



HANNANS REWARD
Exploring for Gold and Base Metals

ASX Announcement / Media Release

4th Quarter Activities Report

31 July 2009

Exploration Activities

Jigalong – iron, manganese, gold, base metals & uranium

- Iron rights sold to Warwick Resources Ltd
- Manganese studies confirmed potential of Hill 616 to generate a 'fines' product
- Gold, base metals, manganese & uranium aircore drilling completed
- Preliminary composite assays return encouraging lead-zinc-silver values

Lake Johnston – nickel & gold

- Auger sampling completed on lake identifies and extends gold anomalies
- Reverse circulation (RC) drill testing of gold targets planned and approved
- Drill testing scheduled to commence mid August 2009
- Important new tenement application lodged (refer Map)
- Three tenement applications granted

Forrestania – nickel & gold

- Soil sampling identifies gold anomalies and platinum-palladium occurrences
- RC drill testing of 3 nickel targets planned and approved
- Drill testing scheduled to commence late August 2009
- One tenement application granted

Queen Victoria Rocks – nickel & gold

- Geophysical review currently in progress by Vale
- RC drill testing by Vale rescheduled to September/October 2009

Sunday - gold

- RC drill testing of gold targets recently completed; assays awaited
- Drilling being funded and paid for by joint venture partner

Continued...



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Corporate Activities

Financial

- No debt, \$1.1 million cash at bank as at 30 June 2009
- 90 million (approx) shares on issue
- \$750,000 cash, 700,000 tradable shares in Atlas Iron Ltd (ASX:AGO) and 14 million escrowed shares in Warwick Resources Ltd (ASX:WRK) to be received on 4 August 2009
- 8.3 million additional Warwick shares to be received in 12 months

Takeover Bid

- Bidder withdraws bid
- Direct costs of takeover defence approximately \$150,000

Placement Approval

- Shareholders pre-approved placement of shares on 30 April 2009
- Approval expired on 24 July 2009

Board of Directors
Chairman
Richard Scallan
Managing Director
Damian Hicks
Non-Executive
Director
William Hicks

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Exploration Activities – Technical Summary

If you have any questions in relation to the following technical summary you are welcome to email Mrs Amanda Arrowsmith, Exploration Manager on amandaa@hannansreward.com.

Forrestania Nickel & project, located south of Southern Cross, Western Australia

The Forrestania nickel and gold project remains Hannans' flagship project. The Forrestania belt, made world famous through the exploration discoveries of Western Areas NL and Kagara Ltd is proving to be one of Australia's richest nickel belts (refer Figure 1). Hannans shareholders have exposure to the northern extension to the western ultramafic that hosts the high grade nickel sulphide deposit and to greenfields exploration acreage west of this western ultramafic.

