

# HANNANS

3<sup>rd</sup> Quarter Activities Report 2014/2015

## Fast Facts

ASX Code: HNR

## Capital Structure

Shares on issue: 721.9m

Market cap: \$2.2m (at 0.3c)

## 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) (JV)

Lannavaara (Iron)

Rakkuri (Iron)

### Australia

Lake Johnston (Nickel) (JV)

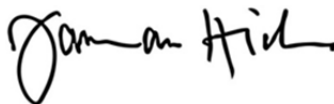
Dear Shareholders,

**During the 3<sup>rd</sup> Quarter (January – March 2015) Hannans:**

- ∅ Lapland Nickel-Copper-PGE Project – Additional seven permits applied for as part of this major new project; accessed state-owned till geochemical data.
- ∅ Pahtohavare Copper-Gold Project – Executed a Joint Venture Agreement with Swedish mining company Lovisagruvan AB. Hannans to maintain a 25% free-carried interest in the project through to a Decision to Mine.
- ∅ Lake Johnston Nickel Project – Anomalous nickel mineralisation intercepted in both holes drilled by joint venture partner Neometals Ltd. Hannans holds a 20% free-carried interest in the project through to a Decision to Mine.
- ∅ Sale of Gold Rights – Executed an unconditional sale agreement for the transfer of Hannans' interest in gold rights on a Mining Lease at Forrestania (cash attributable to Hannans is \$800,000).
- ∅ Exploration Data Quality and Costs – Identified a Swedish manufactured drill rig that may, with minor modifications, enable cost effective regional scale testing of the bedrock.

**During the 4<sup>th</sup> Quarter (April – June 2015) Hannans aims to:**

- ∅ Lapland Nickel-Copper PGE Project – Complete work plan submissions for 'proof of concept' geochemical drilling across multiple high potential targets. Commence field programs to identify additional outcrop that may improve the geological model.
- ∅ Pahtohavare Copper-Gold Project – Commence Stage 2 metallurgical test work on samples from the Central copper-gold oxide deposit. Commence diamond drill testing of high potential targets in June.
- ∅ Lake Johnston – Joint Venture operator Neometals Ltd to continue divestment activities to fund future exploration activities.
- ∅ Exploration Data Quality and Costs – Complete due diligence on potential geochemical drill rig. Complete test flights of proprietary airborne magnetic system.



Managing Director  
30 April 2015

# EXPLORATION & BUSINESS DEVELOPMENT

## LAPLAND NICKEL-COPPER-PGE PROJECT

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

### PERMIT APPLICATIONS

During the Quarter, Hannans' applied for seven additional exploration permits at the Lapland Project bringing the total project to seventeen permits covering 303km<sup>2</sup>. The new permits cover both magnetic and geochemical targets considered prospective for Cu-Ni-PGE mineralisation. Fourteen of the seventeen permits have now been granted. The Lapland Project is a major new greenfields exploration project located in north-eastern Sweden with the potential to host nickel-copper-platinum group elements and gold mineralisation.

