

# HANNANS

## 4<sup>th</sup> Quarter Activities Report 2014/2015

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

- ∅ Pahtohavare Copper-Gold Project – Commenced Stage 2 metallurgical test work on samples from the Central copper-gold oxide deposit. Completed preparations for diamond drill testing of the Central deposit.
- ∅ Lapland Nickel-Copper PGE Project – Continued with preparation of work plans for the initial exploration program scheduled to commence 1<sup>st</sup> Quarter 2015/2016.
- ∅ Exploration Data Quality and Costs – Completed additional planning for testing of proprietary airborne magnetic system.
- ∅ Iron Ore Joint Ventures – Mutually agreed with JV partners (Boliden and Tasman Metals) to cease further iron ore exploration activities in Sweden.
- ∅ Corporate – Completed due diligence on two projects that had the potential to create value for shareholders, however decisions made not to proceed with further DD.

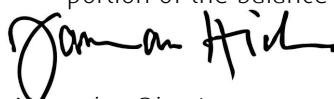
### During the 1<sup>st</sup> Quarter (July – September 2015) Hannans aims to:

#### *Exploration & Business Development*

- ∅ Lapland Nickel-Copper PGE Project – Complete reconnaissance mapping and sampling of known outcrop. Continue search for a joint partner with additional technical expertise and financial strength.
- ∅ Pahtohavare Copper-Gold Project – Complete diamond drill testing of the Central deposit and receive assay results.
- ∅ QVR Nickel Sulphide Project – Follow JV partner Neometals Ltd progress with anticipated diamond drill testing of nickel targets.
- ∅ Technology Metals – Commence review of existing project portfolio for minerals in high demand due to their use in the manufacture of Li-Ion batteries.
- ∅ Data Quality and Costs – Continue development of airborne geophysical solution to reduce exploration costs.

#### *Corporate*

- ∅ Mine Builder Pty Ltd – Receive staged payments from purchaser of mining lease sold by Hannans in March 2015.
- ∅ Avalon Minerals Ltd (ASX:AVI) – Receive notification that all final submissions for the Discovery Zone exploitation concession application have been lodged.
- ∅ Lovisagruven AB (AktieTorget:LOVI) – Receive notification whether LOVI will proceed to Stage 2 of the Pahtohavare JV.
- ∅ Exploration & Evaluation (E&E) – Consider impairing a significant portion of the balance sheet value of historical E&E.



Managing Director  
31 July 2015

### Fast Facts

ASX Code: HNR

### Capital Structure

Shares on issue: 721.9m

Market cap: \$2.8m (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

#### Sole Funded

Lapland (Nickel-Copper-PGE)

Lannavaara & Rakkuri (Iron)

#### Free-Carried Interest

Pahtohavare (Copper-Gold) (JV)

Lake Johnston (Nickel) (JV)

QVR (Nickel) (JV)

WA Exploration Database (JV)

# EXPLORATION & BUSINESS DEVELOPMENT

## LAPLAND NICKEL-COPPER-PGE PROJECT

*The Lapland Project is a major new greenfields exploration project located in north-eastern Sweden (approximately 100km north-east of Kiruna) with the potential to host nickel-copper-platinum group elements and gold mineralisation.*

### EXPLORATION

During the quarter Hannans continued with planning top-of-bedrock geochemical drilling across the targets within the project area. The proposed geochemical drilling will utilise a low-impact drill rig especially designed for top-of-bedrock drilling with approximately 400 holes to be drilled on the side of existing public and private roads that cross the targets for ease of access. The terrain within the project area is largely low lying swamp and bogs which limits access during the snow-free periods of the year.

Planning for the upcoming reconnaissance mapping and sampling programme has also continued throughout the Quarter with the aid of available LIDAR and airborne photographic imagery to help identify areas of likely outcrop ahead of entering the field; outcrop is very limited within the project area due to the terrain and glacial cover.

