

ASX Announcement

Improved Acquisition Agreement

- ∅ **Hannans executes revised agreement with Greenhouse Investments Ltd (Greenhouse).**
- ∅ **Hannans has agreed to acquire the Greenhouse commercialisation rights and market intelligence to access the relationships and feedstock sources believed necessary to underpin an economic lithium battery recycling business.**
- ∅ **The revised Greenhouse agreement has been consented to by technology owners and Hannans shareholders must now provide their approval for the agreements to become binding.**
- ∅ **Greenhouse is commercialising a lithium battery recycling technology developed by ASX listed Neometals Ltd in the UK, Ireland, Italy and South Eastern Europe. Greenhouse has been actively establishing relationships with potential suppliers of battery feedstock in these countries.**
- ∅ **Hannans to raise up to \$2M at 2.0 cents per share to fund activities in the new territories.**

Hannans Ltd (ASX: HNR) (**Hannans** or the **Company**) is pleased to provide an update regarding amendments to the structure of the proposed transaction with Greenhouse Investments Ltd (**Greenhouse**) and its associated re-compliance with Chapters 1 & 2 of the ASX Listing Rules (**Greenhouse Transaction**)¹. Hannans advises shareholders that it has executed a revised agreement with Greenhouse to acquire 100% of the non-exclusive rights to commercialise a lithium battery (LiB) recycling technology (**Technology**) in the United Kingdom and Ireland (**Non-Exclusive Territories**) and the sole and exclusive rights to commercialise the Technology in Italy and South Eastern Europe (**Exclusive Territories**). The Greenhouse agreement more than doubles Hannans addressable market for scrap and end-of-life batteries.

Under the original binding heads of agreement between Hannans and Greenhouse, the licences for the Non-Exclusive Territories were to be sub-licensed to Hannans, while in the Exclusive Territories, Hannans would receive a right to fund new lithium battery recycling plants in those jurisdictions, in consideration for project equity (to be negotiated on a case-by-case basis). Under the revised agreement, all Greenhouse licences (for the Exclusive Territories and Non-Exclusive Territories) will be novated to Hannans and Hannans will directly hold a 100% interest in the licences. This new arrangement presents as a stronger outcome for Hannans shareholders and removes the complexity and risks associated with sub-licenses and the right to fund.

Damian Hicks, Executive Director of Hannans said, 'We have been working collaboratively with Greenhouse and the technology owner to reach an improved agreement for Hannans shareholders, and we express our gratitude to both parties for their support. This agreement will result in Greenhouse transferring 100% of their rights, title, and interest in commercialisation rights to Hannans, in consideration for being issued with 19.9% of Hannans. That's a great outcome, the technology being licensed is rapidly becoming recognised by major companies as a sustainable lithium battery recycling technology. If the transaction is approved and the capital raising completed, there will only be two companies with the rights to commercialise the technology globally – Primobius GmbH² and Hannans Ltd.

¹ Refer to the Company's ASX announcements dated 1 February 2022 and 11 April 2022.

² A German company owned 50:50 by Neometals Ltd and large private German engineering company SMS group GmbH.



