

HANNANS

1 July 2014

ASX ANNOUNCEMENT

Lannavaara Iron Project

- Stakeholder consultations in Norway, Sweden and Finland commenced
- Analysis of storage, unloading/reloading and port solution completed
- Requests for tenders for analysis of rail and port solution distributed
- Expression of interest for port space in Skibotn, Norway lodged

Hannans Reward Ltd (ASX:HNR) (Hannans or the Company) is pleased to provide an update on the Lannavaara Iron Project, located approximately 80km north-east of Kiruna, northern Sweden. The project is registered in the name of Hannans' wholly owned subsidiary Scandinavian Resources AB (SRAB).

The Lannavaara Iron Project considers mining and processing iron near Lannavaara, Sweden transporting the product by rail from the mine site to Karesuando, Finland and onto a new port in Skibotn, Norway. The project is at the concept stage and many critical investigations relating to environmental, social, mining and economics must be completed prior to understanding if the project can proceed.

In an effort to understand the attitude of the community towards a new project in their region SRAB recently commenced a series of meetings with stakeholders in Sweden, Norway and Finland. Meetings with stakeholders will continue in the northern hemisphere autumn. As part of the stakeholder consultation process SRAB prepared a presentation, a copy is attached to this release.

One of the logistics options for the project is for a new port to be built in the ice-free deep water fjord at Skibotn, located in Storfjord Kommun, Norway. Every four years Storfjord Kommun prepares a Master Land Use Plan and expressions of interest for the new Plan were required to be lodged prior to 30 June 2014. For this reason SRAB has lodged a brief expression of interest for an iron ore port in Skibotn.

It is important to note that Skibotn has long been considered the ideal location for a new port linking western Finland to the Arctic Ocean. Many studies have been completed by the Finnish and Norwegian Governments assessing this concept and selecting Skibotn as the preferred port location for bulk goods, container traffic and passenger freight. These studies however contemplated a very expensive solution to meet all potential uses of the rail. SRAB plans to investigate a rail solution primarily focused on transporting an iron concentrate product, with adequate space for other industrial uses and passengers.

SRAB plans to complete environmental, social, mining and economic studies during the next 12 months and summarise this information in a scoping study for presentation to shareholders and stakeholders in 2015.

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LANNAVAARA IRON PROJECT



Storfjord



Enontekiö



Kiruna

Many Kommuns – Working Together – Many Benefits

Tromsø

Muonio

Kolari



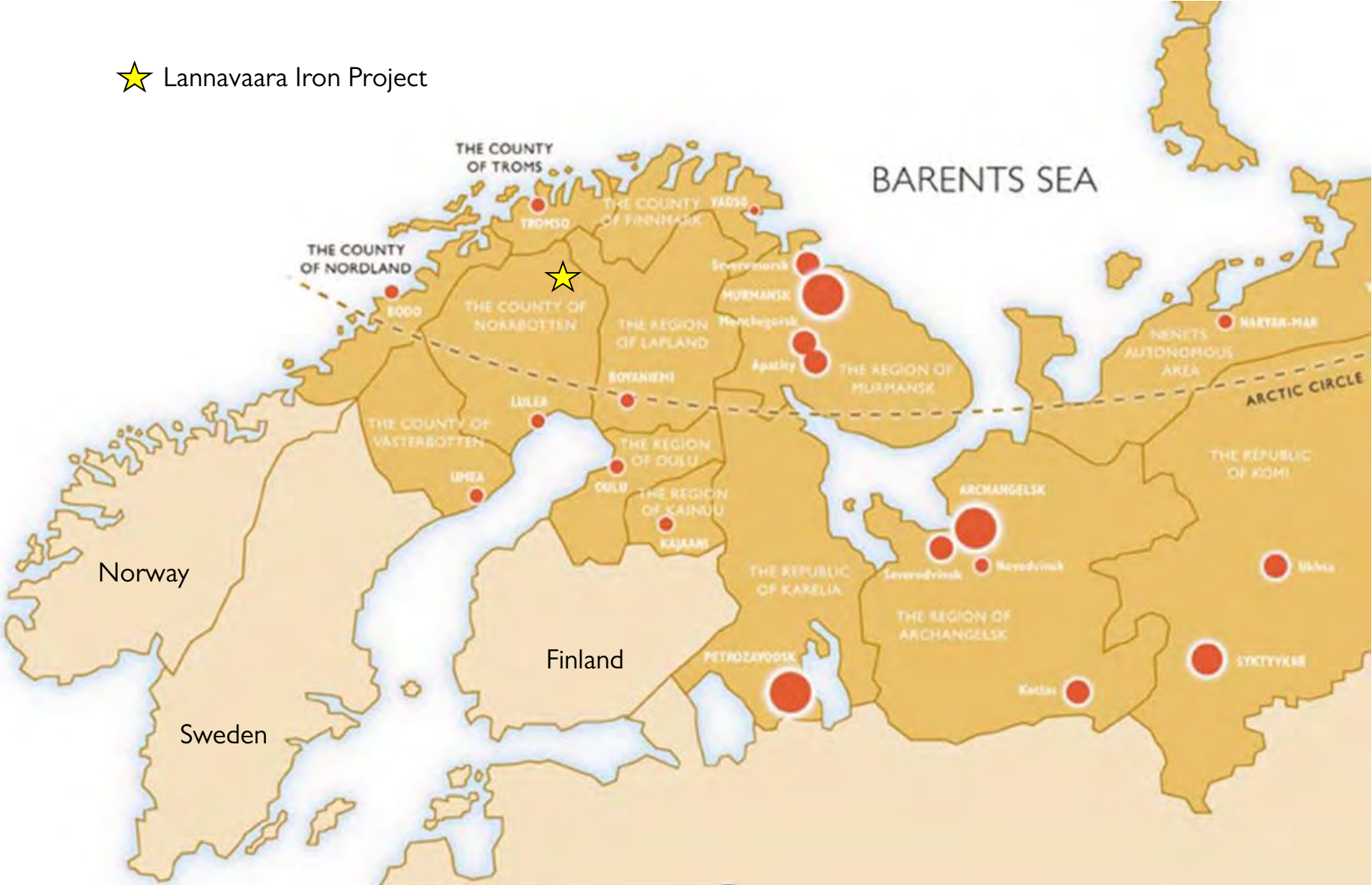
Introduction to the Concept

- The Project is located approximately 80km north-east of Kiruna, Sweden - close to the intersection of Sweden, Finland and Norway.
- Potential to be a large, long-life (+25 year) project.
- The Project comprises exploiting a large magnetite iron resource at Lannavaara, converting the ore into a high quality iron concentrate, transporting the iron concentrate 170km to an ice-free, deep-water port and shipping the iron concentrate (product) to market.
- The Project is at the Conceptual Stage: social, environmental, infrastructure, marketing, processing, mining and exploration related investigations are at early stages.
- How can this Project benefit the Kommuns and its Stakeholders?



