

HANNANS

2nd Quarter Activities Report 2014/2015

Fast Facts

ASX Code: HNR

Capital Structure

Shares on issue: 721.9m

Market cap: \$2.9m (at 0.4c)

Management

Managing Director:

Damian Hicks

Exploration Manager:

Amanda Scott

Finance & Compliance Manager:

Mindy Ku

Non-Executive Directors

Olof Forslund

Markus Bachmann

Jonathan Murray

Key Projects

Sweden

Lapland (Nickel-Copper-PGE)

Pahtohavare (Copper-Gold)

Lannavaara (Iron)

Rakkuri (Iron)

Australia

Lake Johnston (Nickel)

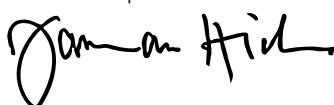
Dear Shareholders,

During the 2nd Quarter (October – December 2014) Hannans:

- ⌚ Lapland Nickel-Copper-PGE Project – identified new region in north-eastern Sweden with potential for intrusive hosted nickel-copper-PGE mineralisation; nine new permit applications lodged to date.
- ⌚ Pahtohavare Copper-Gold Project – completed Phase 1 metallurgical testwork studies on oxide copper-gold mineralisation from Central Zone; copper recoveries encouraging.
- ⌚ Lake Johnston Nickel Project (JV) – received geological report and first batch of assays from nickel drilling at Mt Gordon; nickel mineralisation intercepted in first exploration drillhole with further assays pending.
- ⌚ Lannavaara Iron Project – received pipeline scoping study report and completed assessment of opportunities for delivering gas into Lapland.
- ⌚ Exploration Data Quality and Costs – assisted in the design of magnetometer sensor attachments for ultralight aircraft.
- ⌚ Rakkuri Iron Project – concluded discussions with Third Party.
- ⌚ Rehabilitation – completed rehabilitation in Sweden and Australia.
- ⌚ Annual General Meeting – held meeting on 20 November 2014 where all resolutions were passed on a show of hands.

During the 3rd Quarter (January – March 2015) Hannans aims to:

- ⌚ Lapland – continue with investigation of the geological model and exploration targeting strategies; release project presentation to ASX; search for a partner with the technical expertise and financial strength to drive the project forward by way of joint venture.
- ⌚ Pahtohavare – obtain drilling approvals from the Swedish Mining Inspectorate to test sulphide copper-gold targets and complete oxide metallurgical test work; search for a partner to fund drill testing of the high potential targets and complete a scoping study on oxide copper-gold ore by way of joint venture.
- ⌚ Lake Johnston – receive final drilling results from Mt Gordon and thereafter assess potential for economic nickel sulphide mineralisation.
- ⌚ Exploration Data Quality and Costs – continue development of airborne geophysical solution to reduce costs of exploration.
- ⌚ Corporate – seek opportunities to advance the interests of Hannans shareholders through project acquisition, divestment and or corporate action.



Managing Director
30 January 2015

HANNANS REWARD LIMITED
ASX: HNR
ABN: 52 099 862 129

6 Outram Street
West Perth, Western Australia
Postal Address: PO Box 1227
West Perth, WA 6872, Australia
Facebook: Hannans Reward

T: +61 8 9324 3388
F: +61 8 9324 3366
E: admin@hannansreward.com
W: www.hannansreward.com
Twitter: [hannansreward](https://twitter.com/hannansreward)

EXPLORATION & BUSINESS DEVELOPMENT

LAPLAND NICKEL-COPPER-PGE PROJECT

The Lapland Nickel-Copper-PGE Project is located approximately 100km north-east of Kiruna, northern Sweden.

PROJECT ACQUISITION

During the Quarter, Hannans' secured a major new greenfields exploration project in north-eastern Sweden with the potential to host nickel-copper-platinum group elements and gold mineralisation.

Hannans Managing Director Damian Hicks said, "This is exactly the type of project every explorer wants to secure! We believe there is a large system at depth within the project area that has the potential to contain significant quantities of high value metals. We have focussed on securing the potential pathways these metals may have used to move towards the surface. Under the right conditions, this is where economic deposits are likely to form. It is rare to find an opportunity like this in a low sovereign risk country and we think this is an incredible opportunity for Hannans."

