

# HANNANS

4th Quarter Activities Report 2012/2013

## Fast Facts

ASX Code: HNR

## Capital Structure

Shares on issue: 721.9m

Options on issue: 0.3m

Market cap: \$9.4m (at 1.3c)

## Board of Directors

### Managing Director:

Damian Hicks

### Non-Executive Directors:

Olof Forslund

Markus Bachmann

Jonathan Murray

## Key Projects

### Sweden

Pahtohavare (Copper-Gold)

Rakkuri (Iron)

Dear Shareholders,

### During the 4th Quarter (April – June 2013) Hannans:

- Released the balance of historic copper-gold intercepts from the Central Orebody at the Pahtohavare Project (Hannans main copper-gold project in Kiruna, Sweden)
- Released historic copper-gold intercepts from the Southern, South-Eastern and Eastern Zone at Pahtohavare
- Completed historical drill validation and interpretation of the Southern and South-Eastern Orebodies and Eastern Zone mineralisation at Pahtohavare
- Commenced Reverse Circulation (RC) drilling on the Central orebody at Pahtohavare.
- Announced a binding Heads of Agreement (HOA) for the sale of the Discovery Zone copper prospect in northern Sweden to Avalon Minerals Limited (Avalon) for A\$4 million; and
- Completed a placement to directors of c.15m shares at 2 cents per share to raise A\$300,000.

### During the 1<sup>st</sup> Quarter (July – September 2013) Hannans plans to:

#### Pahtohavare (Copper-Gold)

- Complete the current RC drilling program at the Central Orebody and release corresponding assay results; and
- Release a maiden JORC resource for the Pahtohavare project.

#### Corporate

- Seek payment from Avalon of A\$2M owed to Hannans pursuant to the HOA for the sale of the Discovery Zone copper prospect;
- Seek to divest non-core projects in Sweden, Norway and Australia; and
- Reduce fixed costs.

Yours faithfully



Managing Director

31 July 2013

# EXPLORATION

## SUMMARY AND HIGHLIGHTS

By Amanda Scott, Exploration Manager

Hannans holds a portfolio of mineral assets in Sweden, Norway and Australia. Its dual strategy is focused on creating a pathway to production for the Kiruna Iron Project in Sweden, supplemented with precious and other base metals exploration in Sweden, Norway and Australia.

### Sweden & Norway

- Two main projects located within 6-8km from the Kiruna town site (a full service mining town):
  - Pahtohavare (Copper-Gold) Project
  - Rakkuri (Iron) Project – current combined JORC Resource of 144.4Mt consisting of two known deposits Rakkurijoki 74.5Mt @ 39.7% Fe and Rakkurijarvi 69.9Mt @ 28.5%, located 5km south of Kiruna, Sweden.<sup>1</sup>
- Pipeline of projects covering gold, copper-gold and lead-zinc prospects in Sweden and Norway.