Location

★ Lannavaara Iron Project



Important for Western Development Route

The Project creates potential for:

- More local, national and international visibility
- More strategic importance for the Kommuns
- More Visitors to the Kommuns
- More Services for the Stakeholders
- More Opportunity for the Future

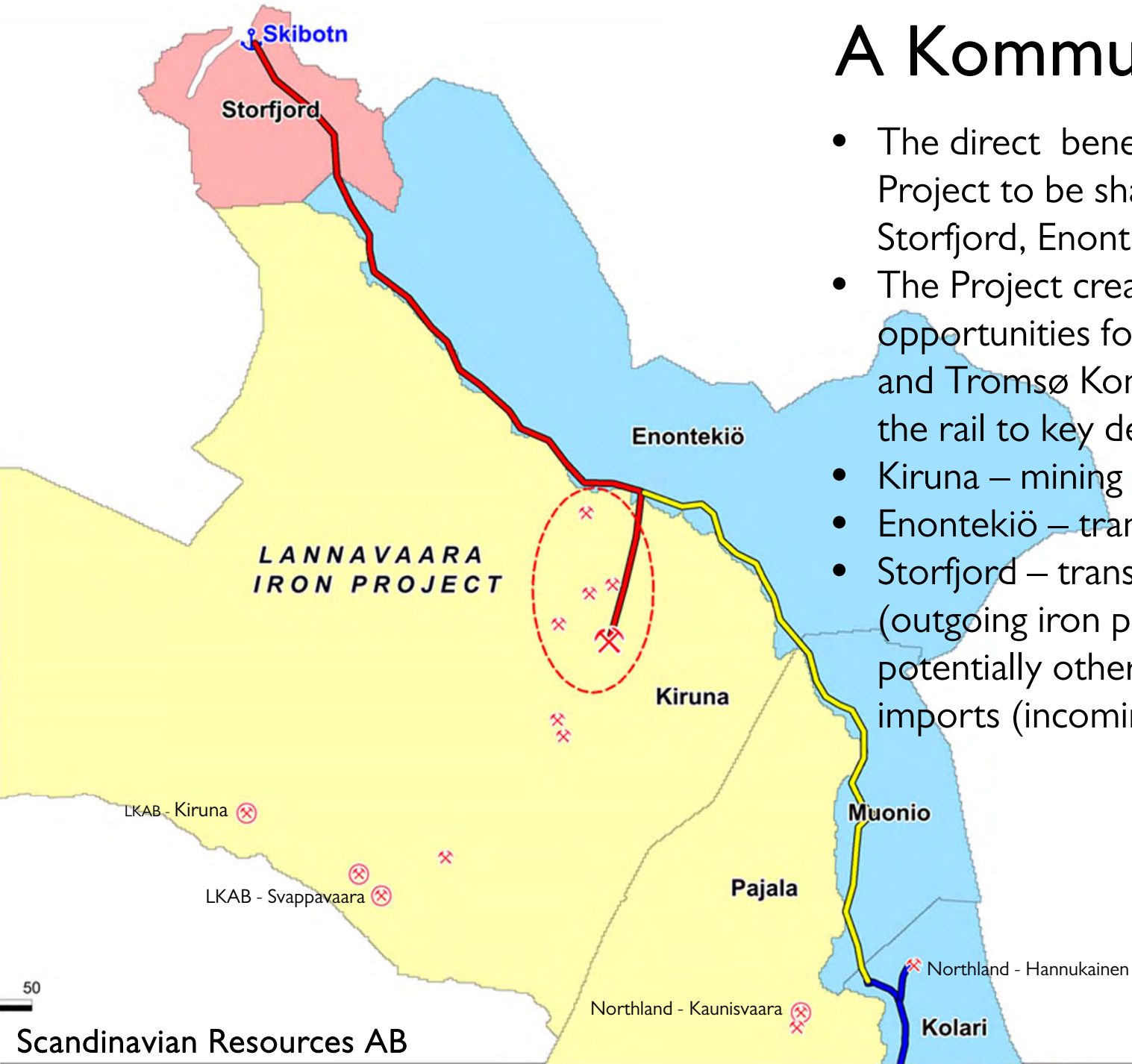


NORTHERN LIGHTS CORRIDOR

WESTERN DEVELOPMENT ROUTE

A Kommun Project

- The direct benefits of the Project to be shared between Stor fjord, Enontekiö and Kiruna
- The Project creates many opportunities for Muonio, Kolari and Tromsø Kommuns to extend the rail to key destinations
- Kiruna – mining & processing
- Enontekiö – transport
- Stor fjord – transport, exports (outgoing iron product and potentially other goods) and imports (incoming ships)



Benefits for the Kommuns

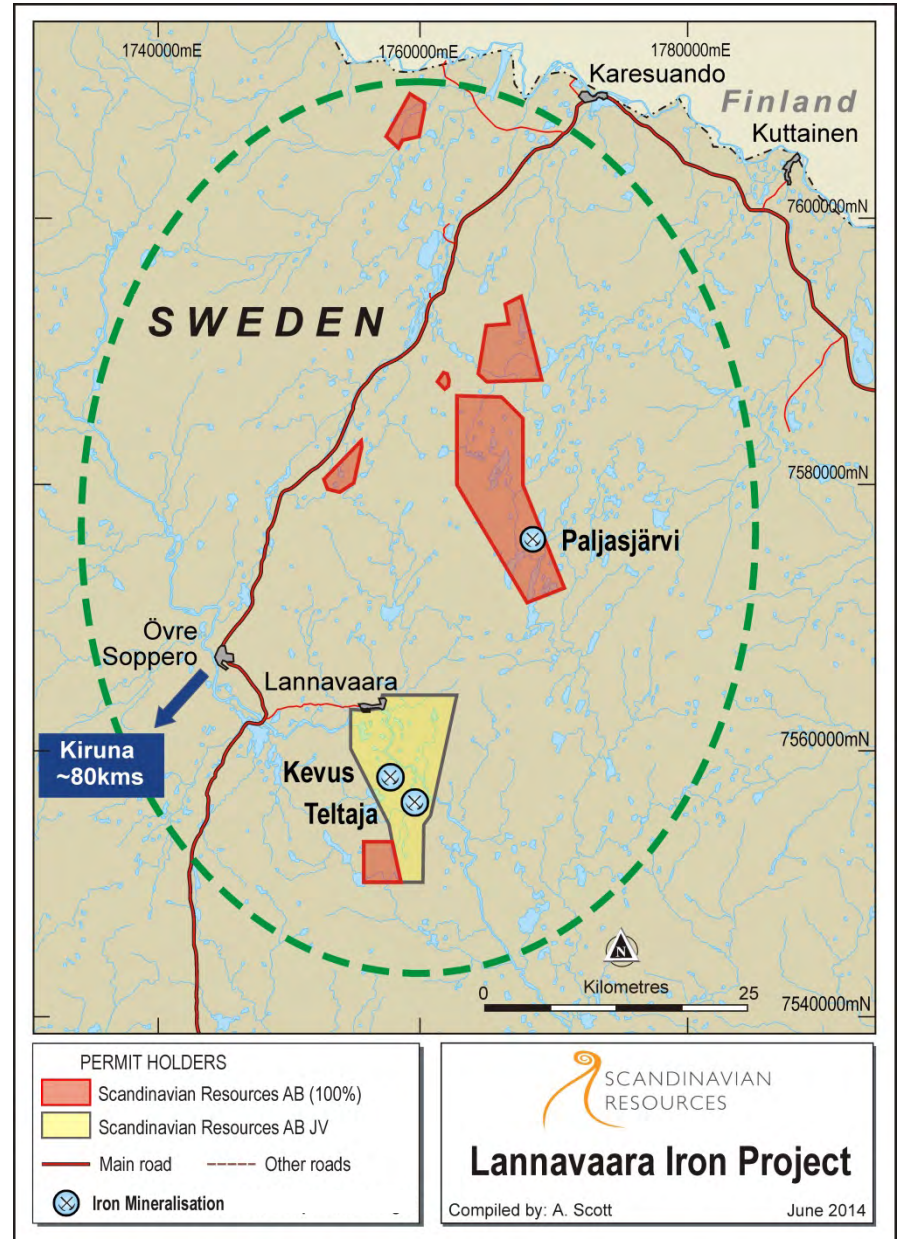
- A train line from Skibotn to Karesuando may lead to.....an extension of the train line to Kolari...an extension of the train line to Tromsø...an extension of the train line to central Europe?
- More than 50 Cape Size ships visiting Skibotn every year for the Project; will need additional infrastructure, servicing, supplies, maintenance, accommodation, crew exchange facilities...a second and third quay will require more services and support?
- LNG landed at Skibotn may be transported to retail and industry in Norway, Sweden, Finland....
- Increased Kommun taxation revenue opportunities...
- Education, training and employment in direct and indirect project related functions across many industry sectors – mining, logistics, engineering, hospitality, R&D, health care facilities, emergency services (ambulance, fire, police), customs, public administration...