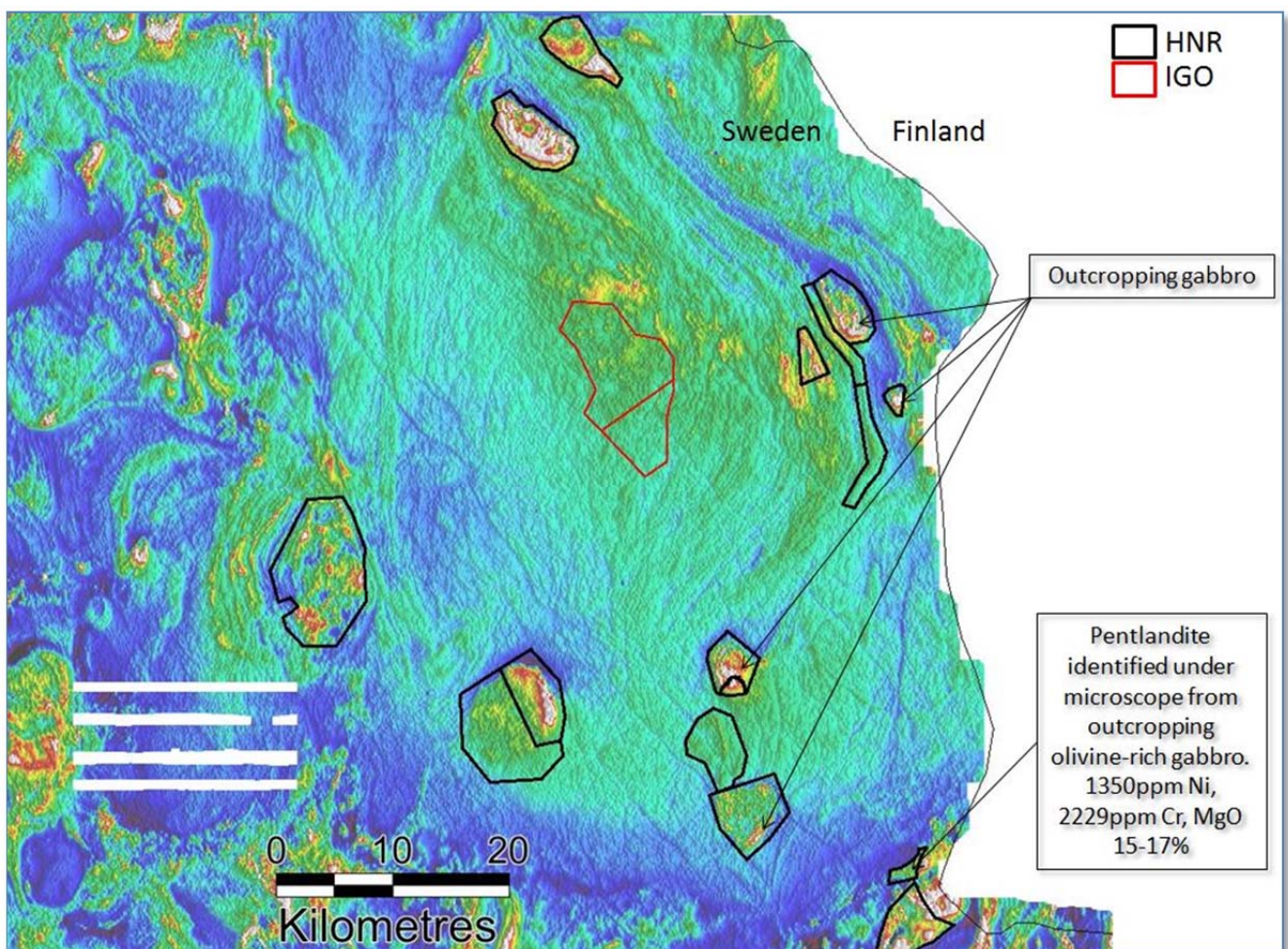


Figure 1: Airborne magnetic image over the Lapland Project showing Hannans (ASX:HNR) and Independence Group Ltd (ASX:IGO) permits.

## GRASSROOTS EXPLORATION

Hannans is planning to commence field exploration at the Lapland Project during the current Quarter once ground conditions are suitable. Minimal historic exploration has been conducted within the project area so field mapping and outcrop sampling will be a priority.

During the Quarter, Hannans acquired all available state-owned till geochemical data over the Lapland Project area; the dataset contains several different sample fractions and different assay methods. Compilation and analysis of the data shows a strong regional-scale copper anomaly and also coincident copper-nickel anomalism across several of the target areas. This provides encouragement that the bedrock beneath the till (i.e. beneath the glacial moraine) is prospective for copper-nickel mineralisation.