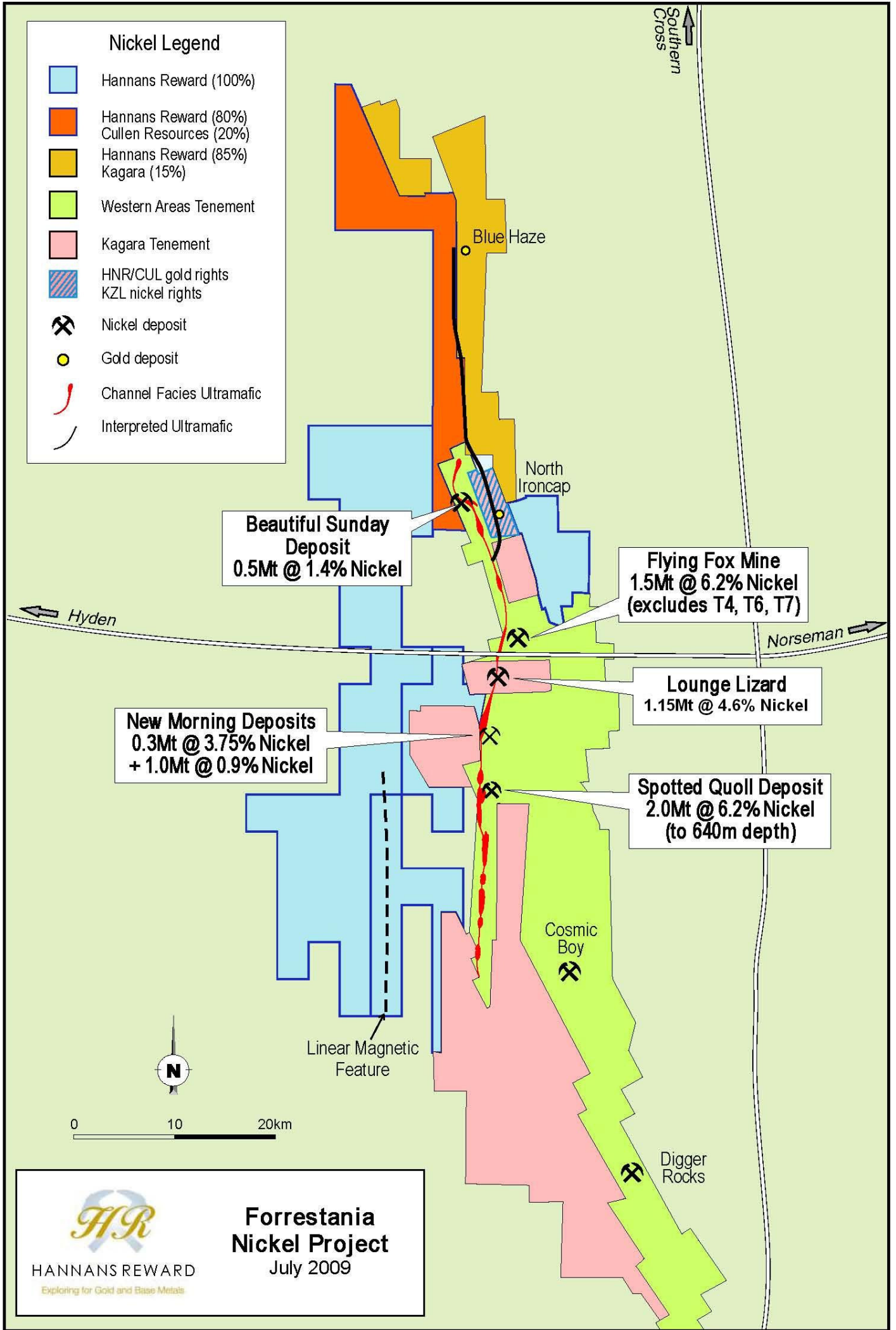
During the Quarter a 3-hole reverse circulation (RC) drill program for approximately 750 metres was planned and approved. The aim of the program will be to test three geophysical conductors within the Stormbreaker Project that have the potential to be sulphides hosting nickel mineralisation. Drilling is scheduled to commence in late August 2009 after completion of the Lake Johnston RC drilling (refer below). Each of the holes will be cased with PVC pipe to enable down-hole geophysical surveys to be completed. The Stormbreaker project is owned 80% by Hannans with Cullen Resources Ltd (ASX:CUL) free-carried at 20% through a Decision to Mine.

Hannans completed an auger soil sampling program in the most northern portion of the Stormbreaker project being tenements E77/1327, P77/3582-3588, P77/3762. The aim of the program was to complete 'first pass' reconnaissance sampling to identify areas that may indicate potential for nickel and/or gold mineralisation. 577 samples were collected on a 200m X 200m wide spacing. The assay results identified several areas of anomalous gold (maximum of 300ppb) and in one area, a discrete but coincident gold, platinum and palladium anomaly (maximum of 57ppb combined Pd + Pt). A field trip was subsequently completed to 'ground truth' the anomalies; identifying sub-crop at surface with little transported overburden. These encouraging early stage results will be in-filled during August 2009 on a 50m X 50m spacing with the aim of more accurately defining the anomaly. If further encouraging results are received, an aircore drilling program will be planned to delineate the anomalism at depth.