Lannavaara Iron Project - A Lengthy Process

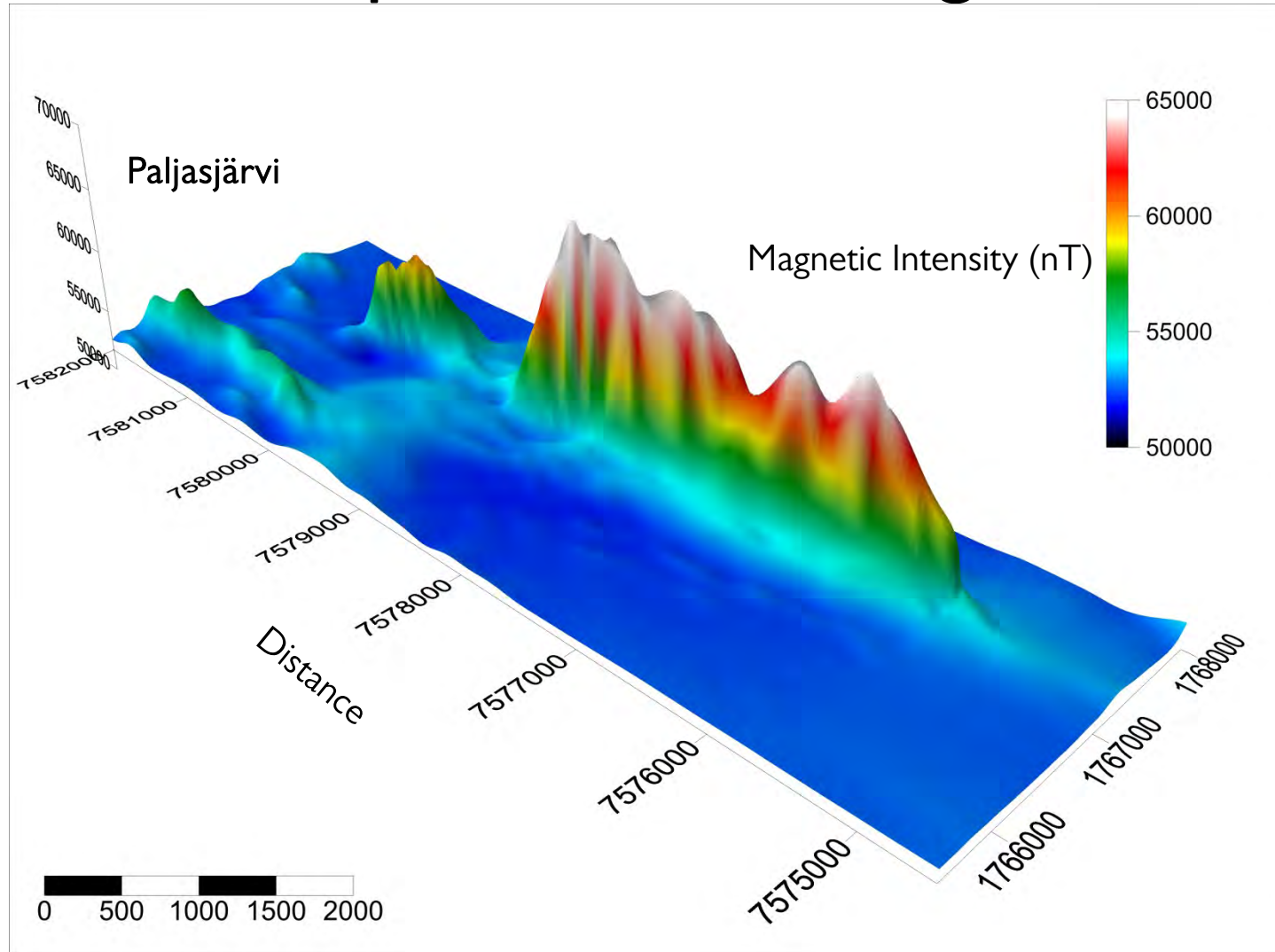


Exploration, Mining & Processing

- The main deposit is Paljasjärvi which is comprised of a 3.5km long magnetic anomaly.
- Magnetite skarn mineralisation was confirmed by historic drilling in 1963 (6 holes).
- Hannans completed initial metallurgical testwork (DTR) on the historic core which confirmed the ore upgrades to +69% Fe.
- Additional iron deposits located close by.
- Significant amount of drilling and metallurgical testwork required to improve understanding.
- Ore located close to surface.



