

HANNANS

20 October 2014

ASX & MEDIA ANNOUNCEMENT

Nickel Drilling at Lake Johnston

- Drill testing of highly prospective nickel sulphide targets has commenced
- Nickel targets located adjacent to Poseidon Nickel's Lake Johnston Project
- Hannans' 20% interest free carried by Reed Resources Ltd (ASX:RDR)

Hannans Reward Ltd (ASX:HNR) (Hannans or the Company) is pleased to advise that joint venture partner Reed Resources Ltd (ASX:RDR) (Reed) has commenced diamond drill testing of highly prospective nickel sulphide targets at the Lake Johnston Project, located west of Norseman in Western Australia (refer Location Plan on page 2).

Hannans Managing Director Damian Hicks said, "The Lake Johnston region has been re-energised by Poseidon Nickel's recent acquisition of two nickel mines from Norilsk. The Hannans-Reed nickel targets, located approximately 50km from the Poseidon concentrator, have been the subject of extensive geochemical, geophysical and geological activities by both companies. Drilling has started and we're optimistic that Reed will encounter nickel sulphide mineralisation in the drilling."

In 2012, Hannans intersected nickel sulphide mineralisation in a single reverse circulation (RC) drillhole drilled to test a coincident copper-nickel auger geochemistry anomaly¹. In 2013, a geochemical analysis of drill samples confirmed the presence of a fertile, high-MgO, reduced komatiite with the potential to host high tenor nickel sulphides. Petrographical analysis of the samples confirmed the presence of pentlandite and violarite (after pentlandite).

Additional petrography by Reed confirmed trace amounts of slightly supergene altered (violarite) pentlandite plus accessory pyrrhotite and chalcopyrite coincident with the end of hole sample that returned approximately 1% sulphur plus subgrade nickel. Hannans drilling did not penetrate the footwall contact which is typically the prospective position for nickel sulphide accumulation in komatiite-hosted nickel sulphide deposits. To this end, Reed Resources is planning to test the footwall position with diamond drilling and subsequent downhole geophysical surveys (electromagnetic)².

Reed will drill two diamond drillholes for a total of 1,000 metres. Results of the drilling will be released by Reed.

¹ ASX Announcement 30 August 2012

² ASX Announcement 24 June 2014

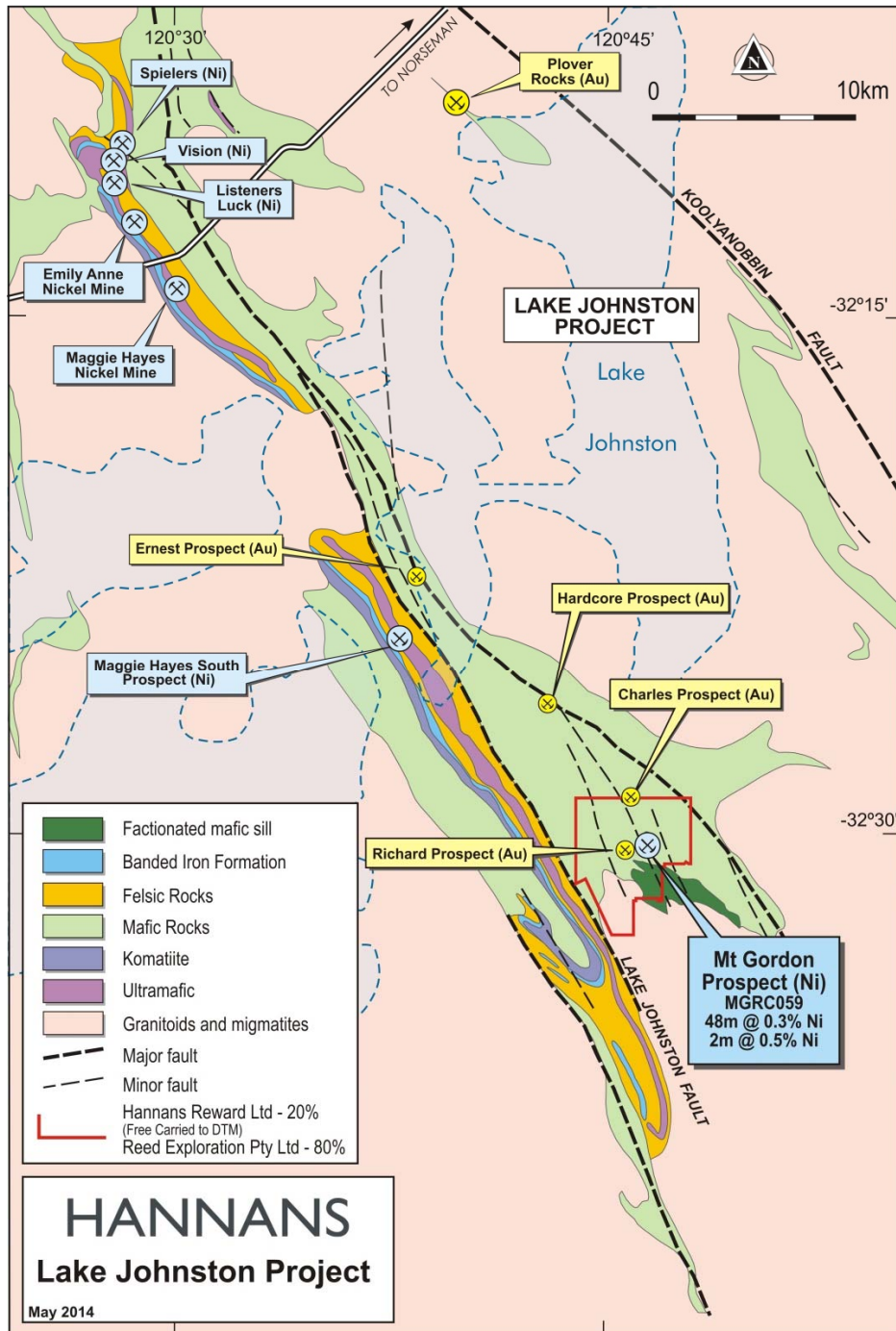


Figure 1: Location map showing the Mt Gordon Prospect owned in joint venture by Hannans Reward Ltd (20%) and Reed Resources Ltd (80%). The Emily Anne and Maggie Hays nickel mines were acquired by Poseidon Nickel Ltd in July 2014 from Norilsk.

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Hannans Reward Ltd

Hannans Reward Ltd (ASX:HNR) is an exploration company with a focus on copper, gold, nickel and iron projects in Scandinavia. It has JORC compliant copper, gold and iron resources in Sweden and announced in March 2014 that it had entered into an exclusive rights agreement with a Third Party over its Rakkuri Iron Project in Sweden. Since listing on the Australian Securities Exchange in 2003 Hannans has signed agreements with Vale Inco, Rio Tinto, Anglo American, Boliden, Warwick Resources, Cullen Resources, Nickel Australia, Reed Resources, Tasman Metals and Grängesberg Iron. For more information please visit www.hannansreward.com.

Competent Persons 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 drilling results from Mt Gordon is extracted from the ASX Announcement titled "Nickel Sulphides Confirmed at Lake Johnston Project" created on the 30th August 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.