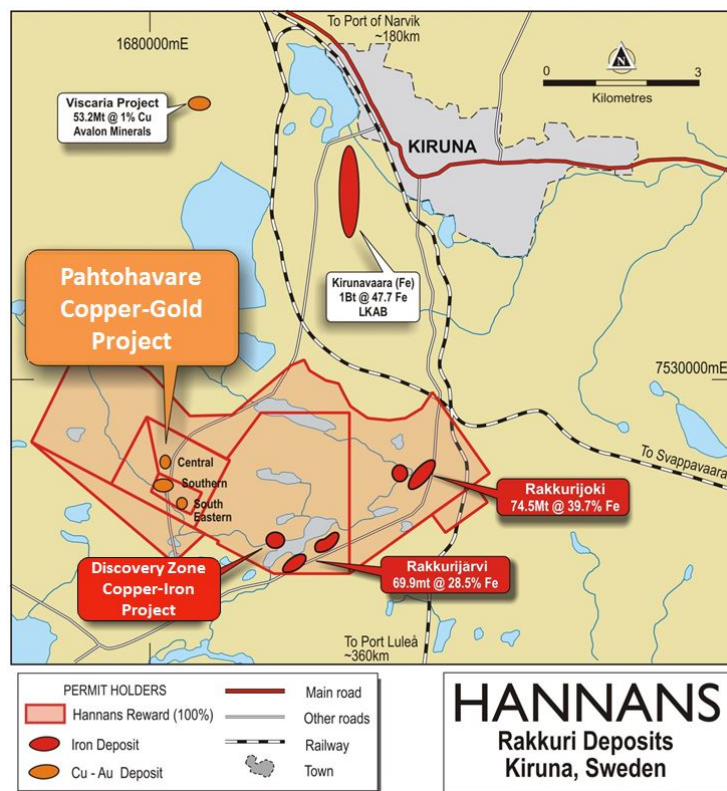


Figure I-Kiruna Projects, Sweden

### Australia

- Forrestania – nickel & gold project located 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 and 100km west of Norseman, Western Australia.
- Queen Victoria Rocks – nickel and gold project located 30km south-west of Coolgardie, Western Australia.

<sup>1</sup> The mineral resource information is extracted from the report entitled "Kiruna Iron Project JORC Resource Update" created on the 17<sup>th</sup> January 2012 and is available to view on [www.hannansreward.com](http://www.hannansreward.com). The company confirms that it is not aware of any new information or data that materially effects the information included in the original market announcement and, in the case of estimates 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.

## PAHTOHAVARE PROJECT

### OVERVIEW

The Pahtohavare project is located 8km south-west of Kiruna, a full-service mining town in Norrbotten County, northern Sweden. Kiruna is located approximately 1,200km north of Sweden's capital Stockholm. The project is also very well positioned with regard to major infrastructure; including sealed roads, power and open-access railway.

Copper mineralisation was first discovered at Pahtohavare in 1984 by the state-owned exploration company Swedish Geological AB and later mined by Finnish mining company, Outokumpu in 1984. Three deposits were defined at Pahtohavare (refer to Figure 1) namely;

- Central (oxide, carbonate and sulphide ore);
- Southern (sulphide ore); and
- South-Eastern (sulphide ore).

Mineralisation has also been identified in an area referred to as the Eastern Zone.