A reconnaissance field trip was also completed on the newly granted tenement E77/1512 which lies to the west of the main ultramafic belt at Forrestania. A large north-south trending magnetic feature of interest, located within the new tenement, was inspected but had no surface expression was identified. The areas traversed were covered by sheetwash. Significant ferricrete development was observed and sampled on the eastern flank of the magnetic anomaly with results expected in August. It appears that in the first instance an aircore drilling program will be required to assess the feature rather than conventional auger or soil sampling techniques.

Nickel Legend

- Hannans Reward (100%)
- Hannans Reward (80%)
Cullen Resources (20%)
- Hannans Reward (85%)
Kagara (15%)
- Western Areas Tenement
- Kagara Tenement
- HNR/CUL gold rights
KZL nickel rights
- Nickel deposit
- Gold deposit
- Channel Facies Ultramafic
- Interpreted Ultramafic



0 10 20km



HANNANS REWARD
Exploring for Gold and Base Metals

**Forrestania
Nickel Project**
July 2009

Lake Johnston, nickel & gold project, located west of Norseman, Western Australia

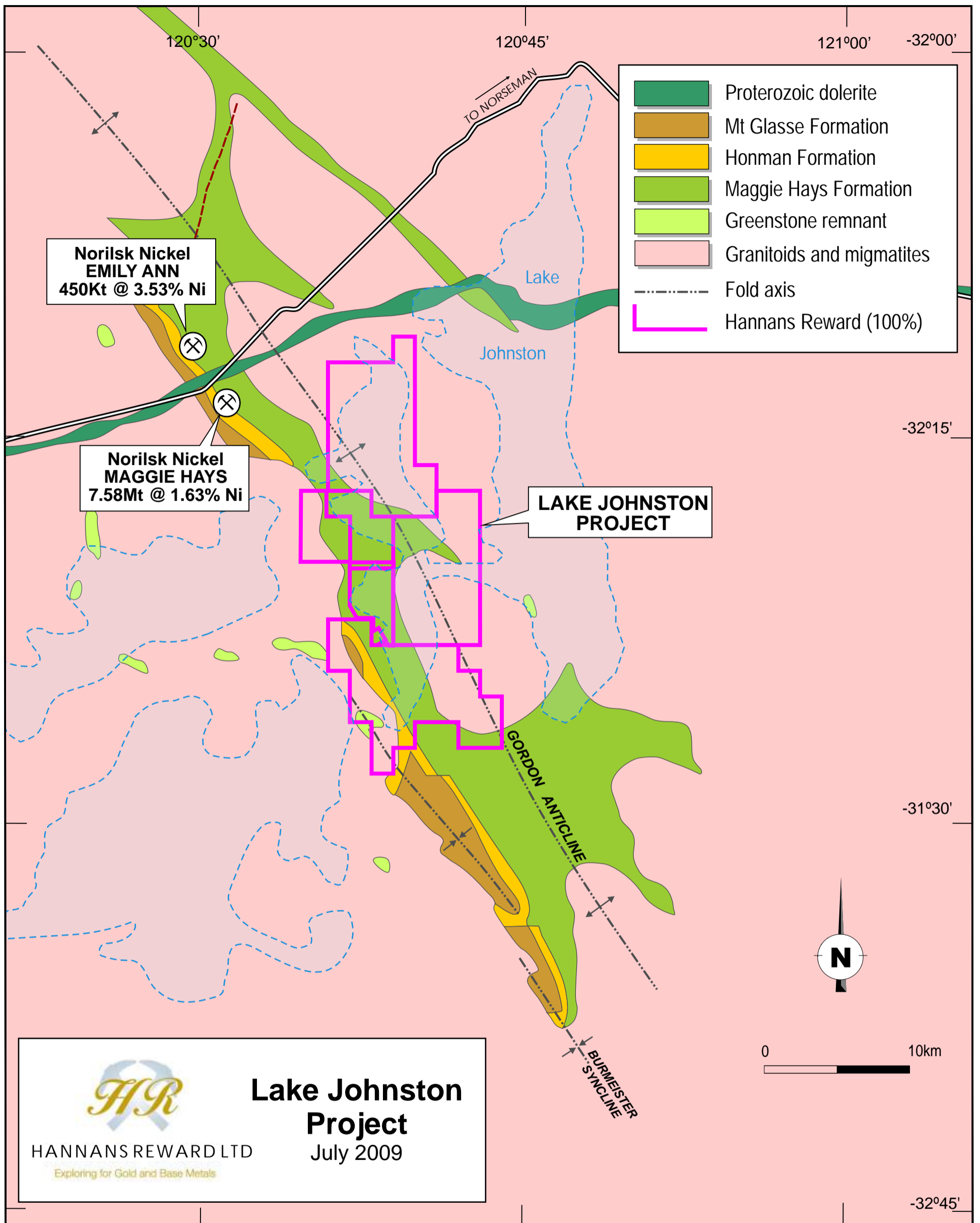
The Lake Johnston Project is becoming increasingly significant to Hannans as continued exploration increases the prospectivity of this largely unexplored project (refer Figure 2). The Project is considered prospective for nickel sulphides, shear hosted gold, intrusive related gold-copper-molybdenum, and recent rock chip sampling has returned highly anomalous vanadium values (up to 1600ppm V).