Hannans' **Lapland Ni-Cu-PGE Project** has been peer reviewed by experienced Swedish geoscientist Professor Olof Martinsson (an independent consultant from Geovista) and Australian geoscientist Dr Jon Hronsky.

The regional scale gravity feature, known as the MGH (measuring 40-50mgal), located in north-eastern Sweden represents a potential new magmatic province. If the regional scale gravity feature does represent a major deep-seated mafic intrusive complex this could represent a source of metal bearing fluids. Younger intrusions – represented at surface by several ring dyke complexes and traditional mafic to ultramafic intrusives – may be the pathways for fluid moving from the large deep source towards the surface.

Dr Jon Hronsky (an independent consultant from Western Mining Services) has reviewed the project in the context of his broader understanding of the controls on nickel sulphide mineralisation and Fennoscandian geology. Dr Hronsky said, "The idea that the MGH represents a major deep-seated mafic intrusive complex is almost certainly valid, and is therefore a site of inherent prospectivity. The regional scale gravity feature can be considered as the signature of a "hot-spot".



Figure 1: Lapland Ni-Cu-PGE Location map

The MGH is very similar to the large-scale gravity anomaly regionally associated with both the West Musgrave and East Kimberley nickel sulphide provinces in Western Australia. It may be associated with a mantle plume but might equally represent a major favourable tectonic intersection that has received multiple pulses of magma over a protracted time (i.e. the current model for West Musgrave). Such locations are prospective for magmatic Ni-Cu-PGE (nickel-copper-platinum group elements) sulphide mineralisation as well as potentially hydrothermal Au (gold) and Cu (copper) mineralisation.”

Hannans has lodged permit applications in the name of wholly owned subsidiary Scandinavian Resources AB covering the major mafic intrusions represented at surface by both the ring dyke complexes, traditional intrusive features and in some instances outcropping bedrock.