Tenders were received from contractors for airborne electromagnetic surveying of the project area and detailed planning for airborne gravity surveying is currently underway. The large regional scale gravity anomaly (40-50mgal) located within the project area was identified by ground based, regional scale surveying, completed by the Swedish Geological Survey in the 1970's. It is anticipated that detailed airborne surveying (EM, mag and gravity) and subsequent modelling of the regional gravity high as well as of the individual intrusive targets will help with future targeting.

### WORK PLAN

The exploration plan for the next twelve months includes stakeholder meetings, environmental baseline studies, reconnaissance mapping, sampling and prospecting, in-fill airborne gravity and electromagnetic surveys and top-of-bedrock drilling to improve our understanding of the social, environmental and geotechnical (geological, geochemical and geophysical) characteristics of the Lapland Project.

### JOINT VENTURE PARTNER

Hannans will continue the search for a partner with the technical expertise and financial strength to drive the project forward.

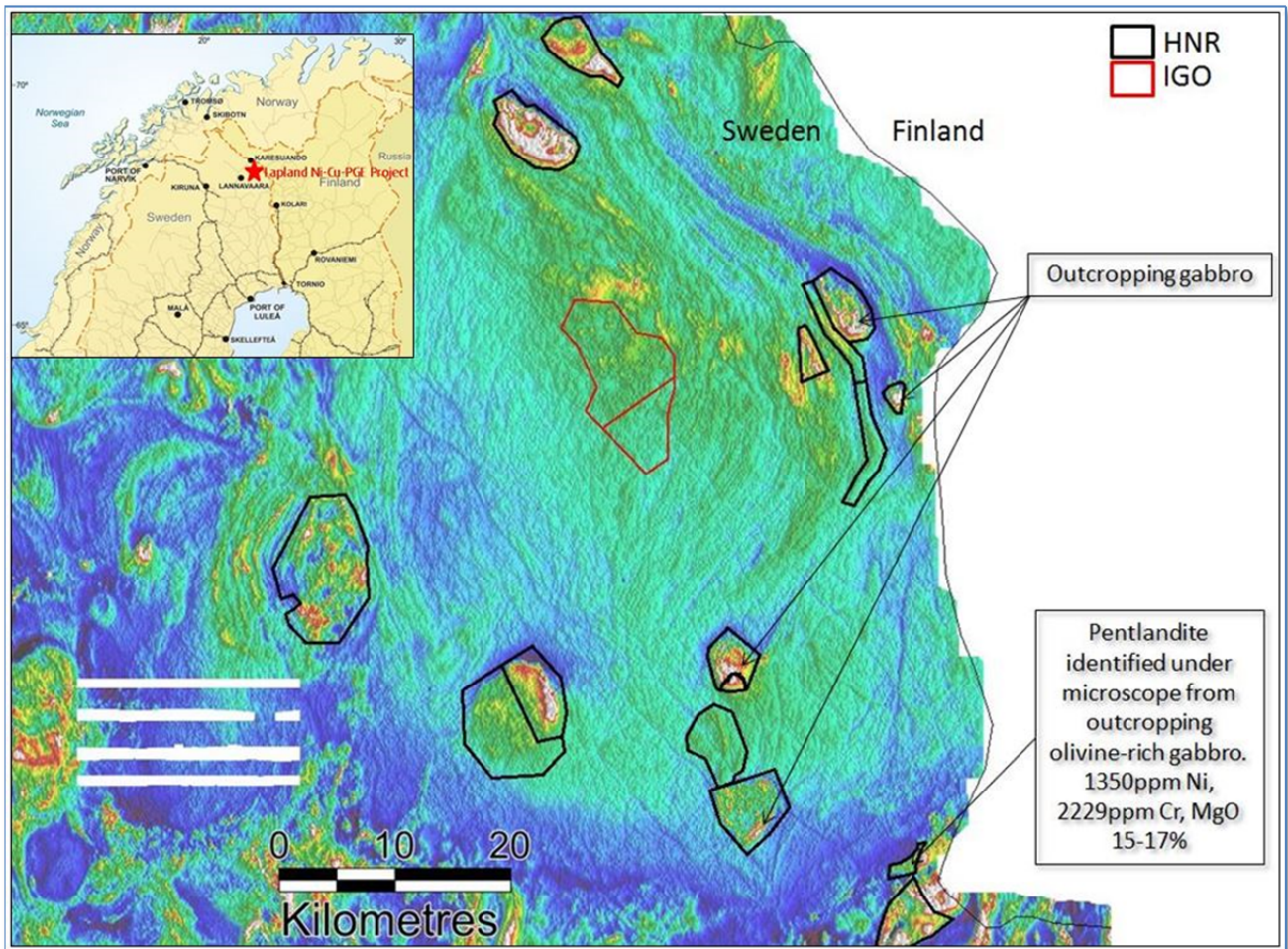


Figure 1: Location Map showing the location of the Lapland Cu-Ni-PGE Project, northern Sweden on airborne magnetic imagery.

## PAHTOHAVARE COPPER-GOLD PROJECT

The Pahtohavare Copper-Gold Project is located approximately 8km south-west of Kiruna, northern Sweden. Joint venture partner Lovisagruvan AB is funding the costs of exploration.

### METALLURGICAL TESTWORK – CENTRAL DEPOSIT

A field trip was completed to the project area where meetings took place with stakeholders and a key person involved with the mining of copper at Pahtohavare by previous owners. On the back of this successful field trip, Stage 2 metallurgical test work was commenced.

More specifically the Stage 2 metallurgical testwork includes:

- 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 (212 $\mu$  & 106 $\mu$ ) 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 is being assessed;
- additional copper speciation testwork using the new master composite; and
- 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.



