

ASX Announcement

Expanded Details on Metalfer Collaboration Agreement

Hannans Ltd (ASX: HNR) (**Hannans** or the **Company**) notes its announcement on 15 November 2023 of a binding collaboration agreement with the Serbian steelmaking company Metalfer Group (**Metalfer**).

The agreement outlines the parties intention to work together to prepare a business plan for a Recycling Plant Opportunity based on an annual lithium-ion battery volume of no less than 4,000 tons comprising NMC, LMC, LCO and NCA (**Feedstock**) chemistries for a 10 t/ptd processing capacity. In addition to the usual matters covered by an industry standard business plan, the appendices must include a detailed assessment of the total addressable market in the South Eastern Europe (**SEE**) region for recycling Electrical Vehicle's (to be prepared by Metalfer); cost studies for all engineering outside of the circuit battery limits and estimates for plant CAPEX and OPEX for the sorting and shredding plant (based on information provided by Hannans); and the conceptual engineering for the first proposed plant site that covers preliminary equipment design, layout, schedule, permitting and estimates (to a Front-end Loading 2 standard) (the **Feasibility Study**).

Subject to the parties being satisfied with the outcomes of the final Business Plan and Feasibility Study, the parties undertake to use good faith and best endeavours to negotiate and execute the Substantive Agreement in a timely manner. The Substantive Agreement will establish the rules governing the board, management, ownership, and funding of the Recycling Plant Opportunity as well as the earn-in right provided to Metalfer. The Substantive Agreement will also provide that the parties have the right to fund their pro-rata share of capital and operating costs to maintain their respective equity ownership as relevant.

Hannans will update the market of the funding requirement of the Parties subject to execution of the Substantive Agreement in due course. Refer to Appendix A for the summary of material transaction terms for further information.

This ASX release has been authorised by Brett Salt, CEO, on behalf of the Board of Directors.

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IMPORTANT NOTICE

This announcement contains forward-looking statements that are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.



Appendix A

Summary of Material Transaction Terms

1. Cooperation

- 1.1. Hannans and Metalfer (together the **Parties**) agree to work together as preferred and exclusive partners to assess, plan, and implement a recycling plant to shred and sort LiB scrap (the **Recycling Plant Opportunity**).
- 1.2. Hannans shall provide a project manager to engage with nominated Metalfer resources to ensure timely delivery of the Feasibility Study, market studies and Business Plan as defined below.

2. Commitment

- 2.1. Hannans and Metalfer have committed to work together to complete a Feasibility Study for a 10 tonne per day "Spoke" battery shredding plant to be located near Metalfer's operations in Sremska Mitrovica, Serbia. The Feasibility Study will cover project economics, preliminary equipment design, layout, schedule, permitting and cost estimates. Hannans and Metalfer have also agreed to work together to prepare a feedstock business plan based on an annual lithium-ion battery volume of no less than 4,000 tonnes comprising NMC, LMC, LCO and NCA chemistries for a 10 tonnes per day processing capacity.
- 2.2. Subject to the Parties being satisfied with the outcome of the Final Business Plan and Feasibility Study, the Parties undertake to negotiate and execute a substantive agreement (the **Substantive Agreement**) in a timely manner.
- 2.3. The Substantive Agreement will establish the formal terms and condition of the Recycling Plant Opportunity including but not limited to the structure of the joint venture under a special purpose vehicle (**SPV**), earn-in rights by Metalfer in the SPV, funding site, project logistics, permitting, and other commercial terms as required.
- 2.4. The Substantive Agreement will establish the rules governing the board, management, ownership, and funding of the Recycling Plant Opportunity as well as the earn-in right provided to Metalfer. The Substantive Agreement will also provide that the parties have the right to fund their pro-rata share of capital and operating costs to maintain their respective equity ownership as relevant.
- 2.5. In addition, the Parties will work together to contemplates entering into the Substantive Agreement that will, among other things, develop a business plan for a "Hub" hydromet plant capable of processing products from the 10 tonne per day Spoke plant into high purity battery materials to enable stringent European recycled content requirements to be met for new battery cell production (**Hydromet Opportunity**).
- 2.6. The Parties will work together to develop specific management, capital and other development and operational arrangements for the Hydromet Opportunity as will be required.

3. Cost

- 3.1. The parties will bear their own costs of activities associated with the Collaboration Agreement, Business Plan, Feasibility Study and associated activities until execution of the Substantive Agreement.
- 3.2. It is envisioned that Hannans will be responsible for the initial establishment and other related costs that include the CAPEX.

4. Termination

4.1. This Collaboration Agreement will terminate:

- (i) when the Substantive Agreement is executed;
- (ii) if the Substantive Agreement is not executed by 30 June 2024 (unless this date is extended in writing by the parties); or
- (iii) when the Parties mutually agree in writing to terminate.