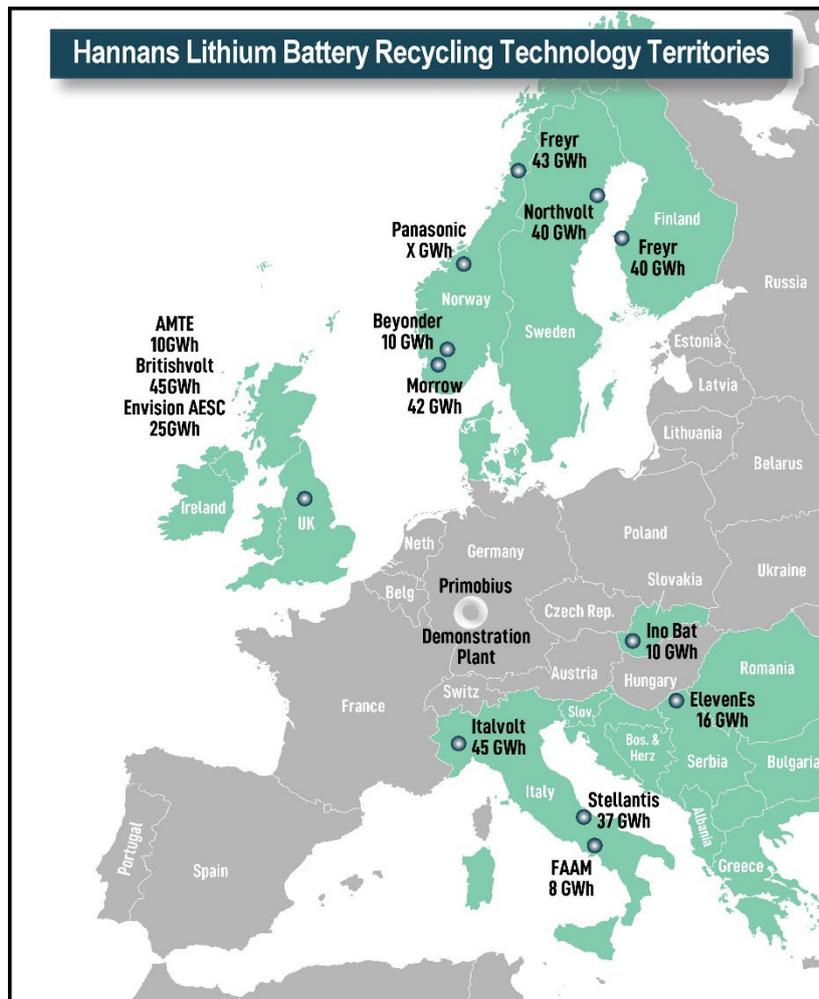


Figure 1: Hannans will have the rights to commercialise the technology in the countries coloured green.

We note there is a big push by several globally significant motor vehicle companies and proposed lithium battery Gigafactories to establish facilities in South Eastern Europe. Hannans can now offer these companies a sustainable lithium battery recycling solution by aggregating scrap and in the future end-of-life batteries generated in the region and processing them safely in a central facility. We’re particularly excited about the possibility to work in territories where the proposed manufacture of lithium batteries for EVs is gaining momentum. Furthermore, the UK’s exit from the European Union has created opportunities for recycling companies with validated technologies and flexible business models to offer credible, but integrated lithium battery recycling solutions that underpin the UK’s focus on sustainable energy security.

Subject to approval, Hannans commercialisation rights will now cover territories incorporating 49% of the population of the EU27 and 38% of all motor vehicles registered in the EU giving our shareholders tremendous leverage to the rapidly growing European LiB recycling sector, and specifically countries with the highest penetration rate of electric vehicles.

We appreciate shareholders’ patience while we concluded due diligence, negotiated a new agreement, liaised with ASX and obtained third party consents. We’ll issue the notice of meeting and capital raising prospectus as soon as possible so we can obtain the final approvals and recommence trading.

Hannans is moving in the right direction and will continue seeking out opportunities that create shareholder value.”

Transaction Background

The background to the agreement is that Greenhouse holds a non-exclusive license in the UK and Ireland, and an exclusive license in Italy and South Eastern Europe for a patented, proprietary battery recycling technology to safely recover battery metals from off-specification and end-of-life lithium-ion batteries (**Technology**). The Technology is owned by ACN 630 589 507 Pty Ltd (**ACN 630**), a wholly owned subsidiary of Neometals Ltd. Greenhouse has agreed to transfer the licenses to Hannans via novation agreements. The Technology is the same technology that Hannans will commercialise in the Nordic region. Neometals is Hannans largest shareholder with 32.43%. Please refer to the announcement dated 1 February 2022 and 11 April 2022 for further background information on the Company and the Greenhouse Transaction.

Consideration and Timing

Upon satisfaction of the conditions, including Hannans shareholder approval and entry into a substantive agreement, Hannans will issue 647,500,653 fully paid ordinary shares to Greenhouse. A meeting of Hannans shareholders will be called late September 2022 (**General Meeting**) to consider the requisite approvals relating to the transaction, including approval for the purposes of ASX Listing Rule 11.1.2 for the change in Hannans' nature and scale of activities because of the Greenhouse Transaction.

Capital Raising

Hannans proposes undertaking a \$1.0 million capital raising (with oversubscriptions available for an additional \$1 million) at a price of 2.0 cents per share to fund its expansion plans and to meet ASX conditions for re-complying with Chapters 1 and 2 of the Listing Rules. The capital raising will be completed by way of a general offer to the public, with existing Hannans shareholders given a priority right to subscribe for new shares under the offer. A prospectus for the capital raising will be lodged with ASX in August 2022.

Under the capital raising:

- ∅ There is no cap on the priority right and the offer may therefore be fully subscribed by existing Hannans shareholders (up to the maximum subscription of \$2m).
- ∅ If funds more than the maximum amount to be raised are received solely from Hannans shareholders on the register on the priority offer record date, the scale back process will be:
 - (a) Applicants who were not registered Hannans shareholders on the record date will not be allocated any shares under the offer;
 - (b) Applicants who were registered Hannans shareholders on the record date will each receive a minimum allocation of \$2,000 (being the minimum individual subscription amount under the offer).
 - (c) Following (b), to the extent the offer is still oversubscribed by Hannans shareholders, Hannans shareholders will be scaled back pro-rata to their existing Hannans shareholding as at the record date. In addition, if a Hannans shareholder applied for less shares than their pro-rata entitlement, they would receive the value of the Hannans shares they applied for.