During the Quarter, a lake auger soil sampling programme was completed within tenements E63/1091, P63/1478-1479. The aim of the program was to confirm if the previously identified gold, copper and molybdenum soil anomaly continued on to the lake surface. A total of 251 samples were collected and early analysis of the results confirms the presence of strongly anomalous gold values (up to 720ppb Au) associated with distinctive shear zones within the metamorphosed mafic stratigraphy. The lake auger sampling has further identified important gold pathfinder elements; the gold anomalism is supported by significant copper, tungsten and tellurium results. Molybdenum values up to 40.5ppm are strongly anomalous when referenced to a background value of 0.5ppm. The significance of the anomalous molybdenum trends is yet to be established but appears to be spatially related to felsic intrusive sills or dykes.

A petrographic study has also been completed and has confirmed that the dominant lithologies are metabasalt and metadolerite to gabbro (upper greenschist to amphibolite). The felsic samples show inherent clay-sericite alteration and evidence of disseminated sulphides indicating a possible genetic association with mineralisation. Well developed metasomatic assemblages have been described and are consistent with metasomatic/hydrothermal processes potentially associated with gold mineralisation.

The lake auger anomalies correspond with a series of NNW trending strike faults interpreted from detailed aeromagnetic data. The combined gold results for the lake auger and earlier soil sampling (conducted over residual soils immediately to the west of Lake Johnston) indicate the anomalous zone extends over an aggregate strike length of 3000m. The soil and auger anomalies also correspond with strongly anomalous rock chip values ranging from 2.36 to 7.3 g/t Au. No previous drilling has occurred in this area of the project. Hannans will however complete a 23-hole RC drill programme in August to test the gold anomalies with initial results expected in September.

Physically, the lake inhibits the use of traditional exploration methods and other more expensive methods must be utilised. Mythologically, the lake is considered sacred and consequently lengthy approval processes are required to explore on the lake surface. Hannans has received approval to explore on E63/1091 which covers the lake surface. Subsequent to the end of the Quarter an important land position was also secured through exploration licence application E63/1354. The tenement covers ground considered prospective for both nickel sulphide and gold mineralisation and extends Hannans exposure of prospective ground to 13 kilometres.