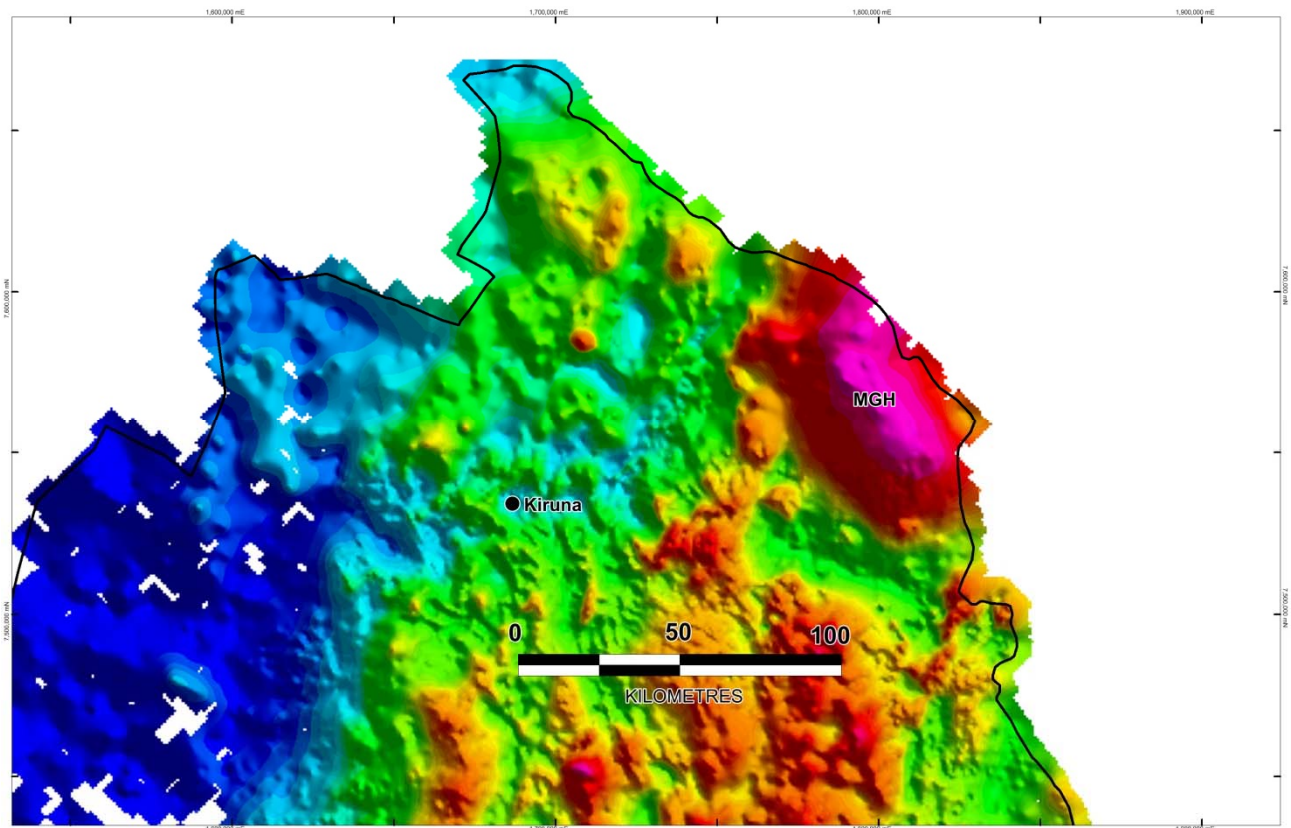


Figure 2: Regional gravity image over Norrbotten, Sweden. The large (40-50mgal) gravity anomaly known as the MGH is located in north-eastern Sweden may represent a potential new magmatic province with nickel-copper-PGE prospectivity.

PAHTOHAVARE PROJECT

The Pahtohavare Copper-Gold Project is located approximately 8km south-west of Kiruna, northern Sweden.

OXIDE METALLURGICAL TESTWORK RESULTS

As reported last Quarter, Hannans engaged Independent Metallurgical Operations Pty Ltd (IMO) from Perth, Western Australia to oversee preliminary metallurgical testwork designed to test the recoverability of copper and gold from the oxide ore. Activation Laboratories Ltd (Actlabs) located in Ontario, Canada was awarded the contract to undertake the physical testwork.

IMO completed a detailed review of historical metallurgical testwork reports from Pahtohavare and developed a testwork flow-sheet focussed on ore characterisation, grinding and preliminary leaching testwork (Stage 1) followed by detailed copper and gold leaching testwork and capital and operating cost modelling (Stage 2).

Using a 600kg bulk sample (comprising reverse circulation crusher rejects from Hannans’ 2013 drilling campaign) two separate master composites were produced. The Stage 1 master composite was homogenised with a conservative head grade of 0.56% Cu. Stage 2 testwork will have a master composite homogenised with a head grade much closer to the current resource grade of 1.8% Cu and 0.6g/t Au.

Hannans Managing Director, Damian Hicks said, “The results¹ of the Stage 1 tests are very encouraging. The ore is generally soft and 80% of the copper can be recovered using an acid leach. Importantly we know of cost effective processing technologies suitable for high grade copper oxide deposits like Pahtohavare. We have recently lodged drill workplans to collect additional oxide material for testwork and once completed we can finalise the scoping study.”

Stage 1 – Ore Characterisation & Solubility

The ore characterisation (i.e. copper speciation) testwork determined both the percentage of copper contained within oxides, carbonates, sulphides and silicates and what percentage of the copper is acid soluble. In summary:

- ∂ 94-99% of all copper bearing minerals are present as chrysocolla or chrysocolla with chlorite/smectite or iron oxide/hydroxides (>94%) across all size fractions;
- ∂ <5% of the copper containing minerals are present as chalcopyrite, bornite and chalcocite;
- ∂ no observations of malachite or azurite;
- ∂ 80% of the copper can be recovered using an acid leach; and
- ∂ 4-8% by weight of the master composite is comprised of copper containing minerals.

