

HANNAN METALS LIMITED

Chairman's Report to the Shareholders

Dear Shareholders and Stakeholders,

On behalf of the Board of Directors, I would like to thank you, our shareholders worldwide, and our stakeholders in Ireland, for joining our vision to create Ireland's next mining district. In our second year of operation it is a great opportunity to reflect on the busy year we have had de-risking and advancing our large zinc project area in Ireland.

The year saw us re-write the prospectivity for western Ireland, 164 years after Victorian-age mining ceased in the area. After publishing the first resource for Kilbricken last year and expanding mineralization beyond the resource area via drilling, our focus turned to the bigger picture across our large permit area. The culmination of that work was the 41-line kilometres of 2D seismic surveys we completed over our 9 prospecting licences covering 35,444 hectares in late 2017.

Ireland is a leading global jurisdiction for zinc mining and exploration. In less than a decade the mineral industry in Ireland has been transformed by the seismic technology, a well-established geophysical method used in the oil & gas industry for more than 100 years. The technology is the only geophysical technique capable of mapping the subsurface geology and structure without drilling. Seismic surveys can be undertaken in both 2D or 3D and can cover large areas. To date, the most successful seismic discovery in Ireland was made by Boliden at the Europe's largest zinc mine at Navan, after 40 years of mining, and has already provided a new future for that project.

No other mineral district in the world acquires more seismic data than the Irish Orefield and Hannan is proudly one of the leading companies utilizing this technology. Since 2010 close to 1000 line kilometres of 2D seismic has been acquired in Ireland by the mineral industry. In 2017 alone >200 line kilometres was acquired. To augment our ground-breaking seismic survey's Hannan has collected thousands of soil geochemical samples during the year, together with extensive compilation of new and historic geological mapping in 3D (including some surprising and rare new mineralized outcrops made by Hannan's geologists immediately north of Kilbricken at Finanagh). Collecting new data with feedback loops, for well understood mineral systems, while opening up a new search space, are the fundamental keys for exploration success.

From a macro point of view, zinc prices took off in 2017 after years of under investment and lack of new discoveries in the zinc business. Prices declined due to some new zinc inventory that showed up on the LME in early 2018. The decline was subsequently accelerated in mid-2018 when trade tensions escalated between the US and China. However there remains positive signs for zinc investors given total zinc inventories currently are now lower than they were in early 2018.

During the year we also warmly welcomed Ciara Talbot as a director. Ciara rounds out our board experience, bringing more than 20 years of international and Irish experience in all stages of mineral exploration, including 18 years in technical roles with Lundin, Boliden Limited, BHP Billiton Limited and Teck Resources Limited.

With all the new data sets collected by Hannan over the last year, the Company is now ready to advance towards a significant drill discovery in Clare. With active drill program planned and an experienced technical and permitting team well established in Ireland, we trust that you will continue to join us for an exciting 2018/19.

Sincerely,

"Michael Hudson"

Michael Hudson
Chairman and CEO

Vancouver, British Columbia Canada,
October 02, 2018