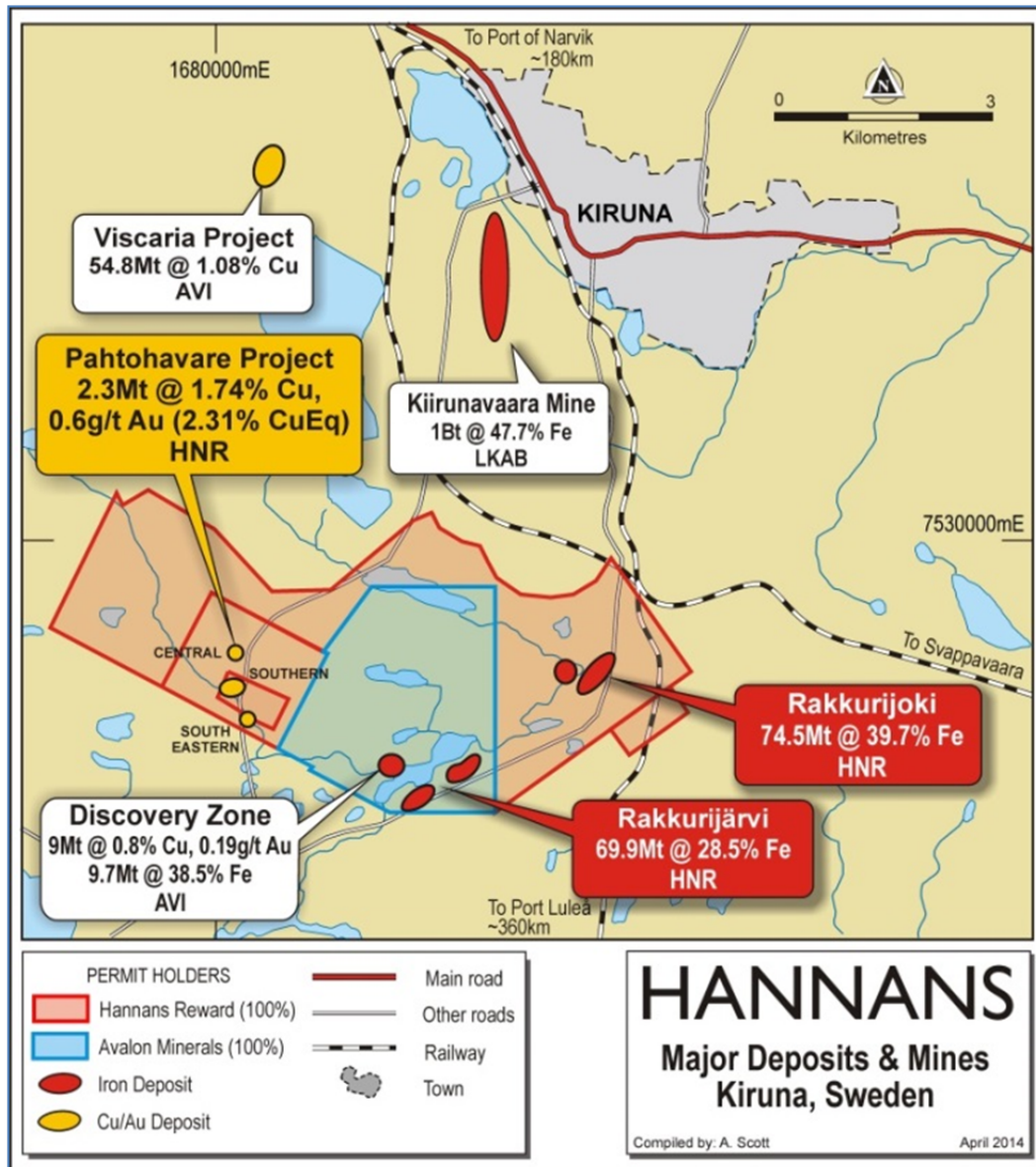


Figure 2: Location Map showing the location of the Pahtohavare Copper-Gold Project, northern Sweden.



Figure 3: Lovisagruvan AB Director and Exploration Geologist Stefan Sädbom inspecting samples at Pahtohavare during a recent field trip. The Pahtohavare waste dump is in the background.



Figure 4: Examples of massive chalcopryite copper ore from Pahtohavare. Samples, likely from the Southern Deposit, were located on the mines' waste dump during a recent field trip.

## DIAMOND DRILLING – CENTRAL DEPOSIT

During the Quarter Hannans completed final preparations for diamond drill testing of shallow high grade copper-gold targets at Pahtohavare, Sweden. The drilling (700m programme) will test continuity of the Central oxide copper-gold JORC resource and collect additional material for 3<sup>rd</sup> phase of metallurgical test work. Drilling of the first hole commenced on the 24<sup>th</sup> of June and the programme is expected to be completed during August with assay results to follow thereafter.