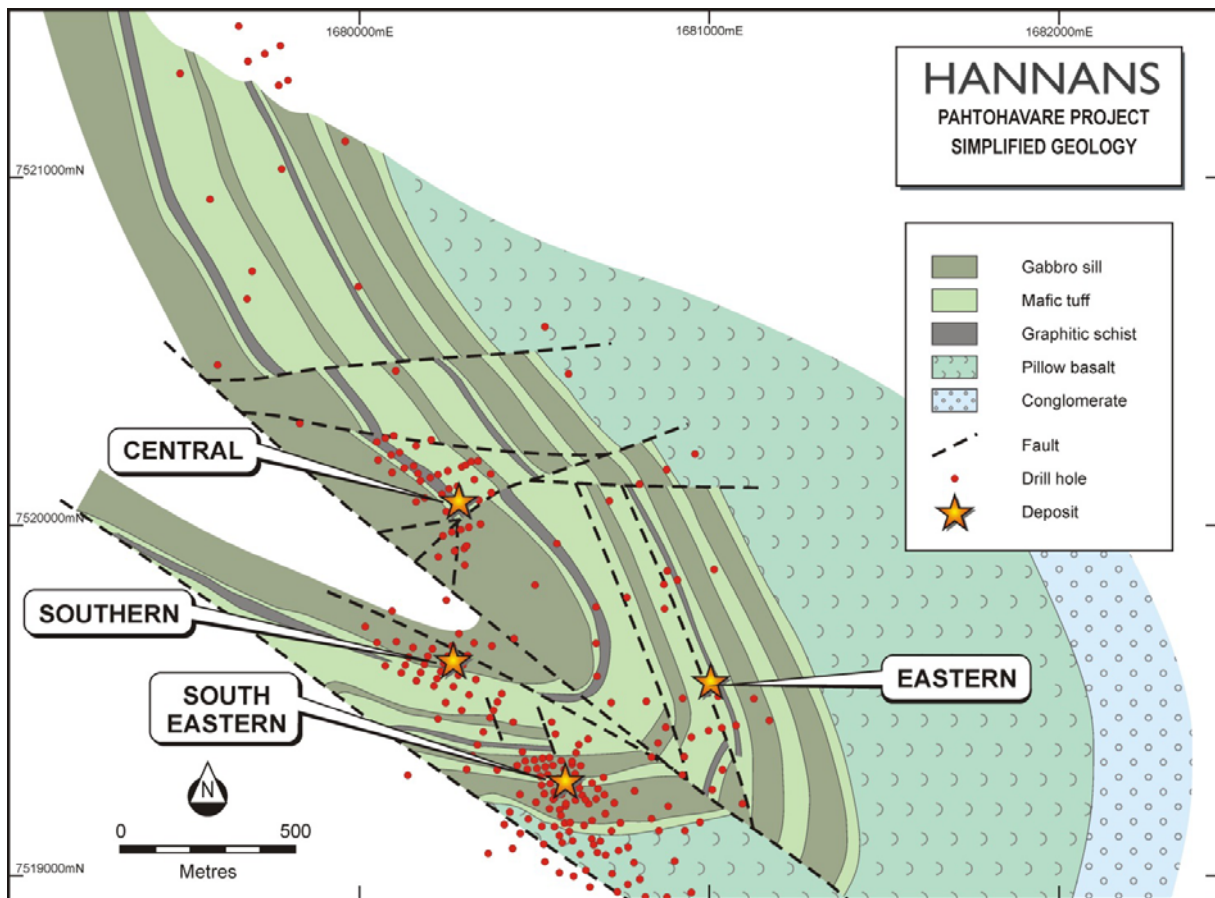


Figure 2 - Pahtohavare Project area showing the four zones of mineralisation and historic drill collar locations

### HISTORIC DRILLING VALIDATION AND INTERPRETATION

During the quarter Hannans completed the data validation of historic drill results from all four areas of mineralisation at the Pahtohavare Project. Hannans has a high level of confidence in the reliability of the historic information following completion of the thorough validation process (refer ASX announcement 10<sup>th</sup> April and

17<sup>th</sup> June 2013). The final set of significant results from historic drilling at Central (profiles 2 & 3), South-Eastern and the Eastern Zone<sup>2</sup> is contained in Appendix 1.

By way of background Southern and South-Eastern were previously mined down to a depth of approximately 195m and 150m respectively, via both open pit and then underground methods. The Central and Eastern Zones have not previously been mined.

### Central Orebody

A total of 50 drill holes were completed at the Central Orebody by previous explorers during the period 1984-1996; 46 holes were drilled within 8 drill profiles (each profile 50m apart) and 4 holes were drilled outside of these profiles. The current mineralised strike length is approximately 300m.

The copper-gold mineralisation at the Central oxide orebody is complex and controlled primarily by structure and secondly by lithology and contains oxide, carbonate and sulphide copper minerals; including malachite, azurite, tenorite, cuprite and chalcopyrite, with native gold also closely related to the copper mineralisation.

Oxide mineralisation is dominant down to approximately 100m below surface, at which point a 'transition zone' starts becoming evident with disseminated sulphides. Little is known about the mineralisation below approximately 110m depth at the Central ore body due to the lack of effective previous drilling below this depth.