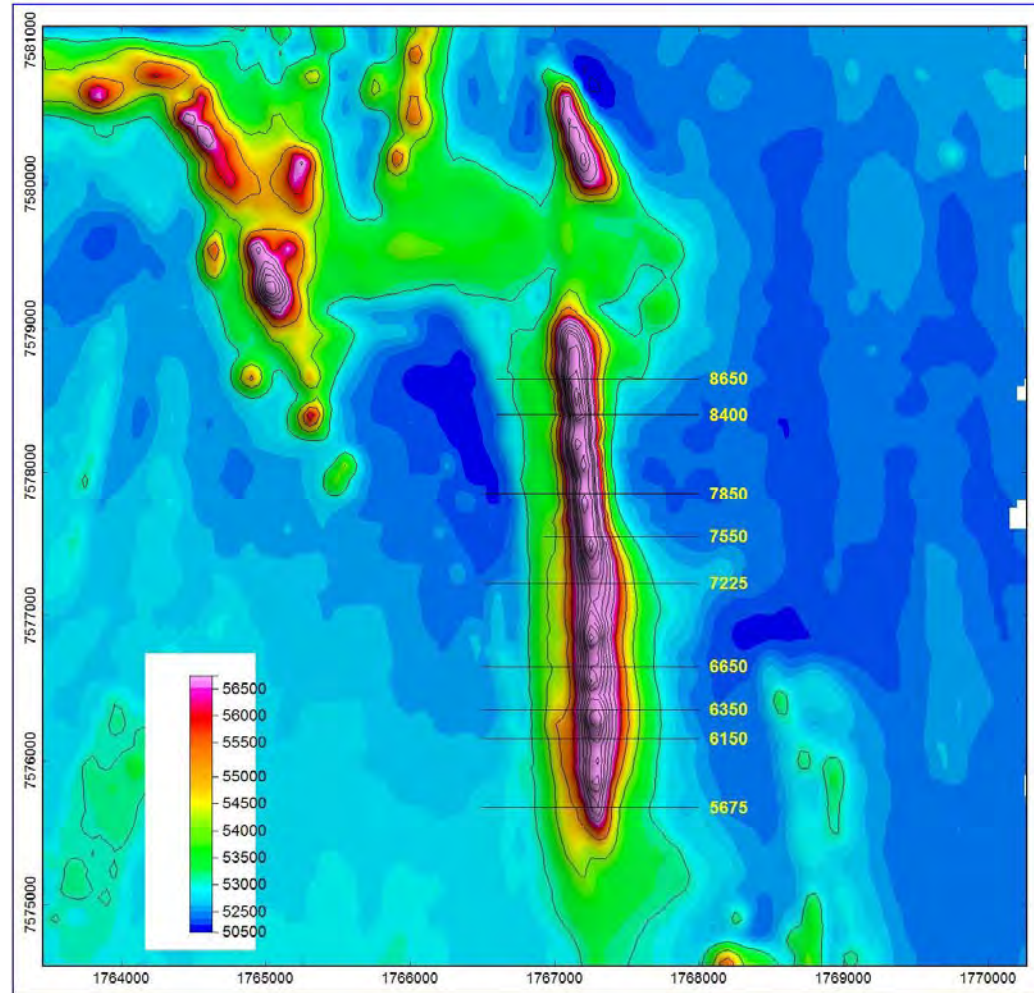
Exploration, Mining & Processing



- The mineralisation at Paljasjärvi is classified as *skarn magnetite*, with typical iron grades of 20-40% Fe.
- The airborne magnetic anomaly is 3.5km in strike length with additional magnetic anomalies located along strike to the north and northwest.

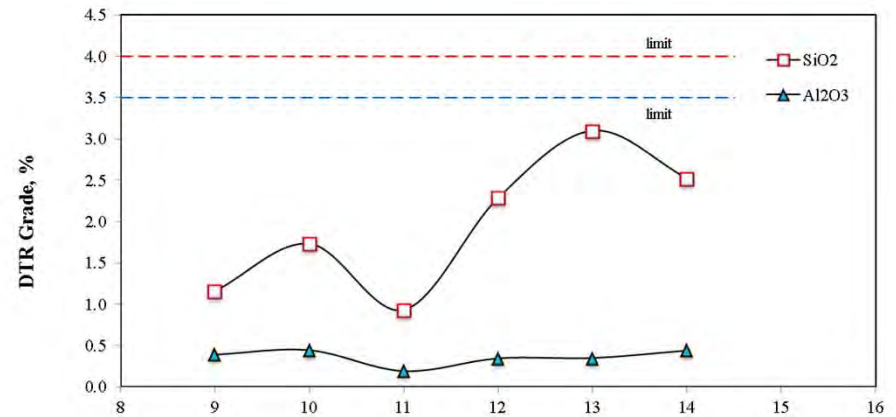
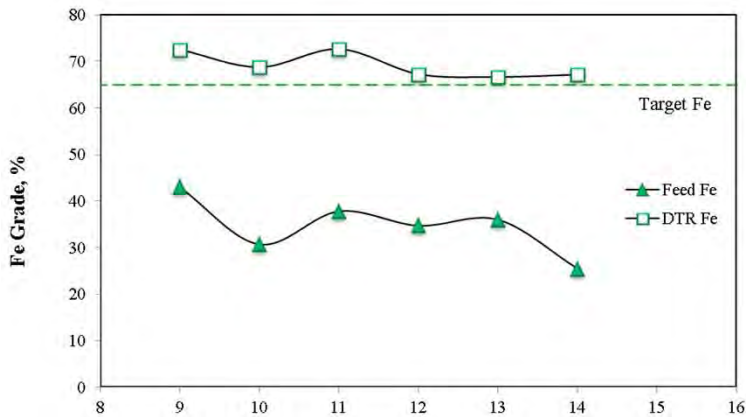
Exploration, Mining & Processing

- Paljasjärvi is a skarn iron ore typical of the Kiruna greenstones consisting of magnetite together with serpentine, pyroxene and amphibole and minor amounts of pyrite, pyrrhotite and chalcopyrite.
- The ore horizon is approximately 3,500m long and according to earlier geological descriptions dips steeply towards the east and appears to be regular in character.
- According to earlier drilling results the ore averages 30m in width with 36-39% Fe although higher grade sections do occur.



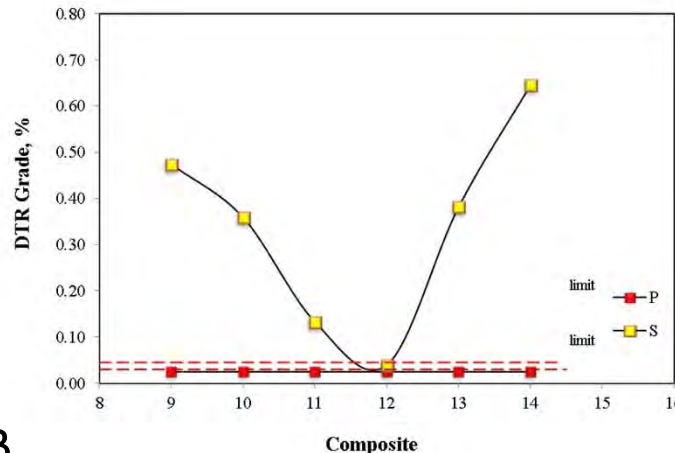
Exploration, Mining & Processing

- Paljasjärvi– PAL6302/6304/6306 (Composites 9-14) – Preliminary Davis Tube Recovery
 - The feed composites have an average of 35% Fe
 - The composites show high iron recoveries averaging almost 90% and up to 94%
 - The iron concentrate grades are very high, averaging 69% Fe with a number at 72%
 - All composites achieved low silica (<1.5%), alumina (<0.4%) and phosphorus grades (BD)
 - Sulphur grades were high except for composite 12 (average 0.34%); floatation likely required