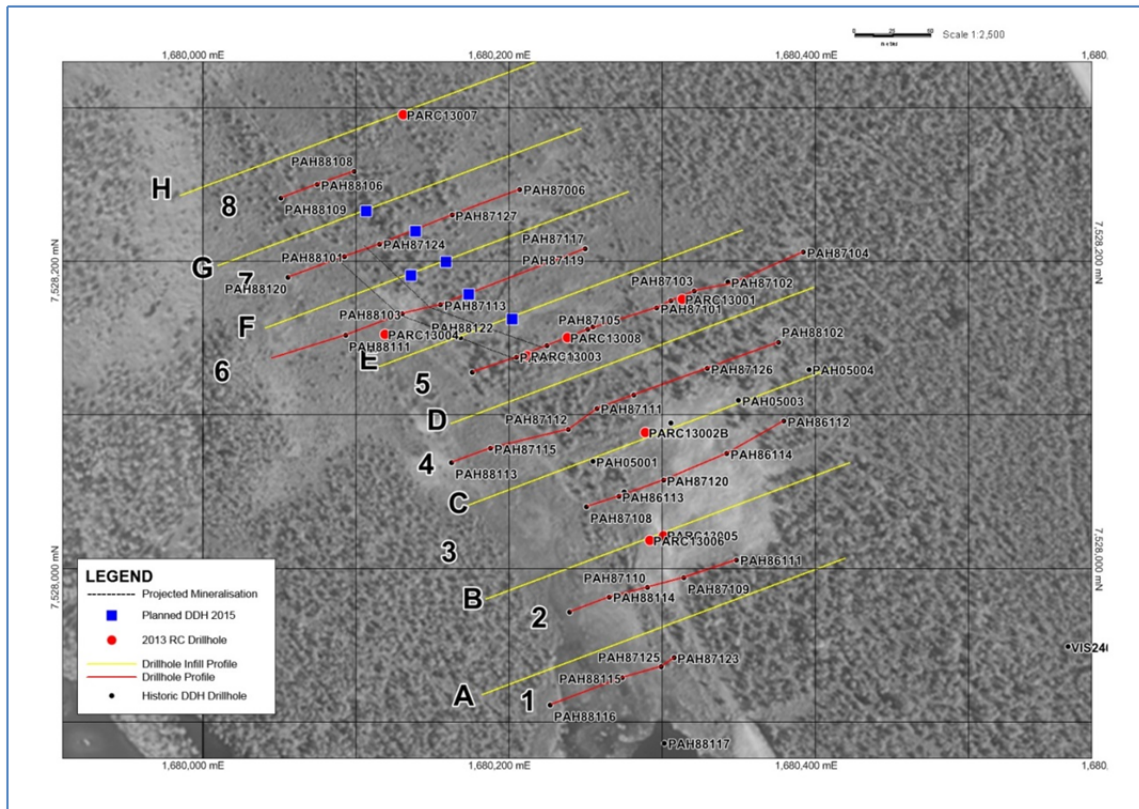


Figure 5: Location Map showing the location of the planned diamond drill holes at the Central Zone of the Pahtohavare Copper-Gold Project, northern Sweden.



Figure 6: Drill rig on site at the Central Zone of the Pahtohavare Copper-Gold Project, northern Sweden.



## TECHNOLOGY METALS

Hannans has commenced a review of opportunities for elements in high demand due to their use in the manufacture of high technology devices including Li-Ion batteries. These elements are generally considered to be lithium, cobalt and carbon (graphite) commonly referred to as 'Technology Metals'. There has been a significant amount of literature on the growth projections for high technology devices and the Technology Metals required to manufacture them.

Rather than seeking to acquire or joint venture into projects with potential to host Technology Metals, Hannans will instead review its existing project portfolio with a view to assessing its potential to host Technology Metals. A high level review indicates that Sweden is optimally positioned to benefit from this surge in demand for Technology Metals, particularly with regard to lithium due to:

- Sweden's proximity to the European market for high technology devices;
- world leading R&D being conducted by Swedish universities into Li-Ion battery technology;
- the designation by the EU of lithium (within a broad group) as a critical metal;
- historic lithium production in Scandinavia and a developing supply source in Finland; and
- a good supply of fresh water and low power costs (hydro and wind) for processing hard rock lithium bearing minerals cost effectively.

The focus in developing a strategy for Technology Metals will be on attempting to develop a long life, low cost, high quality source of lithium carbonate and or hydroxide for supply to customers in Europe and the United States; and playing a role in the recycling of Technology Metals from high technology devices.

## QUEEN VICTORIA ROCKS (QVR) PROJECT

*The QVR Nickel-Sulphide Project is located approximately 50km south-west of Coolgardie, Western Australia. JV partner Neometals Ltd (ASX:NEO) is funding the costs of exploration.*

Neometals have advised they are holding a 20% free carried interest in the QVR nickel sulphide project on trust for Hannans pursuant to the sale of database agreement announced to ASX on 2 July 2015. Neometals have also advised that work plans to drill test QVR were lodged with the Department of Minerals & Petroleum in August 2015 and that subject to receipt of approvals drilling at QVR is expected to take place late this Quarter.

## EXPLORATION DATA QUALITY & COSTS

Hannans completed additional planning for the testing of the proprietary magnetic system and subject to funding, will complete Phase 1 test flights this Quarter. Hannans considers the work being undertaken in conjunction with its partners as having the potential to provide Hannans with a competitive advantage by accessing a fast, high quality and cost effective airborne geophysical data solution.