The next milestone is to confirm the actual bedrock lithologies (i.e. the description and classification of rock) throughout the project area and to refine specific Ni-Cu-PGE and Au targets for further exploration activities including field mapping, sampling, geochemical drilling and geophysical surveys.

Work plans for the first round of 'proof of concept' drilling will be submitted to authorities this Quarter. The drilling will comprise top-of-bedrock geochemical exploration utilising existing public and private roads for ease of access and minimal environmental disturbance. It is envisaged that utilising existing access roads for the initial program will enable drilling to be completed reasonably quickly and cost effectively. The aim of the program will be to confirm the type of gabbros present within the Project and importantly their chemical signature.

## PAHTOHAVARE PROJECT

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

### JOINT VENTURE WITH SWEDISH MINING COMPANY

During the Quarter Hannans (through 100% wholly-owned Swedish subsidiary Kiruna Iron AB) entered into a joint venture agreement with Swedish mining company Lovisagruvan AB in relation to the Pahtohavare Copper-Gold Project located near Kiruna, northern Sweden. Lovisagruvan AB's primary focus will be to determine if a viable mining scenario exists at the Central copper-gold oxide deposit.

Hannans Managing Director Damian Hicks said "We are very pleased to have reached this agreement with Lovisagruvan. Their Board is professional, experienced and successful. They know how to take a deposit into production and generate free cash flow. Hannans shareholders will benefit from this relationship by maintaining a 25% free-carried interest in Pahtohavare through to a Decision to Mine".

Lovisagruvan AB has a history of profitable production of zinc and lead from its underground mine located in Bergslagen, southern Sweden. At the current rate of extraction (ca. 40,000 tonnes per year) the remaining mine life is estimated to be 15 years. The zinc and lead ore is concentrated and processed at Boliden's facility at Garpenberg.

Lovisagruvan's Swedish management is very experienced in all mining related disciplines including finance, sales, operations, exploration and permitting.

In recent years Lovisagruvan AB shareholders have received an excellent return on capital through share price appreciation and dividend payments. Lovisagruvan AB shares are traded on the Swedish stock exchange AktieTorget.

## JOINT VENTURE (JV) TERMS

Kiruna Iron AB and Lovisagruvan AB have signed a legally binding Terms Sheet with the following key terms:

1. Lovisagruvan AB can earn a 35% interest in Pahtohavare by:
  - a. paying Kiruna Iron AB a non-refundable amount of 1,000,000 SEK within 7 days (approx. AUD150,000) (confirmed received).
  - b. completing additional metallurgical test work (test work initiated in April 2015);
  - c. drilling to improve the understanding of the oxide deposit and potentially increase the size, grade and category of the JORC compliant inferred mineral resource (planned for June 2015); and
  - d. drilling to collect sufficient quantity of a bulk sample to complete the necessary metallurgical testwork to optimise OPEX, CAPEX and processing options for inclusion in a detailed scoping study. (The above represents Lovisagruvan's minimum commitment.)
2. Lovisagruvan AB can earn a 51% interest in Pahtohavare by:
  - a. lodging an exploitation concession application and environmental permit for the oxide deposit within approximately 18 months of signing this agreement; and
  - b. providing Kiruna Iron AB with an interest free working capital facility to the value of 4,000,000SEK (approx. AUD600,000) otherwise on normal commercial terms.
3. Lovisagruvan AB can earn a 75% interest in Pahtohavare by delivering a Feasibility Study to Kiruna Iron AB within four months of grant of an exploitation concession and an environmental permit. The study must be capable of being used by Kiruna Iron AB to access funding to contribute to development and mining.
4. Kiruna Iron AB will maintain a 25% free-carried interest in Pahtohavare through to a Decision to Mine at which time the both parties must contribute to costs on a pro-rata basis.
5. If Lovisagruvan AB elects to withdraw from the joint venture it will transfer its interest in Pahtohavare back to Kiruna Iron AB for nominal consideration.