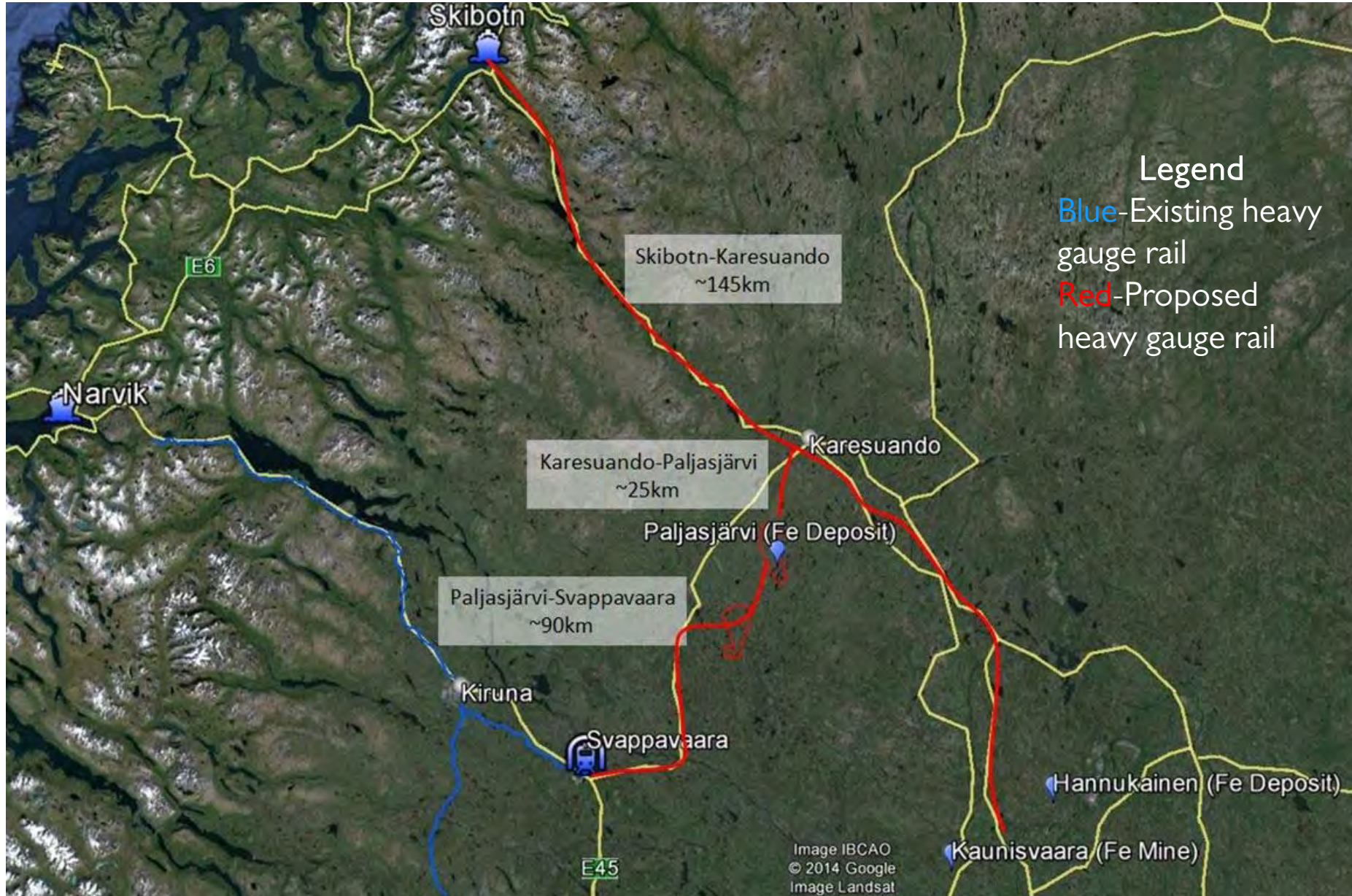
Composite

Composite



Composite

Rail – Lannavaara to Skibotn

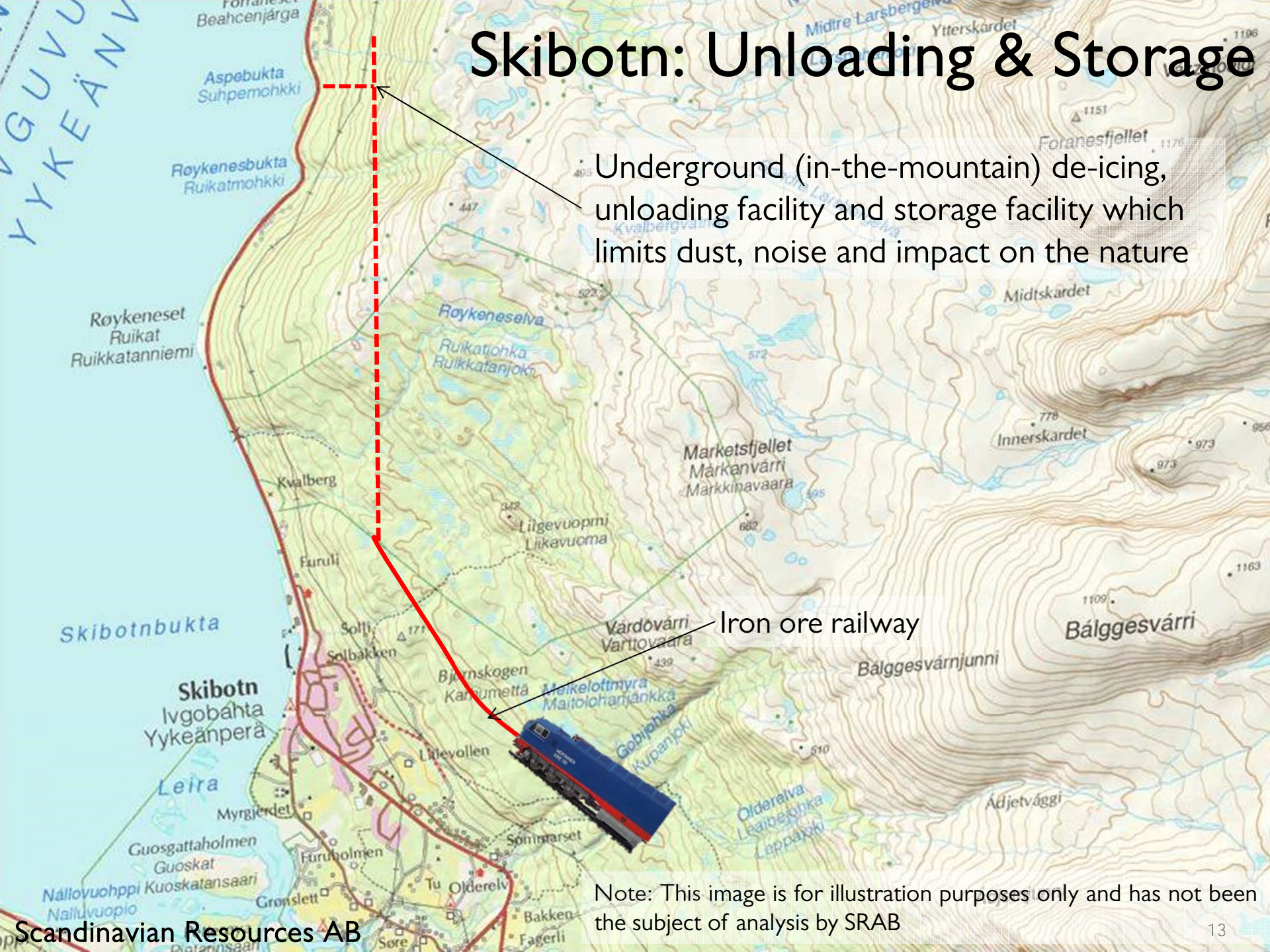


Note: Paljasjärvi-Svappavaara (90km) is a secondary option