Jigalong iron, manganese, gold, base metals & uranium project, located 100 kms east of Newman, in the East Pilbara region of Western Australia

During the Quarter, Hannans commenced an aircore drilling program to test gold, base metals, manganese and uranium targets generated through MMI soil sampling, rock chip sampling and aeromagnetic interpretation. A total of 281 holes were drilled across the project for a total of 7,042 metres. This is the first phase of reconnaissance aircore drilling ever completed within the project. The drilling encountered sediments belonging to the Balfour and Stag Arrow Formations; dominated by weakly sulphidic black shales, micaceous greywackes, glauconitic siltstones and shales, and coarse grained mafic intrusive sills. At Hill 616, in the south of the project, manganiferous and hematitic shales were dominant.

The first batch of 4 metre composite assay results has been received indicating significant base metal enrichment from an MMI generated base metal anomaly. The initial MMI sampling conducted in 2006-2007 produced up to 13,000ppb lead and 4,000ppb zinc. A total of 41 aircore holes were drilled at this particular anomaly with preliminary results of up to 3,550ppm zinc, 889ppm lead, 136ppb cadmium, 0.5ppm silver and 210ppm barium from hole JAC021 (20-24m) and 7,180ppm zinc, 2,370ppm lead, 38ppm cadmium, 1.1ppm silver and 50ppm barium from hole JAC022 (28-31m).¹ Broad zones of base metal (zinc, lead, cadmium, silver & barium) anomalism were encountered in several of the holes and individual 1m samples have been collected and submitted for assay; results are expected in the coming weeks. The anomalism is situated on a major NE trending fault and within favourable sediments conducive to hosting SEDEX-style base metal mineralisation. A small geophysical survey (MLTEM) has been planned, as a direct result of the encouraging aircore results, to determine if a conductive source (massive sulphides) is present at depth. The survey is scheduled to commence early next week. The balance of 4m composite assays results covering the gold, manganese and uranium targets is expected in mid August.

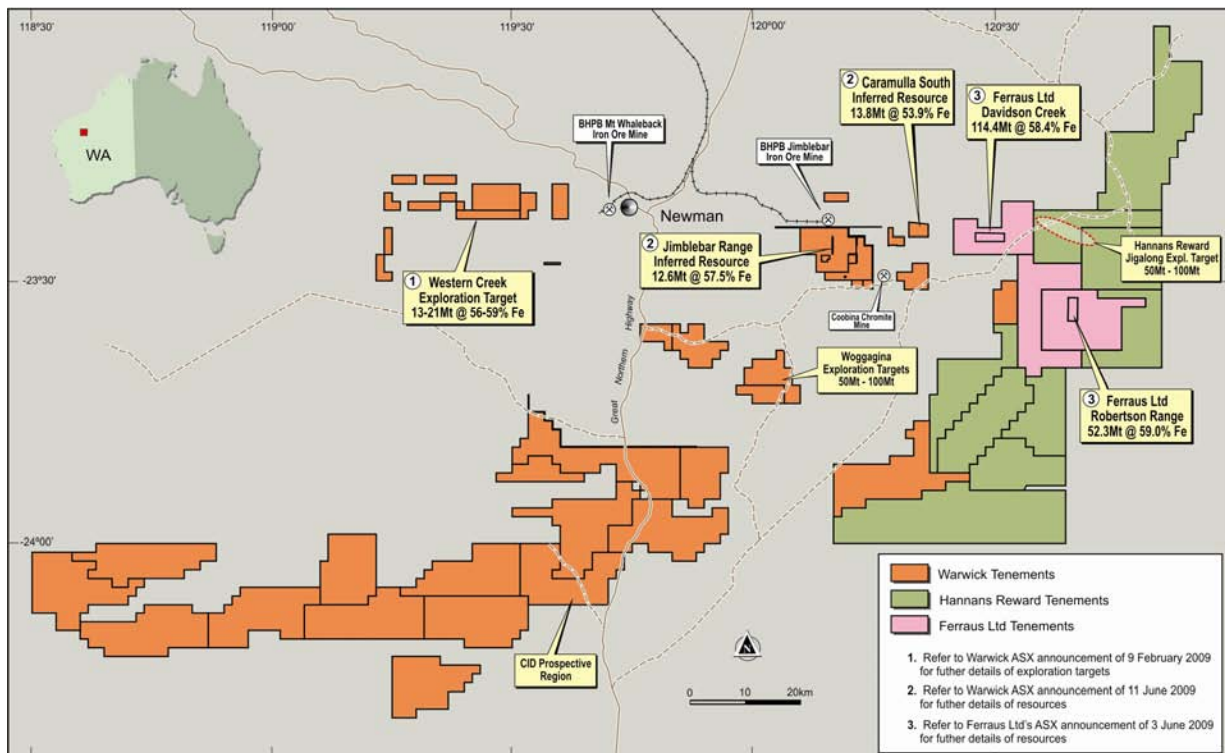
From a purely manganese perspective, drilling at Hill 616 was designed to gain a stratigraphic profile of the hill to aid a better understanding, at depth, of the manganese mineralisation identified through surface rock chip sampling. As previously announced, initial metallurgical testwork from bulk samples collected from the surface of Hill 616 have indicated a fines product may be viable. Further metallurgical testwork will progress if the aircore results indicate significant width and strike continuity of the mineralised manganese horizon. Hannans has been approached by a number of parties interested in reviewing the manganese potential of the Jigalong project. Hannans is willing to transact on the manganese rights on the basis that manganese is a bulk commodity that requires substantial tonnes, grade, product mix and marketing expertise to operate a profitable business. Hannans firmly believes that the Jigalong manganese project (both the surface enrichment and potential for a sub-surface source) have an important place within the product mix of a manganese business.