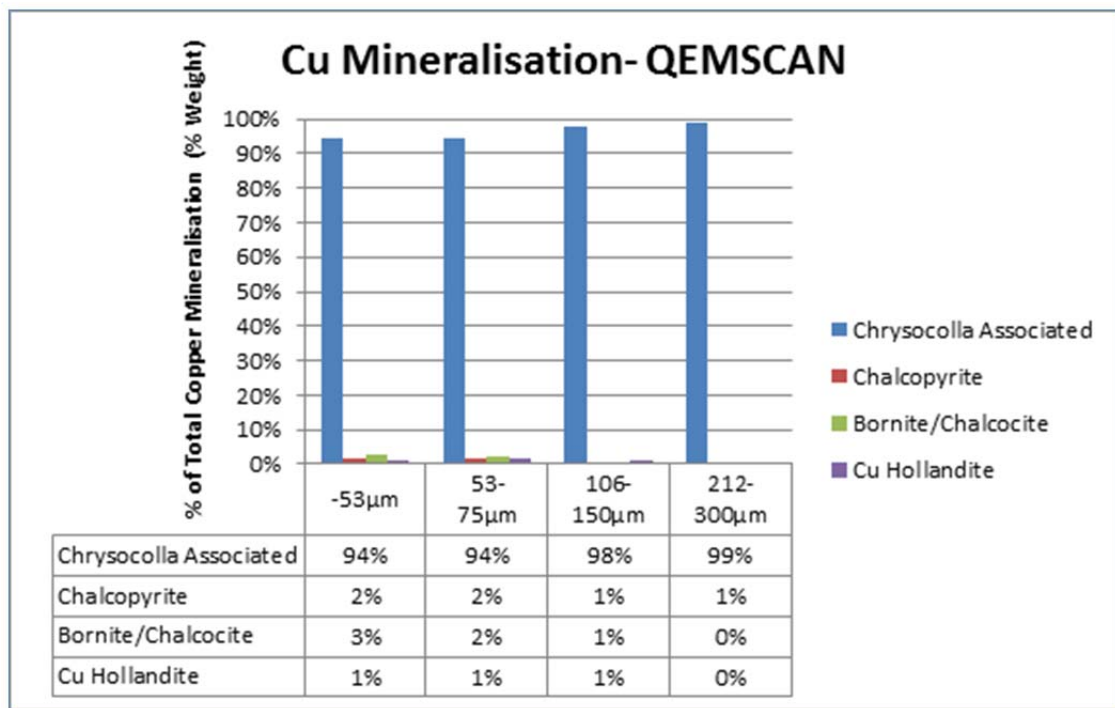


Figure 3: QEMSCAN results showing abundance and distribution of copper mineralisation across a range of size fractions within the master composite.

Sample	Distribution
Head	100%
Acid Soluble	80%
Cyanide Leach Soluble	1%
Residue	19%

Table 1: Copper solubility results, indicating chrysocolla leaches well under acidic conditions.

¹ Please refer to ASX Announcement dated 21st of January 2015 titled “Copper Testwork-Pahtohavare” for additional information on the metallurgical testwork including JORC Table.

Stage 1 – Bond Ball Work index (BBWi) Grindability

BBWi² (a separate 50kg historical core sample³) testwork was completed at a final screen size of 106 μ and produced a value of 8.2kWh/t for the weathered composite and 11.6kWh/t for the fresh composite. These values indicate that the weathered material can be classified as soft and the fresh material can be classified as medium hardness. Crushing tests will need to be completed on PQ size drill core in the future to give a complete picture of the crushing and grinding requirements for ore at Central.

Future Work – Stage 2 and 3

The following test work will be completed after collection of the PQ size core from planned future drilling.

∂ Stage 2 – Acid Consumption (Copper)

Acid bottle rolls on the Stage 2 master composite to determine acid consumption rates; this is to be completed at two different grind sizes (212 μ & 106 μ).

∂ Stage 2 – Lime & Cyanide Consumption (Gold)

Gold leaching bottle rolls on post copper leach residue to determine gold recovery, lime and cyanide consumption.

∂ Stage 3

Stage 3 testwork will involve coarse ore bottle rolls and further variability testing.

