

February 17, 2010

Hana Mining Ltd. (HMG-V \$1.65)

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Research Comment: NOT RATED

Event: Results Released from North and South Limb of Banana Zone

- Hana Mining released results on Tuesday from the Banana Zone on its Ghanzi copper-silver project, where it currently holds a 70% interest with the option to earn up to 100%. The Ghanzi property covers 2,200 square kilometres in the centre of the Kalahari copper belt in northwestern Botswana.
- Hana announced results from 15 reverse-circulation holes testing the North and South Limb at the Banana Zone. Of the seven holes drilled on the North Limb, five of which intersected significant mineralization, highlights included an interval of 7 metres grading 1.76% copper and 26.5 g/t silver from a downhole depth of 131 metres. Highlights of the eight holes drilled on the South Limb, of which seven intersected significant mineralization, included an interval of 9 metres grading 1.15% copper and 15.1 g/t silver from a downhole depth of 122 metres.
- Resources defined at Ghanzi include 2.0 billion pounds of copper at a grade of 1.26% copper, and 34.9 million ounces of silver at a grade of 17.98 g/t silver in the Inferred category (at a 0.75% copper cutoff).

Implication: Drilling Extends Banana Zone Strike by 2.3 Kilometres

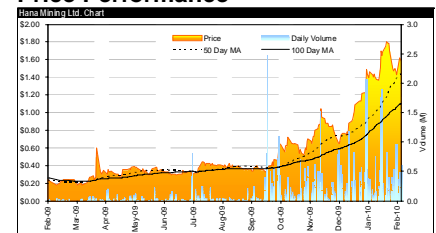
- Recent results have extended the mineralized strike length in the Banana Zone by 2,300 metres (total of 25.3 kilometres)—1,000 metres on the North Limb (total of 5.4 kilometres) and 1,300 metres on the South Limb (total of 8.6 kilometres). The focus of drilling on the North Limb is to close a 1,800-metre gap in strike length. Assays are pending for five completed holes. On the South Limb, results have closed a previous gap in the now continuous 6.8-kilometre mineralized strike length in the sector. Current drilling is progressing to the north to close another 1,600-metre gap, with assays pending for five completed holes.
- With more than \$8 million in the treasury at the beginning of the year, Hana is well funded to continue its drilling at the Banana Zone, which will serve as the basis of an updated resource in Q1/10 and a Preliminary Economic Assessment (PEA) with a revised resource by year-end. The proposed spinoff of all non-Ghanzi prospects as “New Hana Copper Mining Ltd.” is planned, pending shareholder approval in April 2010.

Current Price \$1.65
 YTD Performance 35%
 Dividend / Yield n/a

52-Week High / Low \$1.90 / \$0.18
 Shares O/S 57.5 million (basic)
 77.4 million (F/D)

Market Capitalization \$94.8 million
 Cash \$8.2 million
 Enterprise Value \$86.6 million
 Daily Volume (3-mo. avg.) 490,703
 Currency C\$ unless noted
 CEO Marek Kreczmer
 Company Website www.hanamining.com

Price Performance



Source: Capital IQ

Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 3 - 5 of this report.



Hana Mining Ltd. **TSXV:HMG** **Price \$1.65** **February 16, 2010**
Shares O/S (M) 57.5 **MCap (C\$) (M) \$94.8**

Comment: Hana is an exploration and development company with an experienced and technical management team, currently working on developing it's 100%-owned Ghanzi Copper-Silver project in Botswana, Africa.

Investment Highlights

- Focused on developing the Ghanzi Cu-Ag Project in northwestern, Botswana
- Key focus - Ghanzi project - NI 43-101 global resource of 2.0 Bilbs of copper at a grade of 1.51% Cu and 34.9 Moz silver at a grade of 17.98 g/t Ag - cumulative mineralized strike length of 24.9 km
- Banana Zone: 40.7 Mt (67%) of total resource - zones of high grade Cu and Ag mineralization.
- Potential to be Africa's largest sediment-hosted, open-pittable copper-silver deposit
- Infrastructure - Rail/power infrastructure expansions
- Adjacent property - Pre Feasibility stage Boseto copper project - BFS expected in Q1/10
- Spin out of all prospects (ex-Ghanzi) as "New Hana Copper Mining Ltd." (explorco) planned pending shareholder approval in April 2010.

Catalysts

Ghanzi: Drilling at Banana / Zone 3 ongoing, updated resource (Q1/10), Preliminary Economic Assessment with revised resource (by year-end 2010).

Peer Group Companies		Price (C\$)	MC (C\$) (M)
TSX:XRC	Exeter Resource Corporation	\$9.06	\$644
TSX:XAU	AuEx Ventures, Inc.	\$3.01	\$121
TSXV:HMG	Hana Mining Ltd.	\$1.65	\$95
AIM:PGD	Patagonia Gold plc	\$0.25	\$146
AIM:MIRL	Minera IRL Limited	\$1.12	\$93