ASX has granted the Company a waiver from listing rule 2.1 condition 2 to the extent necessary to permit the Company to issue ordinary shares under the proposed Capital Raising at an issue price of \$0.02 (Capital Raising Shares), subject to the following conditions:

- ∅ the issue price of the Capital Raising Shares is not less than A\$0.02 per share;
- ∅ the terms of the waiver are disclosed to the market and, along with the terms and conditions of the Capital Raising Shares, are clearly disclosed in the notice of meeting pursuant to which the Company will seek the approval required under Listing Rule 11.1.2 for the Greenhouse

- Transaction and in the prospectus to be issued in respect of the Capital Raising; and
- ∅ the Company's shareholders approve the issue price of the Capital Raising Shares in conjunction with the approval obtained under Listing Rule 11.1.2 in respect of the Greenhouse Transaction.

Changes to the Previously Announced Heads of Agreement

On 1 February 2022, Hannans announced the execution of a binding heads of agreement with Greenhouse, which among other things, was conditional upon entry into a full form substantive agreement. Since the announcement, the parties have entered into a revised binding heads of agreement which provides greater value for Hannans shareholders up front, simplifies the transaction structure and creates clarity for Hannans shareholders. The parties will enter into a full form substantive agreement to formalise the revised terms of the Greenhouse agreement.

The main changes to the transaction announced on 1 February 2022 are:

- All Greenhouse licenses (for the Exclusive Territories and Non-Exclusive Territories) will now be novated to Hannans and Hannans will directly hold 100% of the Greenhouse commercialisation rights for all territories (the "sub-licence" structure and "right to fund" has been removed);
- Hannans to raise up to \$2 million at 2.0 cents (not up to \$3.5M at 3.5 cents); and
- Hannans will no longer proceed with a consolidation (previously a 1.2:1 was proposed).

There is no change to the consideration.

Hannans has received written approval for the novation of the licenses from ACN 630.

The revised agreement remains conditional on entry into a substantive agreement and shareholder approval.

Capital structure and use of funds

The revised capital structure and use of funds are set out in Annexure A.

Pro-forma balance sheet

An updated pro-forma balance sheet for the revised transaction is set out in Annexure B.

Indicative Timetable

Date	Description
Mid-August 2022	Lodge Prospectus with ASIC and offer opens. Dispatch Notice of Meeting to shareholders.
Late September 2022	Hannans Shareholder Meeting to approve re-compliance and associated matters Offer closes
Early October 2022	Completion of Greenhouse Transaction
Mid October 2022	Issue of shares under the offer* Hannans Reinstatement to Official ASX Quotation

*As the offer is conditional on receipt of shareholder approval, no shares will be issued under the offer until this approval is received.

The above timetable is indicative only and is subject to change. Shareholders should also note that, in accordance with the ASX Listing Rules, the Company's securities will remain suspended from trading until such time as the Company has recompiled with Chapters 1 and 2 of the ASX Listing Rules.

Executive Management

Mr Michael O'Leary-Collins is executive director and beneficial owner of Greenhouse. Mr O'Leary-Collins is an Australian citizen, residing predominately in Zagreb, Croatia. He holds both a Master of Laws and Business Administration from Bond University, Queensland. Mr O'Leary-Collins will continue to manage carriage of Greenhouse activities until all approvals have been received for the Greenhouse Transaction. Subject to the transaction closing successfully, it is envisaged Mr O'Leary-Collins will serve Hannans in an executive capacity.

Regulatory Statements

The Company notes that:

- ∅ the Greenhouse Transaction requires Shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming;
- ∅ the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Greenhouse Transaction may not proceed if those requirements are not met;
- ∅ ASX has absolute discretion in deciding whether to re-admit the Company to the Official List and to quote its securities and therefore the Greenhouse Transaction may not proceed if ASX exercises that discretion; and
- ∅ investors should take account of these uncertainties in deciding whether to buy or sell the Company's securities.

Furthermore, the Company:

- ∅ notes that ASX takes no responsibility for the contents of this announcement; and
- ∅ confirms that it is in compliance with its continuous disclosure obligations under LR 3.1.

This announcement has been authorised for release by the Board of Directors.