After completion of the test work the scoping study can be completed.

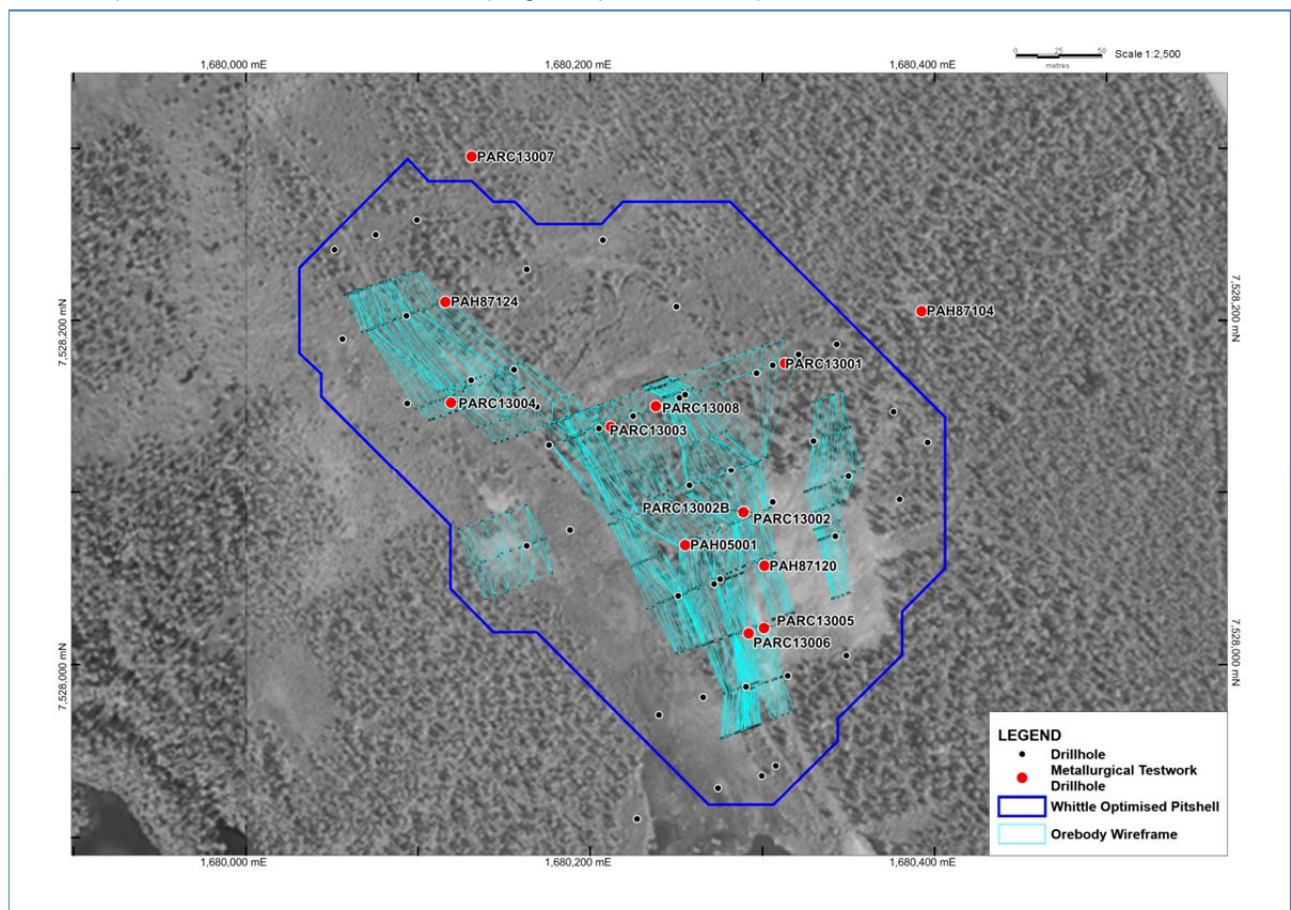


Figure 4: Map showing the location on the drillholes used in the current metallurgical testwork in relation to the orebody wireframes and Whittle optimised pitshell.