Skibotn: Unloading & Storage

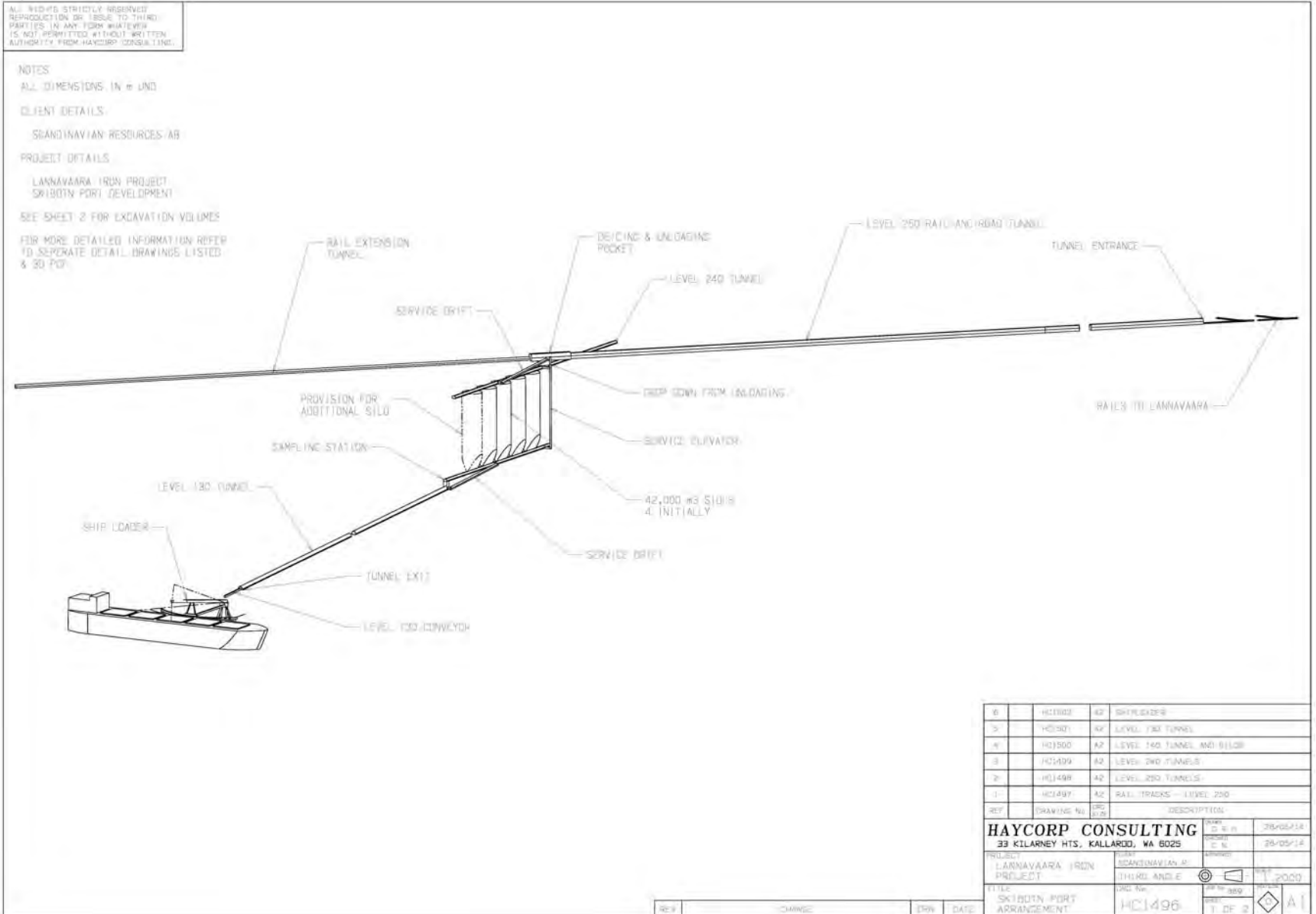
Underground (in-the-mountain) de-icing, unloading facility and storage facility which limits dust, noise and impact on the nature