¹ 3 & 4m composite samples, assayed at ALS Chemex in Perth via Aqua Regia digest with an ICP-AES finish.

Exploration results from the current drilling at Hill 616 may have important ramifications for any future manganese transactions.

The Jigalong Project is very large covering approximately 2,230 km². Four of the projects tenements are granted and four remain tenement applications. Hannans is constantly assessing the appropriate strategy to advance the project. A substantial amount of project specific knowledge has been generated during the last five years. In essence this includes detailed magnetic, gravity and radiometric surveys, prospecting, field mapping and soil sampling. These data sets combined with geological knowledge from the existing tenements will provide Hannans with the best information with which to assess the prospectivity of the tenement applications.

As announced to ASX on 19 June 2009 Hannans sold a 100% interest in the Jigalong iron rights to Warwick Resources Ltd (ASX; WRK) for a combination of cash and shares for a total consideration of \$5.25 million. Warwick are currently attempting to aggregate iron resources in the East Pilbara to reach a critical mass that may assist in unlocking infrastructure solutions (i.e. rail and port). By joining with Warwick, Hannans retains exposure to further exploration success within the Jigalong project but also gains exposure to the other iron assets in Warwick's portfolio. Subject to settlement, Hannans will become the second largest shareholder of Warwick, behind iron miner Atlas Iron Ltd (ASX: AGO). The strategic parcel of Warwick shares (22.3 million shares equating to greater than 10% when future capital raisings are taken into account) are escrowed for a period of 18 months, and are an important asset on Hannans balance sheet. As part of the consideration Hannans is also due to receive 700,000 freely tradable shares in Atlas Iron Ltd.



Queen Victoria Rocks nickel & gold project, located south-west of Coolgardie, in the Goldfields region of Western Australia

The following is a brief report recently received by Hannans from Vale (www.vale.com) in relation to its activities at QVR during the Quarter. The work referred to below is being managed and funded by Vale.