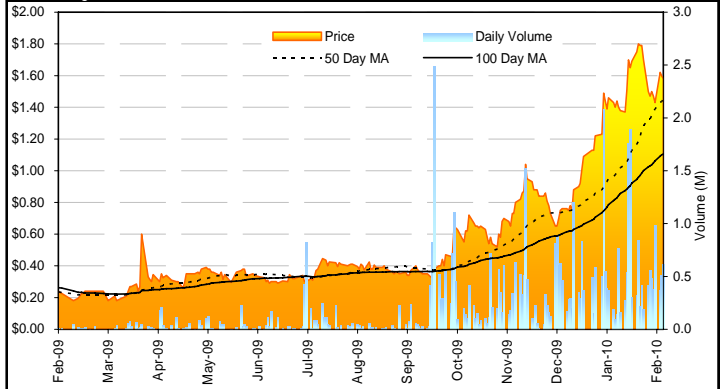
Estimated Burn Rate (C\$) (M)* provided by Co		Exploration Timetable
December 31, 2009 cash & equiv	\$8.2	
Ghanzi Project	n/a	2010
Other Exploration	n/a	2010
Admin Costs	-\$1.7	2010
Financings	\$0.0	2010
ITM Options / Warrants	\$9.3	
December 2010 cash & equiv	\$6.5	

Source: Haywood Securities, Hana Mining Ltd., Capital IQ
 FX Rate USD\$/CAD\$: 1.1

Key Properties**Ghanzi Project - 70% (Option to earn 100%)**

Location: Botswana
Exploration Stage: Advanced Exploration
Description: 2,200 sq. km - located in the Kalahari copper belt in NW Botswana - sediment-hosted Cu-Ag deposit - mineralized strike length of over 24 km - Adjacent to Boseto feasibility project
Potential:
Current: Adjacent to feasibility stage Boseto copper project (Discovery Metals) - 2 M tpa - 10 year LOM - Head Grades: 1.54% Cu and 18.2 g/t Ag, 56 M lbs Cu and 691,000 oz Ag production - cash cost - US\$1.04 / lb Cu - Capex US\$150M - NPV10%: US\$200 M @ \$2.30 / lb Cu.
Ownership: Recently completed purchase of 70% of Stellent (Proprietary) Limited - owner of the Ghanzi deposit. US\$9M due on positive BFS and 4M share purchase warrants for remaining 30%.
Ghanzi: Predictable - high continuity of mineralization - thickness ranges from 4 to 30 m - Grades up to +2% Cu - potential to define starter pits and achieve better overall economics - north fold closure, along the northern end of the Banana Zone - largest high grade tonnage at 11 MT of +2% Cu, and 20 MT of +1.7% Cu. - 1,000 m of surface strike length - extends to 175m vertical depth. Banana Zone + Zone 3 - focus of drilling in 2009 and 2010 - 20 km of prospective strike length. 2010: RC/diamond resource drilling to upgrade resource - completion of a water study - initiate metallurgy study focused on recoveries, milling, smelting and refining. Revised resource estimate pending (Q2/10).

Reserve/Resource: GLOBAL Inferred 163.5Mt @ 0.82% Cu 9.81 g/t Ag

Hana Mining Ltd. Chart**Corporate Contact**

CEO: Marek Kreczmer
 Website: www.hanamining.com Telephone: 604-676-0824

Capital Structure (C\$) (M)

Shares O/S* - Basic, F.D.	57.47	77.40		
(C\$) (M)	Av Strike	Basic	ITM	Proceeds
Cash & Equiv				\$8.20
Options	\$0.63	3.84	3.82	\$2.35
Warrants	\$0.43	16.08	16.08	\$6.99
Total Cash & ITM		19.93	19.91	\$17.54
Market Cap				\$94.83

Trading Statistics (C\$)

52 Week High / Low \$1.90 / \$0.18
 Average Daily Vol (M) 0.23

Ownership (M)

	Management	Institutional
Shares	5.92	3.89
% O/S	10.30%	6.77%

Analyst Coverage

Analysts

0

Last Financing

23-Dec-09 \$4 million Non brokered financing 5M shares @ \$0.80

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- n/a

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SECTOR PERFORM – The analyst believes that the security will trade with tight correlation to its underlying sector. Furthermore, the target price (together with any anticipated distributions) is at or above the market price, and forecast risk-adjusted returns are attractive relative to alternative investments.

SECTOR UNDERPERFORM – Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to underperform relative to their sector. The category also represents stocks with unattractive forecast returns relative to alternative investments.

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Risk Profile Parameters – Mining and Minerals Sector

Forecast Risk: *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity leverage. Forecasts reflect higher commodity prices or production relative to guidance. *Moderate* – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging is in line with peers. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

Financial Risk: *High* – The business plan is not fully funded, but requires debt and/or equity financing. The exploration program is funded for two years or less. This categorization does not predict whether the additional funds will be raised. *Moderate* – The development plan is fully funded, with the exploration program funded for three years or more. The Company’s debt is rated below investment grade. *Low* – The Company is fully funded. Its debt is rated investment grade and/or the Company has a history of profitability or dividend payments in each of the last three years.

Valuation Risk: *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. The valuation reflects considerable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF evaluation by more than 50%. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. The valuation reflects reasonable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by 15% to 50%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. The valuation reflects limited new exploration success and no commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by less than 15% or falls below the current market value.

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	Distribution of Ratings		IB Clients
	%	#	(TTM)
S/O	49.2%	64	67.6%
S/P	1.5%	2	2.7%
S/U	3.1%	4	0.0%
T	1.5%	2	2.7%
UR (S/O)	10.8%	14	21.6%
UR (S/P)	3.8%	5	0.0%
UR (S/U)	0.8%	1	0.0%
dropped (TTM)	29.2%	38	5.4%

