 \$ | Feb 28/19 \$ | Nov 30/18 \$ |
| Operations: | | | | | | | | |
| Revenues | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Expenses | (404,108) | (120,019) | (800,160) | (95,558) | (143,669) | (228,949) | (251,473) | (286,145) |
| Other Items | (1,233) | 7,666 | 1,205 | (5,189) | (8,410) | (4,054) | (3,290) | (4,077) |
| Net loss | (405,341) | (112,353) | (798,955) | (100,747) | (152,079) | (233,003) | (254,763) | (290,222) |
| Basic and diluted loss per share | (0.01) | (0.01) | (0.01) | (0.00) | (0.00) | (0.00) | (0.01) | (0.01) |
| Statement of Financial Position: | | | | | | | | |
| Working capital (deficiency) | 2,249,253 | 1,316,484 | 1,579,002 | 44,967 | (85,399) | 126,587 | (16,629) | 397,472 |
| Total assets | 7,363,798 | 6,450,387 | 6,605,422 | 4,689,734 | 4,460,825 | 4,629,002 | 4,370,544 | 4,573,836 |
| Total long-term liabilities | Nil | Nil | Nil | (352,570) | (347,510) | (342,393) | (337,276) | (332,270) |

Results of Operations

Three Months Ended August 31, 2020 Compared to Three Months Ended May 31, 2020

During the three months ended August 31, 2020 ("Q1/2021") the Company reported a net loss of \$405,341 compared to a net loss of \$112,353 for the three months ended May 31, 2020 ("Q4/2020"), an increase in loss of \$292,988. The increase in loss is mainly attributed to:

- (i) the recognition in Q1/2021 of \$102,508 (Q4/2020 - \$147) for share-based compensation; and
- (ii) an increase in corporate development expenses of \$143,606, from \$37,629 in Q4/2020 to \$181,235 in Q1/2021. Due to travel restrictions placed on Company executives due to COVID-19, the Company decided to engage a number of consultants to perform strategic consulting, media and business development services on behalf of the Company.

Three Months Ended August 31, 2020 Compared to Three Months Ended August 31, 2019

During the three months ended August 31, 2020 (the "2020 period") the Company reported a net loss of \$405,341 compared to a net loss of \$152,079 for the three months ended August 31, 2019 (the "2019 period"), an increase in loss of \$253,262. Specific expenses of note during the 2020 period are as follows:

- (i) recognized share-based compensation of \$102,508 in the 2020 period on the granting of share options to purchase 500,000 common shares of the Company. During the 2019 period the Company did not grant any options;
- (ii) incurred a total of \$7,153 (2019 - \$7,019) for accounting and administration services of which \$3,650 (2019 - \$5,300) was incurred by Chase Management Ltd. ("Chase") a private corporation owned by Mr. Nick DeMare, a director of the Company, for services provided by Chase personnel, excluding Mr. DeMare. The Company was also billed \$3,503 (2019 - \$1,719) for accounting services provided by a third-party accounting firm for ongoing accounting for Hannan Ireland;
- (iii) incurred \$3,114 in the 2020 period compared to \$1,958 in the 2019 period for drill core storage;
- (iv) incurred \$64,451 (2019 - \$44,807) for management compensation for services provided by current and former officers and directors of the Company. See also "Transactions with Related Parties";
- (v) incurred \$19,239 for travel expenses in the 2019 period compared to \$842 in the 2020 period. In the 2020 period the Company had ceased all unessential travel due to the COVID-19 pandemic;
- (vi) incurred salaries and wages of \$33,108 in the 2019 period due to the severance of employees in Ireland. During the 2020 period the Company did not have any salaried employees;

- (vii) incurred \$8,859 in the 2020 period for professional fees compared to \$nil in the 2019 period. During the 2020 period the Company engaged a consultant to oversee the Peruvian operations;
- (viii) incurred \$181,235 in the 2020 period for corporate development compared to \$9,356 in the 2019 period. During the 2020 period the Company engaged various consultants to provide strategic consulting, media and business development services on behalf of the Company; and
- (ix) incurred shareholder costs of \$9,635 in the 2020 period compared to \$nil in the 2019 period. During the 2020 period the Company incurred costs for news dissemination.

During the 2020 period the Company recorded \$1,808 (2019 - \$5,117) interest expense on promissory notes. During the 2020 period the Company repaid the outstanding \$145,000 principal amounts of promissory notes and \$71,658 of accrued interest payable. See also “Transactions with Related Parties”.

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 2020 period the Company reported interest income of \$3,735 compared to \$1,233 during the 2019 period, reflecting higher levels of cash held during the 2020 period.