## METALLURGICAL TESTWORK - CENTRAL DEPOSIT

As part of the JV terms, Stage 2 metallurgical testwork on ore from the Central oxide deposit will commence during the current quarter and is expected to take 7 weeks to complete. The Stage 2 testwork will include the following:

- ∂ Generating a new master composite from available samples with resultant feed grade closer to the current resource grade of 1.8% Cu and 0.6 g/t Au.
- ∂ An acid leach followed by cyanide leach bottle rolls on weathered and fresh samples at varying crush/grind sizes (212µ & 106µ) to assess the amenability of deposit to traditional agitated leaching and continuous vat leaching (CVL). The recovery of copper and gold together with reagent consumptions will be assessed.
- ∂ Additional copper speciation testwork using the new master composite will be completed.
- ∂ Viscosity testwork to ascertain any material handling issues due to the presence of swelling clays, noting the presence of swelling clays from Stage 1 XRD testwork.

## DIAMOND DRILLING - CENTRAL DEPOSIT

Diamond drill testing of the Central deposit is scheduled to commence in early June depending ground conditions after the snow melt. Final drill planning is currently underway by Lovisagruvan AB; an announcement with additional details will be made in due course once all final preparations have been completed and the drilling has commenced.

## LAKE JOHNSTON NICKEL PROJECT (JOINT VENTURE)

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

### JOINT VENTURE WITH NEOMETALS LTD (ASX:NMT)

During the Quarter, joint venture partner Neometals Ltd (ASX:NMT) (Neometals) received final diamond drilling assay results<sup>1</sup> from the Mt Gordon nickel prospect at the Lake Johnston Project, located west of Norseman in Western Australia.

Hannans Managing Director Damian Hicks said, "Neometals have now received the final assays from their first work program at Lake Johnston. Importantly, anomalous nickel mineralisation has been intersected in both drill holes. The holes have been cased with PVC to enable down-hole geophysics to be completed in the future. Hannans is not required to contribute to exploration expenditure, as it is free carried through to a Decision to Mine. We look forward to the next phase of exploration commencing in due course."

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' reverse circulation (RC) drilling in 2012. The best intercept from hole MGD002 was 44m @ 0.25% Ni (nickel) from 163.3m downhole depth (aggregate intercept).

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 contain very fine grained sulphides, are elevated in nickel and sulphur and have very high MgO levels (which is important when exploring for nickel sulphide deposits). Neometals' believes that a small component of the elevated nickel values are due to disseminated nickel sulphide mineralisation. Additional fertility analysis of the high-magnesian serpentinites is ongoing. 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.