Iron ore railway

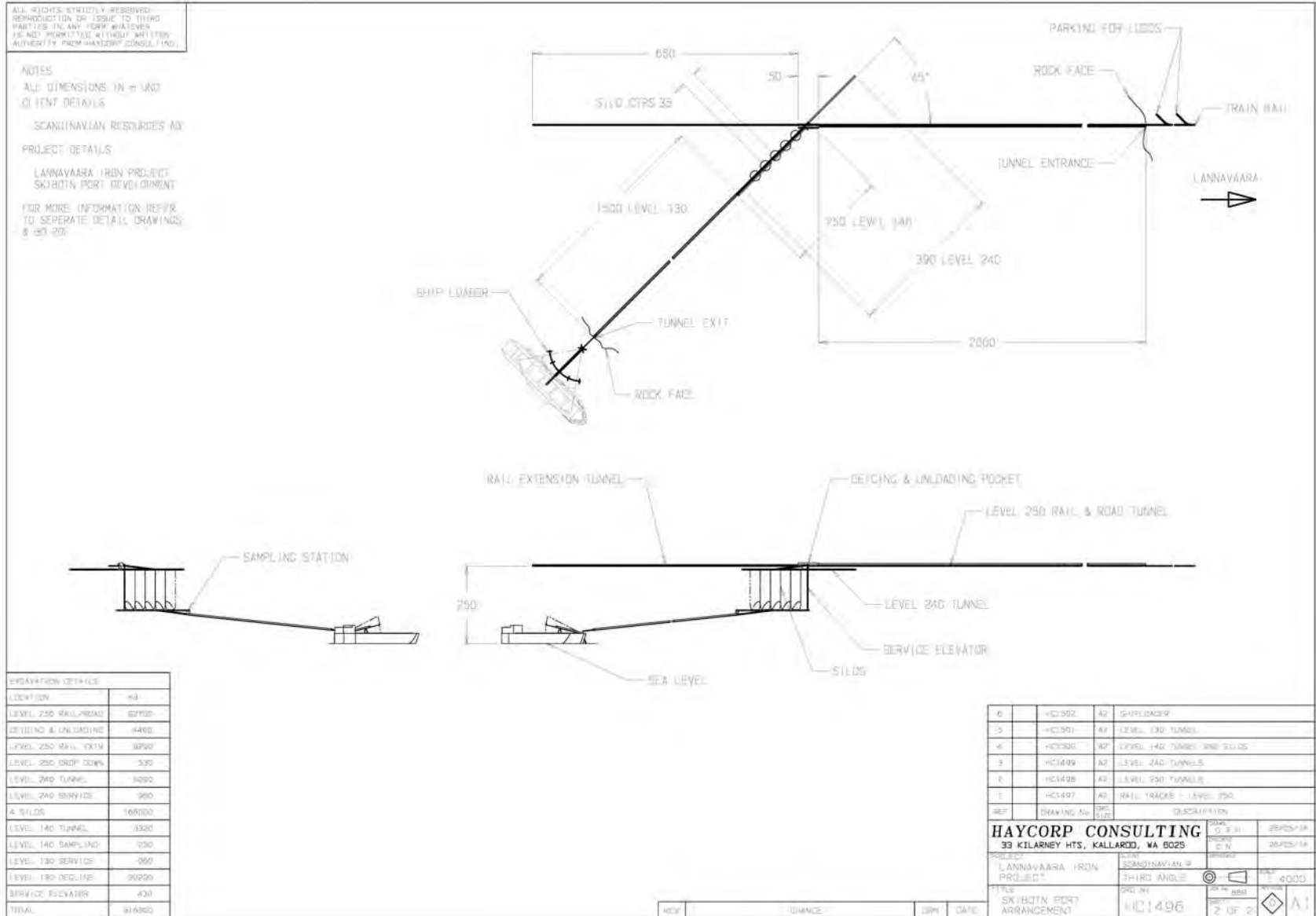


Note: This image is for illustration purposes only and has not been the subject of analysis by SRAB

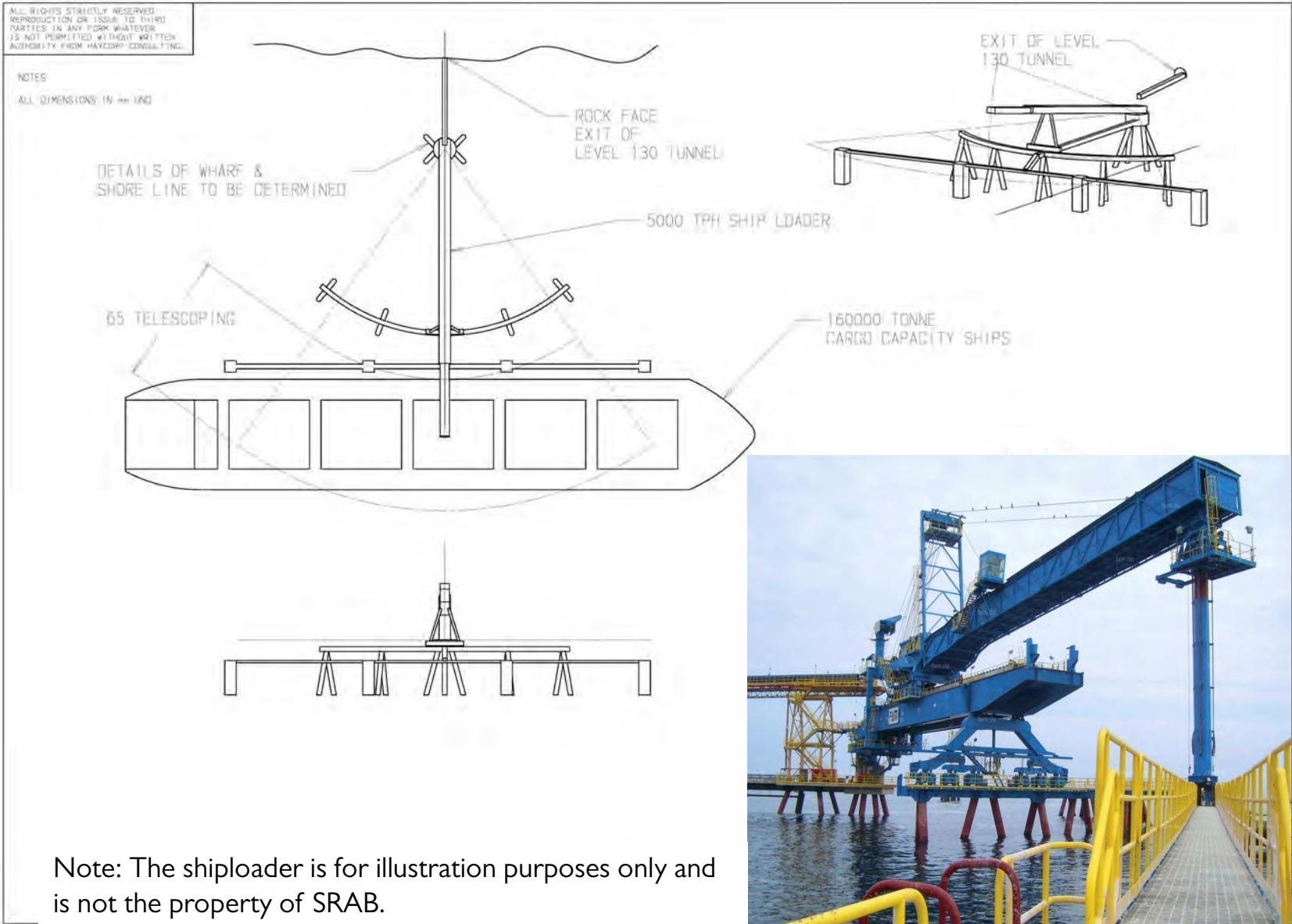
Skibotn: Unloading – Storage – Reloading