Best regards,



Damian Hicks
Executive Director

ANNEXURE A

Capital Structure:

Activity	Shares		Options
	Min sub (\$1M)	Max sub (\$2M)	
Securities currently on issue	2,606,271,476	2,606,271,476	241,500,000
Shares to be issued pursuant to the Greenhouse Transaction	647,500,653	647,500,653	0
Capital raising pursuant to the Prospectus	50,000,000	100,000,000	0
TOTAL	3,303,772,129	3,353,772,129	241,500,000

Option currently on issue are summarised below (post consolidation)

Options	No of options
Unlisted Options exercisable at 1.8 cents on or before 27 October 2022	28,000,000
Unlisted Options exercisable at 1.8 cents on or before 27 October 2022	3,500,000
Unlisted Options exercisable at 2.6 cents on or before 30 October 2022	20,000,000
Unlisted Options exercisable at 3.2 cents on or before 30 October 2022	25,000,000
Unlisted Options exercisable at 7.3 cents on or before 25 November 2025	55,000,000
Unlisted Options exercisable on or before 25 November 2025 exercise price calculated from the VWAP for the five (5) trading days before and five (5) trading days after 25 November 2022 PLUS a premium of 50%	55,000,000
Unlisted Options exercisable on or before 25 November 2025 exercise price calculated from the VWAP for the five (5) trading days before and five (5) trading days after 25 November 2023 PLUS a premium of 50%	55,000,000

Use of funds:

Item	Min sub (\$1M)		Max sub (\$2M)	
	Min sub (\$1M)	Percentage (%)	Max sub (\$2M)	Percentage (%)
Existing cash reserves of the Company	4.10	80.4%	4.10	67.2%
Funds raised under the Prospectus	1.00	19.6%	2.00	32.8%
TOTAL	5.10	100.0%	6.10	100.0%

Use of funds

Allocation of funds	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)
LiB Recycling Nordic Region	1.05	20.6%	1.25	20.5%
Greenhouse Transaction	1.05	20.6%	1.45	23.8%
Mineral Exploration in Western Australia	1.70	33.3%	1.80	29.5%
Re-compliance with LR Chapters 1 and 2	0.20	3.9%	0.20	3.3%
Capital raising costs	0.10	2.0%	0.10	1.6%
Working capital and corporate administration	1.00	19.6%	1.30	21.3%
TOTAL	5.10	100.0%	6.10	100.0%

Notes:

- ∅ The proposed \$2.7 Million (based on maximum subscription) allocated to developing the lithium battery recycling in the Nordic region, UK, Ireland, Italy and the Balkans will be spent on human resources in Europe (sales and marketing), fees associated with securing sites (including agents fees and lease fees), permitting (environmental, building, and chemical permits and associated fees to consultants for completion of studies and documentation), fees associated with reporting in accordance with the TCFD framework and equator principles, deposits on long lead time items for the first shredding and sorting plant, marketing costs associated with establishing a new brand in the relevant jurisdictions, legal, finance, compliance and administration costs associated with operating in multiple jurisdictions.
- ∅ The proposed \$1.8 Million (based on maximum subscription) allocated to mineral exploration activities in Western Australia will be spent on mapping, geochemical sampling and drilling at Moogie; a review of historic exploration will be completed prior to recommencing ground EM surveys and drill testing of targets at Fraser Range; and developing a strategy to generate and thereafter test deeper targets (>250m) at Forrestania. Funds will also be allocated to transaction costs associated with acquiring new projects and exploration on such new projects (if any).
- ∅ The working capital and corporate administration costs cover 24 months of costs associated with maintaining a listing on ASX for an active company.

ANNEXURE B – PRO-FORMA BALANCE SHEET

	Hannans 31 Dec 2021 (Reviewed) A\$	Min sub (\$1M) Post acquisition pro forma Hannans 31 Dec 2021 (Unaudited) A\$	Max sub (\$2M) Post acquisition pro forma Hannans 31 Dec 2021 (Unaudited) A\$
CURRENT ASSETS			
Cash	5,140,756	6,040,756	7,040,756
Trade and other receivables	69,879	69,879	69,879
Other financial assets	344,199	344,199	344,199
TOTAL CURRENT ASSETS	5,554,834	6,454,834	7,454,834
NON-CURRENT ASSETS			
Other receivables	30,000	30,000	30,000
Property, plant and equipment	16,888	16,888	16,888
Other financial assets	230,001	230,001	230,001
Capitalised exploration and evaluation expenditure	2,240,000	2,240,000	2,240,000
TOTAL NON-CURRENT ASSETS	2,516,889	2,516,889	2,516,889
TOTAL ASSETS	8,071,723	8,971,723	9,971,723
CURRENT LIABILITIES			
Trade and other payables	212,147	212,147	212,147
Provisions	9,231	9,231	9,231
TOTAL CURRENT LIABILITIES	221,378	221,378	221,378
TOTAL LIABILITIES	221,378	221,378	221,378
NET ASSETS	7,850,345	8,750,345	9,750,345
EQUITY			
Issued capital	48,067,444	61,917,457	62,917,457
Reserves	506,664	506,664	506,664
Accumulated losses	(40,723,763)	(53,673,776)	(53,673,776)
TOTAL EQUITY	7,850,345	8,750,345	9,750,345