During the quarter Hannans released the balance of historic copper-gold intercepts from drill profiles 2 and 3 at the Central Orebody including:

- o 33.0m @ 4.9% Cu & 5.84g/t Au from 6m (PAH87107)  
Incl. 14.3m @ 10.4% Cu & 13.3g/t Au
- o 23.6m @ 3.8% Cu from 3.5m (PAH87118)  
Incl. 2.95m @ 26.9% Cu & 6.2g/t Au
- o 24.55m @ 2.19% Cu & 0.54g/t Au from 62.45m (PAH87118)  
Incl. 4.97m @ 7.4% Cu & 1.2g/t Au

### Southern Orebody

Southern is the most significant of the deposits mined at Pahtohavare to date with a strike length of 280m and a width of 5-50m (average 20m). The recently completed 3D modelling has identified a SE plunge position at Southern which remains open with no known drilling having been completed below the deepest mined level of 195m below surface.

### South-Eastern Orebody

South-Eastern is located in the hinge position of the regional Pahtohavare anticline and is inherently complex with mineralisation strongly influenced by folding. There are three zones at South-Eastern: the A-Zone mineralisation (mined out by Outokumpu); the B-zone which is similar to the A-zone but generally has more pyrrhotite and less gold; and the C-zone which appears to be narrower mineralisation.

Due to the structural complexities at South-Eastern the drilling has been completed at several different orientations. Several historical profiles contain high-grade mineralisation below the lowest mined level.

The best un-mined historic drill results from South-Eastern include:

- o 16m @ 2.6% Cu & 5.6g/t Au from 333m (PAH86106)
- o 23m @ 1.5% Cu from 424m (PAH86101)
- o 22m @ 1.14% Cu & 1.12g/t Au from 278m (PAH87004)
- o 9m @ 2.4% Cu from 167m (PAH85116)

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<sup>2</sup> Southern has been mined out therefore no table of significant historical drill holes have been included in this ASX release; the final set of validated historical drill results from the Central Orebody were released to ASX on 10 April 2013.

## Eastern Zone

The Eastern Zone copper mineralisation was the first copper mineralisation identified at Pahtohavare in 1984 through moraine sampling and subsequent diamond drilling. The Eastern Zone mineralisation is syngenetic stratiform copper that forms intercalations in graphitic sediments and basic tuff.

The copper mineralisation at Eastern Zone is lower-grade compared to Southern, South-Eastern and Central although several thin, high grade zones of copper mineralisation have been intercepted. Magnetite, chalcopyrite, pyrrhotite, pyrite and some sphalerite occur as disseminated or as massive intercalations in the graphitic sediments and tuff.

Best historic drill results from the Eastern Zone include:

- o 4.8m @ 3.58% Cu & 0.34% Zn from 175m (PAH84003)
- o 4.3m @ 2.17% Cu & 0.28% Zn from 100m (PAH85108)

The Eastern Zone copper mineralisation has been intercepted in 6 profiles covering a strike length of 1,000m; some profiles are more than 300m apart with significant scope to further define, and close off known mineralisation.

The Eastern Zone copper mineralisation often contains elevated levels of zinc with accessory amounts of barium, lead, silver and gold; it is found at a stratigraphic level of the Viscaria Formation interpreted to be corresponding to a position between the A and B ore zones of the nearby Viscaria copper deposit (10kms north) which has a current combined JORC resource of 49.2Mt @ 1.1% Cu (Avalon Minerals Ltd).

## DRILLING PROGRAM

During the quarter Hannans commenced a Reverse Circulation (RC) drilling program on the Central Orebody at Pahtohavare. The RC program was designed to test shallow, high potential targets where drilling by previous explorers was in-effective due to their failure to penetrate through a shear zone located above the ore.

As at the 30<sup>th</sup> June, the first 3 holes of the program had been completed for a total 389m of drilling. Each hole had intersected visual oxide copper mineralisation within a number of different horizons, with the first batch of assays having been sent off to the lab (refer ASX announcement 4<sup>th</sup> July 2013).

Diamond drilling has been planned to test a number of copper-gold targets at depth including multiple EM conductors identified 'down dip' from the existing copper-gold mineralisation (refer ASX announcement 20<sup>th</sup> March 2013). Each hole will be approximately 300m in depth and initially four to five targets are likely to be tested.