² Bond Ball Work Index (BBWi)

³ Diamond drillhole (PAH05002) drilled by Lundin Mining in 2005

LAKE JOHNSTON NICKEL PROJECT

The Lake Johnston Nickel Project (JV) is located west of Norseman, Western Australia.

JOINT VENTURE WITH NEOMETALS LTD (ASX:NMT)

During the Quarter, diamond drilling of two holes was completed by joint venture partner Neometals Ltd (ASX:NMT) (Neometals) (previously called Reed Resources Ltd) at the Lake Johnston Project, located west of Norseman in Western Australia.

Hannans Managing Director Damian Hicks said, "These initial drilling results from Mt Gordon are highly encouraging. Most importantly the drilling has confirmed we are in a geological environment conducive for hosting economic nickel mineralisation. Our joint venture partner Neometals has intersected a favourable rock sequence, alteration and intersected sulphide mineralisation which is a rare achievement with the first exploration drillhole. We are eagerly looking forward to receiving the assay results from the second hole later this month."

Diamond drilling at the Mt. Gordon prospect, located 3km north of the Medcalf Layered Ultramafic-Mafic Complex and 50km south of Poseidon Nickel Ltd's (ASX:POS) Maggie Hays and Emily Ann nickel mines was completed in November 2014. The two diamond holes were designed to test a new 3D geophysical (magnetic) model and to also follow-up on nickel mineralisation intercepted by Hannans' RC drilling in 2012.

The two drillholes (755m apart) were designed to intersect pronounced aeromagnetic anomalies. Both holes intersected a classic mafic-ultramafic pile of gabbro, amphibolite and serpentinite before entering the pillowed basalt footwall. The serpentinitised cumulate zones in both holes contained very fine grained sulphides and were elevated in nickel. Assay results from MGD001 include 38m @ 0.24% Ni from 335m⁴. The serpentinitised cumulate zone in MGD002 was considerably thicker than that intersected in MGD001 with assay results now expected to be received during the first week of February 2015. Both drillholes have been cased to enable downhole electromagnetic surveying to be completed in the future.

Hannans is not required to contribute to expenditure at Lake Johnston and its 20% interest is free-carried by Neometals Ltd through to a Decision to Mine.

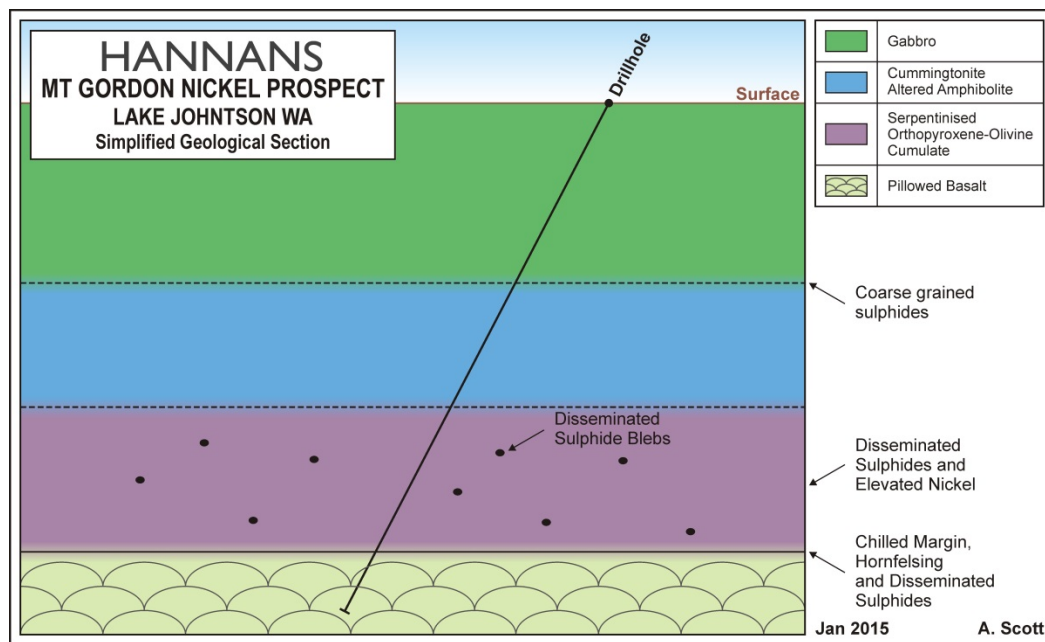


Figure 5: Simplified geological cross-section from recent diamond drilling at the Mt Gordon nickel prospect.