## IRON ORE JOINT VENTURES IN SWEDEN

*Hannans was a party to joint venture exploration agreements in Sweden with partners Boliden AB (STO:BOL) and Tasman Metals Inc (TSX.V:TSM) that focussed on iron ore.*

With the significant deterioration in the iron ore market globally Boliden, Tasman Metals and Hannans have mutually agreed to end these separate exploration joint venture agreements. The iron ore prospects and projects in question were considered unlikely to provide shareholders with an adequate return on investment in the current economic climate and are too expensive to maintain on an on-going basis.

## DUE DILIGENCE ON POTENTIAL ACQUISITIONS

Hannans has recently completed detailed due diligence on two significant resource projects (gold and platinum-palladium-gold). Both projects had the potential to add value for shareholders however Hannans will not proceed with further due diligence on either project at this point in time.

# CORPORATE

## SALE OF MINING LEASE

During the 3<sup>rd</sup> Quarter 2014/2015 Hannans announced it had sold gold rights on a mining lease to private company Mine Builder Pty Ltd for \$0.8M. Mine Builder have requested additional time to make the payments pursuant to the binding unconditional agreement.

Hannans has executed a Deed of General Security with Mine Builder Pty Ltd over 100% of that company's assets to protect Hannans' interests and has received a fully executed off-market share transfer form for Mine Builder's interest in a large gold mining project. This transfer will be held as security for the payments owing under the gold rights agreement. It is anticipated however that Mine Builder Pty Ltd will make a number of part payments to Hannans during this 1<sup>st</sup> Quarter 2015/2016.

## DISCOVERY ZONE COPPER PROJECT, SWEDEN

By way of background Hannans sold its Discovery Zone copper project to Avalon Minerals Ltd (ASX:AVI) in May 2013.<sup>1</sup> Since that time Avalon has been working to complete an updated exploitation concession application and social impact assessment as required by Swedish law.

Avalon submitted the amended Exploitation Concession Application for Discovery Zone during the Quarter ended September 2014. Subsequent to lodgement Avalon has focussed on stakeholder engagement activities and a social impact assessment is currently being finalised. It is anticipated that Avalon's final submissions will be lodged with the Mining Inspectorate of Sweden this Quarter with a decision during the 2<sup>nd</sup> Quarter 2015/2016.

If the exploitation concession application is granted, Avalon will make a final payment of \$3M to Hannans. If the application is not granted however Hannans will either repay \$1M to Avalon or provide Avalon with an exploration project to the value of \$1M.

## LOVISAGRUVEN AB JOINT VENTURE

By way of background Hannans entered into a joint venture agreement with Lovisagruvan AB (LOVI) over the Pahtohavare Copper-Gold Project in March 2015.<sup>2</sup>

A significant amount of exploration has been completed by Lovisagruven since the agreement was entered into as part of the Stage 1 minimum commitment. Hannans has been managing these exploration activities on LOVI's behalf. The joint venture agreement provides LOVI with the opportunity to make a decision to proceed to Stage 2 of the joint venture by the end of September 2015. This deadline may be extended by mutual agreement.

If LOVI elects to proceed to Stage 2 they have agreed to provide Hannans with an interest free \$0.6M working capital facility to be secured against the Pahtohavare Copper-Gold Project.

## EXPLORATION & EVALUATION (E&E) EXPENDITURE

Hannans plans to conduct a review of the carrying value of the significant value of historical Exploration & Evaluation Expenditure carried on its Balance Sheet as an asset. With the decrease in valuations being attributed to exploration and mining companies globally it is highly likely that the Hannans Board of Directors in conjunction with its Auditors will make the decision to impair the majority of E&E. This will have no impact on the Company's cash or tax position.

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<sup>1</sup> Refer ASX releases dated 6 May 2013, 1 October 2013 and 8 October 2013

<sup>2</sup> Refer ASX release dated 27 March 2015

## ASX ANNOUNCEMENTS FOR 4<sup>th</sup> QUARTER 2014/2015

Date	Announcement
June 12, 2015	Change of Share Registry Address
May 15, 2015	Pahtohavare Metallurgical Testwork
April 30, 2015	3 <sup>rd</sup> Quarter Activities Report
April 30, 2015	3 <sup>rd</sup> Quarter Cashflow Report