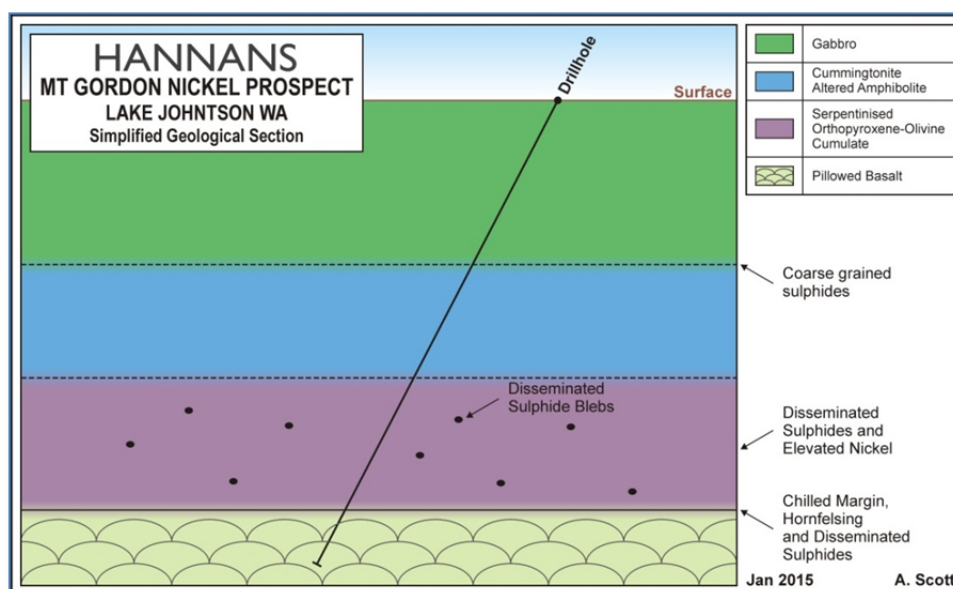


Figure 2: Simplified geological cross-section from recent diamond drilling at the Mt Gordon nickel prospect.

<sup>1</sup> Refer to ASX Announcements dated 20<sup>th</sup> January 2015 and 19<sup>th</sup> February 2015 "Nickel Drilling-Lake Johnston" for specific drillhole information including JORC Table 1.

## PROJECT PIPELINE & BUSINESS DEVELOPMENT

### GEOPHYSICS & ULTRALIGHT AIRCRAFT

The aim of these business development activities is to reduce the time and cost of completing project and prospect scale geophysical surveys. Our aim is to develop a system that will compete with ground based geophysical surveys and be complimentary to fixed wing and heli-borne geophysical systems.

During the Quarter, Hannans and its partners successfully completed total magnetic intensity measurements of the proposed ultralight aircraft. An engineer travelled from Canada to complete the tests. Results from the tests were positive insofar as it is clear that magnetic interference can be reduced to acceptable levels. Engineering design of the sensor mounting brackets was also completed. Several exploration companies operating in Sweden have expressed an interest in utilising magnetic data collected using the proposed system.

Preliminary discussions were also held during the Quarter with electromagnetic and gravity sensor providers to discuss integrating their sensors into the ultralight aircraft.

### EXPLORATION GEOCHEMICAL DRILL RIG

For the past 12–18 months Hannans has been investigating the development of a dedicated exploration geochemical drill rig to operate in Scandinavia where the terrain and moraine cover make reconnaissance drilling slow, problematic and expensive. The aim of these business development activities are to reduce the time and cost of collecting reliable samples from the bedrock.

During the Quarter a suitable drill rig was identified and fulfils many of the criteria required to obtain an uncontaminated, bedrock sample quickly and cheaply. Hannans is currently in discussions with the rig manufacturer to drill several 'proof of concept' holes during the upcoming summer field season.



Figure 3: Photo example of an Atlas Copco SmartRig ROC D65 drill rig.

# CORPORATE

## PROJECT DIVESTMENT

### SALE OF GOLD RIGHTS

During the Quarter, Hannans announced that it had entered into an unconditional agreement for the sale of Hannans' interest (80%) in gold rights on Mining Lease M77/544 at Forrestania. The consideration for the gold rights will be paid via four cash instalments during the next three Quarters. Title to the gold rights will be transferred on receipt of the final instalment.

## ASX ANNOUNCEMENTS FOR 3<sup>RD</sup> QUARTER 2014/2015

Date	Announcement
March 27, 2015	JV with Swedish Mining Company
March 16, 2015	Half Year Financial Report
March 12, 2015	Sale of Gold Rights
February 19, 2015	Lake Johnston - Nickel Drilling Update
February 2, 2015	Lapland Ni-Cu-PGE Presentation
January 30, 2015	2nd Quarter Activities Report
January 30, 2015	2nd Quarter Cashflow Report
January 22, 2015	Major New Ni-Cu-PGE Project
January 21, 2015	Copper Testwork - Pahtohavare
January 20, 2015	Nickel Drilling - Lake Johnston

Table 2: ASX Announcements for 3<sup>rd</sup> Quarter 2014/2015

## CONTACTS

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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.

