

# HANNANS

5 December 2014

ASX ANNOUNCEMENT

## Rakkuri Iron Project

- Test work completed by Third Party confirms validity of Rakkuri Iron Project data.
- Exclusive right granted to Third Party has ended without an agreement being reached.
- Now that the exclusive right has ended, discussions can recommence with Parties that have previously expressed an interest in the Rakkuri Iron Project.

Hannans Reward Ltd (ASX:HNR) (**Hannans** or the **Company**) advises that the exclusive right granted to the unnamed Third Party, to complete due diligence on the Rakkuri Iron Project (**Rakkuri**), located 5 kilometres south of Kiruna in northern Sweden has ended without an agreement being reached.

Hannans Managing Director Damian Hicks said, "The due diligence confirmed the accuracy and completeness of the Rakkuri data. The iron ore price has fallen nearly 50% since we signed the initial agreement in February 2014 and there's no doubt that the current situation in the iron ore market has delayed investment decisions. We are now in a position to reopen the data room to Third Parties that have previously expressed an interest in Rakkuri.

Ultimately we believe that Sweden's low sovereign risk profile and 1<sup>st</sup> class infrastructure will see Hannans' Rakkuri Iron Project and large Lannavaara Iron Project developed in the future. We will continue to introduce these projects to quality companies that have the expertise, capital and track record to create a sustainable and profitable iron ore business in Northern Sweden."

The Rakkuri Iron Project is a strategically located iron ore project with open pit potential. The closest operating iron ore mine is approximately 5 kilometres to the north and is currently being mined at a depth of 1,365m (1.365km). A major road and rail network connects the Rakkuri Iron project to Kiruna (refer Google image on next page).

A positive Scoping Study (released by Hannans to the ASX on 13 February 2013) determined that the Rakkurijoki deposit has the potential to supply an iron product over a 12 year mine life, at a premium price, to the European and the Middle East North African markets. The Scoping Study evaluated the practicality of combining a low-cost logistics solution with the least mining, processing, financial and execution risk. A decision was then made to include the Rakkurijärvi iron deposit, located 2½ kilometres south-west of Rakkurijoki in a Pre-feasibility Study. Combining the two deposits is likely to increase the mine life and further enhance the economics of Rakkuri with relatively minimal additional capital expenditure.



In Sweden there are two main categories of iron ore deposits. One category is the skarn iron ores, which by their nature contain sulphur in the form of sulphide minerals (for example the Rakkuri and Lannavaara deposits owned by Hannans and the Kaunisvaara deposits owned by Northland Resources SE). A second category of iron deposits is the apatite iron ores, which contain phosphorus within the apatite minerals (for example the Kirunavaara deposit owned by LKAB). Both sulphur and phosphorus are deleterious elements (they cause harm or damage in the steel making process) and are therefore 'floated off' during processing to reduce their levels to within specifications required by steel mills.

Please visit [hannansreward.com](http://hannansreward.com) to read more about the Kiruna Iron Project and the Company's significant Lannavaara Iron Project.

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## 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 Mineral Resource Estimates for Rakkurijoki and Rakkurijärvi is extracted from the report entitled "Kiruna Iron Project JORC Resource Update" created on 17 January 2012 and is available to view on the Company's website ([www.hannansreward.com](http://www.hannansreward.com)). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and in the case 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.