Exploration and Evaluation Assets

| | <u>Ireland</u> | <u>Peru</u> | |
|-----------------------------------|----------------------|-------------------|------------------|
| | <u>Clare Project</u> | <u>San Martin</u> | <u>Total</u> |
| | \$ | Project | \$ |
| | \$ | \$ | \$ |
| Balance at May 31, 2019 | <u>3,906,364</u> | <u>301,478</u> | <u>4,207,842</u> |
| Exploration costs | | | |
| Field supplies | - | 46,674 | 46,674 |
| Community | - | 57,021 | 57,021 |
| Geological | - | 170,525 | 170,525 |
| Sampling | - | 11,731 | 11,731 |
| Travel | - | 28,509 | 28,509 |
| | <u>-</u> | <u>314,460</u> | <u>314,460</u> |
| Acquisition costs | | | |
| License applications and fees | <u>15,188</u> | <u>126,937</u> | <u>142,125</u> |
| Balance at May 31, 2020 | <u>3,921,552</u> | <u>742,875</u> | <u>4,664,427</u> |
| Exploration costs | | | |
| Community | - | 1,948 | 1,948 |
| Geological | - | 44,497 | 44,497 |
| Other | - | 17,880 | 17,880 |
| Sampling | - | 683 | 683 |
| | <u>-</u> | <u>65,008</u> | <u>65,008</u> |
| Acquisition costs | | | |
| License applications and fees | <u>-</u> | <u>149,596</u> | <u>149,596</u> |
| Balance at August 31, 2020 | <u>3,921,552</u> | <u>957,479</u> | <u>4,879,031</u> |

Exploration activities during the 2020 period were limited to the ongoing application process and surface activities on the San Martin Project located in north-central Peru. See also “Property Update”.

Financings Activities

During the 2020 period the Company completed a private placement of 4,000,000 units at \$0.25 per unit for gross proceeds of \$1,000,000. The Company intends to use the net proceeds from the private placement for exploration on the Company’s Peruvian exploration properties, general corporate purposes and provide working capital.

In addition during the 2020 period the Company issued 2,013,774 common shares on the exercise of warrants and share options for total proceeds of \$470,552.

During the 2019 period no equity financings were conducted by the Company.

Financial Condition / Capital Resources

As at August 31, 2020 the Company had working capital of \$2,249,253. 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. As at August 31, 2020 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. See also "COVID-19".

Subsequent to August 31, 2020 the Company issued 169,500 common shares on the exercise of warrants for total proceeds of \$32,100.

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, 2020 audited annual consolidated financial statements.

Changes in Accounting Policies

Adoption of New Accounting Standard

Effective June 1, 2020 the Company adopted the Amendments to IFRS 3 - *Definition of a Business*, which clarifies the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

There was no impact on the Company's condensed consolidated interim financial statements upon the adoption of the amendments of this standard.

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, 2020 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 2020 and 2019 periods the following amounts were incurred with respect to the Company's CEO (Mr. Hudson), President (Mr. Dahlenborg) and the CFO (Mr. Lim):

| | 2020 \$ | 2019 \$ |
|------------------------------------|---------------|---------------|
| Professional fees - Mr. Hudson | 24,000 | 20,000 |
| Professional fees - Mr. Dahlenborg | 25,227 | 30,939 |
| Professional fees - Mr. Lim | 2,250 | 1,500 |
| | <u>51,477</u> | <u>53,939</u> |

During 2020 period the Company allocated the \$51,477 (2019 - \$52,439) management fees based on the nature of the services provided: expensed \$45,791 (2019 - \$27,687) to management compensation; and capitalized \$5,686 (2019 - \$24,752) to exploration and evaluation assets. As at August 31, 2020, \$49,487 (May 31, 2020 - \$41,171) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the 2020 and 2019 periods the following amounts were incurred with respect to non-management directors (Nick DeMare, David Henstridge, Georgina Carnegie and Ciara Talbot) and the Corporate Secretary (Mariana Bermudez) of the Company:

| | 2020 \$ | 2019 \$ |
|------------------------------------|---------------|---------------|
| Professional fees - Mr. DeMare | 2,250 | 1,500 |
| Professional fees - Mr. Henstridge | 2,250 | 1,500 |
| Professional fees - Ms. Carnegie | 2,250 | 8,000 |
| Professional fees - Ms. Talbot | 2,250 | 1,500 |
| Professional fees - Ms. Bermudez | 9,660 | 4,620 |
| | <u>18,660</u> | <u>17,120</u> |

As at August 31, 2020 \$147,840 (May 31, 2020 - \$150,350) remained unpaid.

(ii) During the 2020 period the Company incurred a total of \$3,650 (2019 - \$5,300) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at August 31, 2020, \$3,00 (May 31, 2020 - \$4,500) remained unpaid.

(c) The Company had issued promissory notes which bore interest at 7% per annum. The principal amounts and accrued interest were scheduled to be due and payable on December 31, 2020. During the three months ended August 31, 2020 the Company recorded \$1,808 of interest expense and in August 2020 repaid the remaining \$145,000 principal amounts of promissory notes and \$71,658 of accrued interest payable. The promissory notes were held by shareholders of the Company, including a family trust of the CEO of the Company.

(d) As at May 31, 2019 accounts payable and accrued liabilities included \$50,000 outstanding to an arms-length party for professional service rendered. In fiscal 2020 the indebtedness was settled on behalf of the Company by a private company owned by a director of the Company and was recorded as an advance to the Company. The Company subsequently repaid \$30,000 of that advance and \$20,000 remained unpaid as at May 31, 2020. In September 2020 the Company paid the remaining \$20,000 balance.

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 October 28, 2020, there were 80,847,485 issued and outstanding common shares, 24,725,888 warrants outstanding at exercise prices ranging from \$0.15 to \$0.35 per share and 5,576,000 share options outstanding at exercise prices ranging from \$0.10 to \$0.455 per share.