TENEMENT STATUS FOR 3<sup>RD</sup> QUARTER 2014/2015

## CURRENT TENEMENTS

Tenement number	Interest 3 <sup>rd</sup> Quarter 2014/2015		Note	Tenement number	Interest 3 <sup>rd</sup> Quarter 2014/2015		Note
	Start	End			Start	End	
<b>KIRUNA IRON AB</b>							
Location: Norrbotten, Sweden							
Altavaara	100%	100%		Piedjastjåkko nr 6	100%	100%	
Altavaara Norra	100%	100%		Puoltsa nr 4	100%	100%	
Gäddmyr nr 1	100%	100%		Rakkurijärvi nr 2	100%	100%	
Gäddmyr nr 2	100%	100%		Harrejaure nr 1	75%	75%	2
Gäddmyr nr 3	100%	100%		Laukujärvi nr 3	75%	75%	2
Pahtohavare nr 2	100%	80%	1	Sautusvaara nr 1	75%	75%	2
Pahtohavare nr 4	100%	80%	1	Vieto nr 1	75%	75%	2
<b>SCANDINAVIAN IRON AB</b>							
Location: Norrbotten, Sweden							
Ekströmsberg nr 4	100%	100%		Ekströmsberg nr 5	100%	100%	
<b>SCANDINAVIAN RESOURCES AB</b>							
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%	3
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%	
Location: Norrbotten, Sweden							
Jalokoski nr 1	0%	100%		Naakajärvi nr 2	0%	100%	
Kaalamakoski nr 1	0%	100%		Naakajärvi nr 3	0%	100%	
Lumivaara nr 1	0%	100%		Parkajoki nr 1	0%	100%	
Lumivaara nr 2	0%	100%		Parkajoki nr 2	0%	100%	
Merasjärvi nr 1	0%	100%		Suijaivaara nr 1	0%	100%	
Merasjoki nr 1	0%	100%		Tuorerova nr 2	0%	100%	
Naakajärvi nr 1	0%	100%		Tuorerova nr 3	0%	100%	
<b>HANNANS REWARD LTD</b>							
Location: Lake Johnston, Australia							
E63/1365	20%	20%	4				

**Note:**

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



- 5 HR Forrestania Pty Ltd holds 100% gold rights only. Western Areas Ltd holds 100% of all other mineral rights. On 12 March 2015 HR Forrestania sold its interest in gold rights to Mine Builder Pty Ltd (refer ASX announcement dated 12 March 2015 for further information).

## TENEMENTS UNDER APPLICATION

Tenement number	Interest 3 <sup>rd</sup> Quarter 2014/2015		Note	Tenement number	Interest 3 <sup>rd</sup> Quarter 2014/2015		Note
	Start	End			Start	End	
<b>SCANDINAVIAN RESOURCES AB</b>							
Location: Norrbotten, Sweden							
Lainio nr 1	0%	0%		Suorkivaara nr 2	0%	0%	
Merasjoki nr 2	0%	0%					

## RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Tenement number	Interest 3 <sup>rd</sup> Quarter 2014/2015		Note	Tenement number	Interest 3 <sup>rd</sup> Quarter 2014/2015		Note
	Start	End			Start	End	
<b>KIRUNA IRON AB</b>							
Location: Norrbotten, Sweden							
Piedjastjokko nr 4	100%	0%		Piedjastjokko nr 5	100%	0%	
<b>SCANDINAVIAN IRON AB</b>							
Location: Norrbotten, Sweden							
Årosjokk nr 1	100%	0%		Ratek nr 1	100%	0%	
Eustiljåkk nr 1	100%	0%		Tjärrojåkka nr 104	100%	0%	
Kajpak nr 1	100%	0%					
<b>HR FORRESTANIA PTY LTD</b>							
Location: Forrestania, Australia							
M77/544	0%	0%	5				