“During the quarter Vale Inco, a wholly owned subsidiary of Vale S.A. (Vale), completed the following exploration activities:

- Hannans' existing data was reviewed and is currently being validated by Vale. The data is in the process of being imported into Vale's acQuire database system.
- A review of the historical work has been ongoing at Spargos and the northern tenement areas. This review will be incorporated into Vale's acQuire database.
- Field reconnaissance mapping is continuing along with track logging for future rehabilitation documentation.
- Ortho-photos for the lower project area were purchased during the quarter in preparation for the baseline survey due to commence in July 2009.
- A contract was awarded to Botanica Consulting (based in Kalgoorlie) to complete an environmental baseline study and exploration audit within the project area during the month of July.
- Due to the location of the tenements within the Woodland Management Area and their proximity to the Conservation Park and Timber Reserve, strict environmental procedures will be followed within the license area.
- On completion of the baseline survey, exploration will follow advice and guidelines set out in the completed report and will ensure follow up rehabilitation occurs promptly.

The following exploration activities are planned for the next quarter:

- An in-house review of the historical geophysical data to determine further infill geophysics or potential drill targets.
- The environmental baseline study will be completed.
- RC drilling at the Spargos Prospect.
- In-fill ground geophysics depending on the results of the geophysical review
- Final compilation of all historical data, validated and within Vale's acQuire database system.

It is envisaged that Vale will complete RC drilling at the Spargos Prospect during September/October 2009, and depending on the results of the geophysical review, further ground geophysics may be completed at the Prince of Wales Prospect.”

Sunday gold project, located east of Leonora in the Eastern Goldfields region of Western Australia

Subsequent to the end of the Quarter Hannans' joint venture partner Triton Gold Ltd (Triton) commenced RC drill testing of gold targets at the Sunday Gold Project. The drilling is being managed and funded by Triton.

The Sunday Project is situated in the Keith-Kilkenny Tectonic Zone (KKTZ), a structural corridor that is host to significant gold deposits including Thunderbox and Tarmoola. Triton will test two targets: the extension of mineralised structures adjacent to the Sundat Pit (5 RC holes for 339m); and an alteration zone located adjacent to a favourable structural position with the Mt Stewart prospect (five RC holes for 688m). Within Mt Stewart all holes penetrated well below the saprock transition and intersected a variety of lithologies including mafic schist, feldspar porphyry, black shale, and tuffaceous sandstone.

By way of background, Triton (formerly Australian Mineral Fields Ltd) signed a farm-in agreement with Hannans in March 2008 covering the gold rights to the Sunday Project. The joint venture allows Triton to earn up to a 72% interest in gold rights only within Mt Stewart. Triton is required to spend a minimum of \$100,000 within the first twelve months (extended to July 2009) exploring for gold and if it elects to continue funding expenditure it must spend a further \$500,000 within the next twenty four months to earn its interest. If Triton does not meet the expenditure commitments it will be deemed to have withdrawn from the joint venture without earning any interest. Hannans originally purchased the Mt Stewart tenements from the Baker Syndicate in 2002 at which point the Syndicate retained a 10% free-carried interest through to Decision to Mine. If Triton earns its interest within three years, Hannans will retain an 18% interest in the gold rights at which point it will be required to contribute to expenditure. Hannans has retained 90% of the base metals rights (the Baker Syndicate 10%).

Hannans Reward Summary

Hannans Reward Ltd has developed a suite of prospective exploration projects within Australia covering manganese, nickel and gold. Shareholders are exposed to share price appreciation through exploration success at the following projects:

- Forrestania – nickel & gold project 7km north of Western Area's Flying Fox nickel mine
- Lake Johnston – nickel & gold project located 25km south east of Norilsk's Maggie Hays nickel mine
- Jigalong – manganese & base metals project located 150km east of Newman, WA
- Queen Victoria Rocks - joint venture with Companhia Vale do Rio Doce (Vale), 30km south-west of Coolgardie, WA
- Sunday – gold joint venture with Triton Gold Ltd, 10kms east of Leonora, WA

Competent Persons Statement

The information in this document that relates to exploration results is based on information compiled by Mrs. Amanda Arrowsmith, Exploration Manager, Hannans Reward Ltd who is a Member of the Australian Institute of Mining and Metallurgy. Mrs. Arrowsmith is a full-time employee of Hannans Reward Ltd. Mrs. Arrowsmith 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 by the 2004 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mrs. Arrowsmith consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.