⁴ Please refer to ASX Announcement dated 20th January 2015 titled "Nickel Drilling-Lake Johnston" for additional information including drillhole information and JORC Table.

LANNAVAARA IRON PROJECT

The Lannavaara Iron Project is located approximately 80km north-east of Kiruna, northern Sweden.

PIPELINE STUDY

During the Quarter, Engineering, Construction and Project Management services company Ausenco completed a conceptual pipeline study and cost estimate for the transport of both iron concentrate and natural gas between Lannavaara, Sweden and Skibotn, Norway.

The study by Ausenco has highlighted that pipelines offer the following advantages over competing transport infrastructure (rail and road):

- ∂ Lower environmental and community impact
- ∂ Lower lifecycle costs
- ∂ Less impacted by severe weather events
- ∂ Higher community safety
- ∂ High system reliability and availability

Importantly Ausenco has advised that the conceptual level design for the proposed concentrate, return water and gas pipelines is based on systems well within the envelope of proven technology and existing commercial experience. The capital and operating costs estimated in the pipeline study will be integrated into a financial model during a future scoping study process for the Lannavaara Iron Project.

RAKKURI IRON PROJECT

The Rakkuri Iron project is located approximately 5 kilometres south of Kiruna, northern Sweden.

During the Quarter Hannans advised 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 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 1st 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.



Figure 6: Location plan for the Rakkuri Iron Project

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 Kiirunavaara 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.

PROJECT PIPELINE & BUSINESS DEVELOPMENT

GEOPHYSICS & ULTRALIGHT AIRCRAFT

During the Quarter, Hannans continued to research the availability of various geophysical (magnetic, electromagnetic and gravimetric) sensors that could be attached to an ultralight aircraft in an effort to reduce the cost of completing project and prospect scale airborne geophysical surveys.

Hannans has identified a suitable, high precision magnetometer/gradiometer instrument manufactured by a global leader in magnetometer design and sales that would work well with ultralight aircraft. The system can be used as a traditional single-sensor magnetometer or as a multi-sensor, high definition gradiometer with the option of real-time magnetic compensation.

The magnetometer and ultralight manufacturers have been working throughout the Quarter to design suitable mounting fixtures that will maintain the ultralight's airworthiness and compliance with aircraft regulations. In February total magnetic intensity measurements of the aircraft will be taken.

Hannans is aiming to complete test flights with the new system during the Quarter.

CORPORATE

ASX ANNOUNCEMENTS FOR 2ND QUARTER 2014/2015

Date	Announcement
December 5, 2014	Updated Capital Structure
December 5, 2014	Rakkuri Iron Project
November 20, 2014	2014 AGM Presentation
November 20, 2014	2014 Annual General Meeting Results
October 31, 2014	1st Quarter Activities Report
October 31, 2014	1st Quarter Cashflow Report
October 20, 2014	Notice of Annual General Meeting
October 20, 2014	Nickel Drilling at Lake Johnston

Table 2: ASX Announcements for 2nd Quarter 2014/2015.

CONTACTS

For further information please contact:

Damian Hicks
Managing Director
+46703220226

damianh@hannansreward.com

Amanda Scott
Exploration Manager
+46703221497

amanda@hannansreward.com

Tel: +61 8 9324 3388

Web: www.hannansreward.com

Email: admin@hannansreward.com

Twitter: @hannansreward

Facebook: Hannans Reward

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 and Exploration Target Estimates for Pahtohavare is extracted from the report entitled "Re-Release of Maiden JORC Resource at Pahtohavare to Comply with JORC" created on 31 January 2014 and is available to view on the Company's website (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.

