

HANNANS

6 November 2017

ASX & MEDIA ANNOUNCEMENT

Issue of Options

Hannans Ltd (ASX: HNR) is pleased to advise that at the Annual General Meeting held on Friday, 27 October 2017 shareholders approved the issue of 84,000,000 unlisted options. The options have now been issued and the updated capital structure for the Company is as follows:

Updated Capital Structure

Ordinary Fully Paid Shares listed on the ASX	1,682,640,560
Unlisted Options exercisable at 0.8 cents on or before 20 November 2017	12,016,668
Unlisted Options exercisable at 0.5 cents on or before 20 November 2018	7,850,001
Unlisted Options exercisable at 2.9 cents on or before 20 November 2019	12,016,664
Unlisted Options exercisable at 0.4 cents on or before 3 June 2018	4,162,500
Unlisted Options exercisable at 2.7 cents on or before 15 September 2020	21,155,848
Unlisted Options exercisable at 2.6 cents on or before 27 October 2020	28,000,000
Unlisted Options exercisable on or before 27 October 2021 exercise price calculated from the VWAP for the five (5) trading days before and five (5) trading days after 27 October 2018 PLUS a premium of 50%	28,000,000
Unlisted Options exercisable on or before 27 October 2022 exercise price calculated from the VWAP for the five (5) trading days before and five (5) trading days after 27 October 2019 PLUS a premium of 50%	28,000,000

An Appendix 3B Application for Quotation of Additional Securities is attached.

For further information, please contact:

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

HANNANS LTD

ABN

52 099 862 129

We (the entity) give ASX the following information.

Part 1 — All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | ⁺ Class of ⁺ securities issued or to be issued | Unlisted options. |
| 2 | Number of ⁺ securities issued or to be issued (if known) or maximum number which may be issued | 84,000,000. |
| 3 | Principal terms of the ⁺ securities (e.g. if options, exercise price and expiry date; if partly paid ⁺ securities, the amount outstanding and due dates for payment; if ⁺ convertible securities, the conversion price and dates for conversion) | <p>Tranche 1: one third exercisable at 2.6 cents each on or before 27 October 2020.</p> <p>Tranche 2: one third exercisable on or before 27 October 2021. The exercise price calculated from the VWAP for the five (5) trading days before and five (5) trading days after 27 October 2018 PLUS a premium of 50%.</p> <p>Tranche 3: one third exercisable on or before 27 October 2022. The exercise price calculated from the VWAP for the five (5) trading days before and five (5) trading days after 27 October 2019 PLUS a premium of 50%.</p> <p>*VWAP: Volume weighted average share price</p> |

4	Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No. The shares issued upon exercise of options will rank equally with existing ordinary shares.
5	Issue price or consideration	Nil. Issued pursuant to approval of shareholders at Hannans AGM held on 27 October 2017.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	84,000,000 unlisted options were issued to Directors pursuant to the terms and conditions contained in Hannans' 2017 Notice of AGM dated 27 September 2017 and approved by shareholders at the AGM held on 27 October 2017. All the Options will vest in three equal tranches subject to the terms and conditions listed in the Notice of AGM dated 27 September 2017.
6a	Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the ⁺ securities the subject of this Appendix 3B</i> , and comply with section 6i	Yes.
6b	The date the security holder resolution under rule 7.1A was passed	27 October 2017.
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	Nil.
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	Nil.

6e	Number of *securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil.	
6f	Number of *securities issued under an exception in rule 7.2	84,000,000 unlisted options approved by shareholders at the AGM held on 27 October 2017.	
6g	If *securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the *issue date and both values. Include the source of the VWAP calculation.	N/A.	
6h	If *securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A.	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1 – 248,627,583 Rule 7.1A – 167,936,360 (Refer Annexure 1)	
7	*Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	6 November 2017.	
8	Number and *class of all *securities quoted on ASX (including the *securities in section 2 if applicable)	Number	*Class
		1,682,640,560	Fully paid ordinary shares.

	Number	*Class
9	12,016,668	Options exercisable at \$0.008 each on or before 20 Nov 2017.
	7,850,001	Options exercisable at \$0.005 each on or before 20 Nov 2018.
	12,016,664	Options exercisable at \$0.029 each on or before 20 Nov 2019.
	4,162,500	Options exercisable at \$0.004 each on or before 3 Jun 2018.
	21,155,848	Options exercisable at \$0.027 each on or before 15 Sep 2020.
	28,000,000	Options exercisable at \$0.026 each on or before 27 Oct 2020.
	28,000,000	Options exercisable on or before 27 Oct 2021. Exercise price calculated from the VWAP for the five (5) trading days before and five (5) trading days after 27 October 2018 PLUS a premium of 50%.
	28,000,000	Options exercisable on or before 27 Oct 2022. Exercise price calculated from the VWAP for the five (5) trading days before and five (5) trading days after 27 October 2019 PLUS a premium of 50%.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
	N/A.	

Part 2 — Pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the *securities will be offered	

14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	

28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements in full through a broker?	
31	How do security holders sell part of their entitlements through a broker and accept for the balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	
33	*Issue date	

Part 3 — Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☐ ⁺Securities – described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38	Number of ⁺ securities for which ⁺ quotation is sought					
39	⁺ Class of ⁺ securities for which quotation is sought					
40	Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another ⁺security, clearly identify that other ⁺security)					
42	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the ⁺ securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Number</th> <th style="width: 50%; text-align: center;">⁺Class</th> </tr> </thead> <tbody> <tr> <td style="height: 80px;"></td> <td></td> </tr> </tbody> </table>	Number	⁺ Class		
Number	⁺ Class					

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  _____
(Director/Company secretary)

Date: 6 November 2017

Print name: Ian Gregory

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Appendix 3B — Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

[illegible]

Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply "A" by 0.15	251,904,540
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: • This applies to equity securities, unless specifically excluded – not just ordinary securities • Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed • It may be useful to set out issues of securities on different dates as separate line items	3,276,957 fully paid ordinary shares escrowed until 31 August 2017
"C"	3,276,957
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 <i>Note: number must be same as shown in Step 2</i>	251,904,540
Subtract "C" <i>Note: number must be same as shown in Step 2</i>	(3,276,957)
Total ["A" x 0.15] – "C"	248,627,583 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,679,363,603
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.10	167,936,360
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Note:</i> - This applies to equity securities – not just ordinary securities - Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed - Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained - It may be useful to set out issues of securities on different dates as separate line items	
“E”	Nil.
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	167,936,360
Subtract “E” <i>Note: number must be same as shown in Step 2</i>	Nil.
Total [“A” x 0.10] – “E”	167,936,360 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>