Skibotn: Unloading – Storage – Reloading



Skibotn: Quay & Shiploader

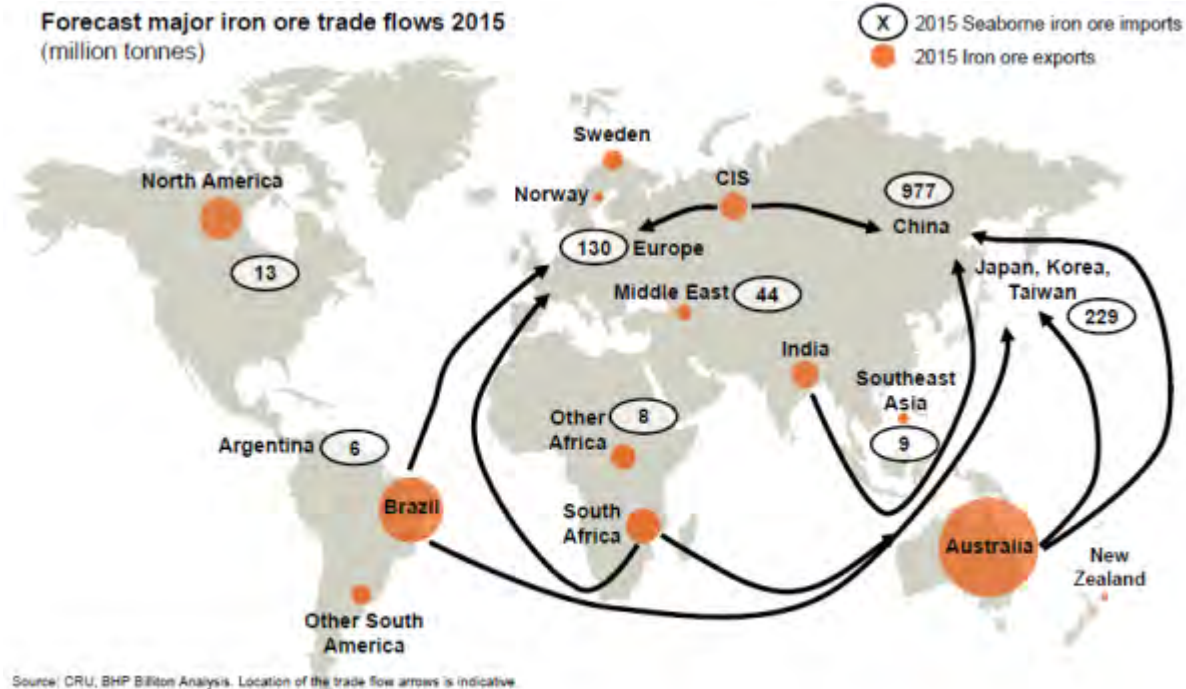


Logistics Assumptions

	Assumptions
Locomotives	Diesel / LNG
Port Capacity	8Mt pa (with options for expansion)
Vessel Capacity	250,000DWT
Rail Gauge	Finnish standard (25 tonne axle-load and 8 t/m)
Wagons	100t total weight, loading 80t of product, 12.5m long and 46 wagons in total
Tonnes of ore per train	3,680t of ore
Standard Train Length	675m (including locomotives)
Trains Per Day	7 (planning caters for 8)
Train Cycle	12 hours
Marshalling & Train Movements in the Port	Before entering the mountain
Ore Handling	In the mountain
Quay & Shiploader	The center of the ship loader is the only real quay, the vessel is moored and resting at 5 strong mooring points with fender system, adapted to tidal waters.
Power Requirements	3,700 kW
Rock Excavation	335,000m ³

Marketing

- Range of potential iron products could be developed from the Lannavaara Iron Project characterised by high iron content and low impurities
- The ore at the Project must be the subject of substantial metallurgical and mineralogical test work to determine the potential for an iron ore product to be developed in line with market demand
- The growth markets for iron ore products are the Middle East & North Africa (MENA) and China



Environment & Social

- The Lannavaara Iron Project is outside Natura 2000 areas (Sweden & Finland) and outside competing Areas of National Importance (Sweden).
- Extensive environmental, social and economic impact studies required before understanding of the impacts of mining, processing and transportation is possible.
- Studies will be made into utilising a diesel/gas mining fleet, hydro power and LNG-powered locomotives
- It is important to note that over the full steel production cycle (i.e. from ground to steel), each tonne of magnetite concentrate saves about 108kg of CO₂ emissions when compared to direct shipping hematite ore – the Project will contribute to less emissions.

Next Steps

- Introduce Project to the Kommuns and its Stakeholders.
- Engage independent third party to complete analysis of the logistics solution.
- Define permitting process and timeline for environmental, social, mining and infrastructure approvals.
- Increase technical understanding of the deposits and the potential to produce an iron ore product.
- Prepare Scoping Study during 2015 as a basis for deciding whether to proceed further.

Tack så mycket

Kiitos

Takk

Giitu

Thank you



Ownership Structure



Scandinavian Resources AB

Damian Hicks – Managing Director

Mr. Hicks is a founding Director of Hannans Reward Limited and Scandinavian Resources AB. Mr. Hicks holds a Bachelor of Commerce from the University of Western Australia, is admitted as a Barrister and Solicitor of the Supreme Court of Western Australia, holds a Graduate Diploma in Applied Finance & Investment from FINSIA, and is a Graduate of the Australian Institute of Company Directors. Mr. Hicks was a key person responsible for developing the Kiruna Iron Project. Resides in Malå, Sweden.



Amanda Scott – Exploration Director

Ms. Scott was appointed a director of Scandinavian Resources AB in 2014 and has been the exploration manager for Hannans Reward Ltd and its subsidiary companies since 2008. Ms. Scott holds a Bachelor of Science (Geology) from Victoria University of Wellington, and is a Member of the Australian Institute of Mining & Metallurgy. Ms. Scott was a key person responsible for developing the Kiruna Iron Project. Resides in Malå, Sweden.



Scandinavian Resources AB

Christer Nordström – Consultant

Mr. Nordström holds a Masters of Science (Mining Engineering) from the Royal Institute of Technology in Stockholm and worked for more than 30 years with LKAB in various capacities including as underground production engineer, open-pit superintendent, global iron ore marketing, general manager LKAB Luleå Ore Harbour and product development and marketing for Minelco AB. Since retirement in 2002 Mr. Nordström has continued to work as a private consultant. He resides in Boden, Sweden.



Lars Andersson – Consultant

Mr. Andersson graduated from technical gymnasium (upper secondary school) and studied computer programming at Luleå University of Technology. He worked for more than 43 years with LKAB in various positions including Project Manager of the old LKAB Luleå Ore Harbour, as Design and Project Leader for the new Luleå LKAB Ore Harbour and as Port Manager of the new harbour. Since retirement in 2013 Mr. Andersson has continued to work as a private consultant. He resides in Luleå, Sweden.



Compliance Statements

The information in this document that relates to exploration results is based on information compiled by Amanda Scott, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (Membership No.990895). Amanda Scott is a full-time employee of Hannans Reward Ltd. Amanda Scott has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Amanda Scott consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this document that relates to Metallurgical Results for the Lannavaara Iron Project is extracted from the report entitled “Positive Metallurgical Results for Swedish Assets” created on the 24th October 2012 and is available to view on (www.hannansreward.com). The Company confirms that it is not aware of any new information or data that materially effects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

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