TENEMENT STATUS FOR 2ND QUARTER 2014/2015

CURRENT TENEMENTS

Tenement number	Interest 2 nd Quarter 2014/2015		Note	Tenement number	Interest 2 nd Quarter 2014/2015		Note
	Start	End			Start	End	
KIRUNA IRON AB							
Location: Norrbotten, Sweden							
Altavaara	100%	100%		Piedjastjokko nr 5	100%	100%	
Altavaara Norra	100%	100%		Piedjastjåkko nr 6	100%	100%	
Gäddmyr nr 1	100%	100%		Puoltsa nr 4	100%	100%	
Gäddmyr nr 2	100%	100%		Rakkurijärvi nr 2	100%	100%	
Gäddmyr nr 3	100%	100%		Harrejaure nr 1	75%	75%	1
Pahtohavare nr 2	100%	100%		Sautusvaara nr 1	75%	75%	1
Pahtohavare nr 4	100%	100%		Vieto nr 1	75%	75%	1
Piedjastjokko nr 4	100%	100%		Laukujärvi nr 3	75%	75%	1
SCANDINAVIAN IRON AB							
Location: Norrbotten, Sweden							
Årosjokk nr 1	100%	100%		Kajpak nr 1	100%	100%	
Ekströmsberg nr 4	100%	100%		Ratek nr 1	100%	100%	
Ekströmsberg nr 5	100%	100%		Tjärrojåkka nr 104	100%	100%	
Eustiljåkk nr 1	100%	100%					
SCANDINAVIAN RESOURCES AB							
Location: Västerbotten, Sweden				Location: Norrbotten, Sweden			
Daningen nr 2	100%	100%		Lannavaara nr 8	100%	100%	
Särksjön nr 2	100%	100%		Lannavaara nr 1002	100%	100%	2
Våtmyrberget nr 6	100%	100%		Lannavaara nr 101	100%	100%	
				Lannavaara nr 102	100%	100%	
				Lannavaara nr 103	100%	100%	
				Lannavaara nr 104	100%	100%	
				Paljasjärvi nr 2	100%	100%	
HANNANS REWARD LTD				HR FORRESTANIA PTY LTD			
Location: Lake Johnston, Australia				Location: Forrestania, Australia			
E63/1365	20%	20%	3	M77/544	0%	0%	4

Note:

- 1 Kiruna Iron AB holds 75% interest and Tasman Metals AB holds 25% interest.
- 2 Scandinavian Resources AB 100% iron rights only; Boliden Minerals AB holds 100% of all other mineral rights.
- 3 Hannans Reward Ltd holds 20% interest. Reed Exploration Pty Ltd holds 80% interest.
- 4 HR Forresteria Pty Ltd holds 100% gold rights only. Western Areas Ltd holds 100% of all other mineral rights.

TENEMENTS UNDER APPLICATION

Tenement number	Interest 2 nd Quarter 2014/2015		Note	Tenement number	Interest 2 nd Quarter 2014/2015		Note
	Start	End			Start	End	
SCANDINAVIAN RESOURCES AB							
Location: Norrbotten, Sweden							
Jalokoski nr 1	0%	0%		Naakajärvi nr 1	0%	0%	
Kaalamakoski nr 1	0%	0%		Naakajärvi nr 2	0%	0%	
Lumivaara nr 1	0%	0%		Parkajoki nr 1	0%	0%	
Merasjärvi nr 1	0%	0%		Suijavaara nr 1	0%	0%	
Merasjoki nr 1	0%	0%		Suorkivaara nr 2	0%	0%	

RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Tenement number	Interest 2 nd Quarter 2014/2015		Note	Tenement number	Interest 2 nd Quarter 2014/2015		Note
	Start	End			Start	End	
KIRUNA IRON AB							
Location: Norrbotten, Sweden							
Luppovare nr 1	100%	0%		Piedjastjälko nr 1	100%	0%	
HR FORRESTANIA PTY LTD							
Location: Forrestania, Australia							
E77/1719	100%	0%		P77/4012	100%	0%	
E77/1784	100%	0%		P77/4013	100%	0%	
E77/1785	100%	0%					