**Table 1:** ASX Announcements for 4<sup>th</sup> Quarter 2014/2015

## CONTACTS

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## ABOUT HANNANS REWARD LTD

Hannans Reward Ltd (ASX:HNR) is an exploration company with a focus on copper, gold, nickel, PGE and iron. Hannans has JORC compliant copper, gold and iron resources in Sweden, a major Ni-Cu-PGE project in Sweden and a free-carried interest in a nickel project in Australia. 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, Azure Minerals, Neometals, Tasman Metals and Grängesberg Iron. Shareholders at various times since listing have included Rio Tinto, Anglo American, OM Holdings, Craton Capital and BlackRock. For more information please visit [www.hannansreward.com](http://www.hannansreward.com).

## 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 4<sup>th</sup> QUARTER 2014/2015

## CURRENT TENEMENTS

Tenement number	Interest 4 <sup>th</sup> Quarter 2014/2015		Note	Tenement number	Interest 4 <sup>th</sup> Quarter 2014/2015		Note
	Start	End			Start	End	
KIRUNA IRON AB							
Location: Norrbotten, Sweden							
Altavaara	100%	100%		Piedjastjälkä 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%	100%	2
Gäddmyr nr 3	100%	100%		Laukujärvi nr 3	75%	100%	2
Pahtohavare nr 2	100%	80%	1	Vieto nr 1	75%	100%	2
Pahtohavare nr 4	100%	80%	1				
SCANDINAVIAN IRON AB							
Location: Norrbotten, Sweden							
Ekströmsberg nr 4	100%	100%		Ekströmsberg nr 5	100%	100%	
SCANDINAVIAN RESOURCES AB							
Location: Västerbotten, Sweden				Location: Norrbotten, Sweden (Lapland)			
Daningen nr 2	100%	100%		Lumivaara nr 1	100%	100%	
Särksjön nr 2	100%	100%		Lumivaara nr 2	100%	100%	
Våtmyrberget nr 6	100%	100%		Merasjärvi nr 1	100%	100%	
Location: Norrbotten, Sweden				Merasjoki nr 2	100%	100%	
Lannavaara nr 8	100%	100%		Merasjoki nr 3	0%	100%	
Lannavaara nr 1002	100%	100%	3	Naakajärvi nr 1	100%	100%	
Lannavaara nr 101	100%	100%		Naakajärvi nr 2	100%	100%	
Lannavaara nr 102	100%	100%		Naakajärvi nr 3	100%	100%	
Lannavaara nr 103	100%	100%		Parkajoki nr 1	100%	100%	
Lannavaara nr 104	100%	100%		Parkajoki nr 2	100%	100%	
Paljasjärvi nr 2	100%	100%		Suijaivaara nr 1	100%	100%	
Location: Norrbotten, Sweden (Lapland)				Suorkivaara nr 2	0%	100%	
Jalokoski nr 1	100%	100%		Tuorerova nr 2	100%	100%	
Kaalamakoski nr 1	100%	100%		Tuorerova nr 3	100%	100%	
Lainio nr 1	0%	100%					
HANNANS REWARD LTD				Note:			
Location: Lake Johnston, Australia				1 Kiruna Iron AB holds 80% interest and Lovisagruvan AB holds 20% interest.			
E63/1365	20%	20%	4	2 Kiruna Iron AB holds 75% interest and Tasman Metals AB holds 25% interest.			

## TENEMENTS UNDER APPLICATION

There are no tenements under application.

## RELINQUISHED, REDUCED OR LAPSED TENEMENTS

Tenement number	Interest 4 <sup>th</sup> Quarter 2014/2015		Note
	Start	End	
KIRUNA IRON AB			
Location: Norrbotten, Sweden			
Sautusvaara nr 1	75%	0%	2

## 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. The joint venture with Tasman Metals ended on 10 June 2015.
- 3 Scandinavian Resources AB 100% iron rights only; Boliden Minerals AB holds 100% of all other mineral rights. The joint venture with Boliden ended on 25 May 2015.
- 4 Hannans Reward Ltd holds 20% interest. Reed Exploration Pty Ltd holds 80% interest.