## RAKKURI IRON PROJECT

### OVERVIEW

The Rakkurijoki Iron deposit is located 5km south of Kiruna, a full service mining town in Sweden.

A Scoping Study completed in early 2013 (refer ASX announcement 13<sup>th</sup> February 2013) determined the Rakkurijoki deposit has the potential to supply 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 has been made to initiate a Pre-Feasibility Study (PFS) on the Rakkurijoki deposit and to expand the PFS to include the Rakkurijärvi Iron deposit, located 2.5km south-west of Rakkurijoki. The two deposits collectively are referred to as the Rakkuri Iron Project. The combination of the two deposits may further enhance the economics of the Rakkuri Project with relatively minimal additional capital expenditure.

The Rakkurijoki deposit is located less than 1km from a modern, government owned, open access heavy gauge rail line. The line connects the Rakkurijoki deposit to two modern iron ore export ports. This premium location with regard to logistics differentiates the project from other iron projects in Scandinavia and represents a significant competitive advantage.

A Joint Venture partner is being sought to fund the completion of a further drilling campaign and the PFS.

## CORPORATE

### DISCOVERY ZONE SALE

During the quarter Hannans signed a Binding Heads of Agreement (HOA) to sell its Discovery Zone Prospect to Avalon Minerals (ASX:AVI) (**Avalon**) for A\$4 million. The HOA also provides for Hannans to retain rights to all minerals within a specified area within the Rakkurijärvi nr 1 permit.

In consideration for the sale, Avalon has agreed to make the following payments to Hannans:

- \$2 million within 5 days of Avalon becoming the registered holder of the permit Rakkurijärvi nr 1 and the Discovery Exploitation Concession Application; and
- \$2 million within 5 days of the Discovery Exploitation Concession being granted. (If the Discovery Exploitation Concession is not granted, or not granted within 2 years, Hannans will refund the \$2 million within 90 days).

Avalon will also be responsible for payment of a royalty to an unrelated third party for any future production from the Discovery Zone Prospect (1.5% net smelter return royalty).

On the 3<sup>rd</sup> of July 2013 Hannans issued a formal demand for the first payment consideration of \$2 million.

For more information please refer to Hannans announcement to the ASX dated 6th May 2013 – 'Sale of Discovery Zone Prospect for \$4M' and 4<sup>th</sup> July 2013 'Formal Demand Issued to Avalon'.

### SHARE PLACEMENT

During the quarter a placement of 15 million shares at an issue price of 2 cents per share was made to directors of Hannans, upon receiving shareholder approval at General Meeting held on the 6<sup>th</sup> of June. The placement raised A\$300,000 in funds that will be used to progress exploration at the Pahtohavare project and for general working capital.

## PROJECT PIPELINE

During the Quarter Hannans continued the Divestment Process of its Australian Projects including Forrestania, Lake Johnston, Queen Victoria Rocks and its East Pilbara Project (no exploration work was completed in Australia during the Quarter).

Hannans also continued a divestment process for its Norwegian Projects including Fiskarfjellet and Njivlojávri copper-gold projects (no exploration work was completed in Norway during the Quarter).

At the end of the quarter the company was in discussions with a number of groups relating to the divestment process, however no formal agreements have yet been reached in relation to any proposed transactions.

## ASX ANNOUNCEMENTS FOR 4<sup>TH</sup> QUARTER 2012/2013

Date	Announcement
June 17, 2013	Further Significant Historic Copper-Gold Drilling Results
June 6, 2013	Results of General Meeting
May 29, 2013	Copper-Gold Drilling Starts Today
May 6, 2013	AVI: Avalon Signs HOA to Acquire Discovery Zone
May 6, 2013	Sale of Discovery Zone Prospect for \$4M
April 30, 2013	3rd Quarter Activities Report
April 30, 2013	3rd Quarter Cashflow Report
April 30, 2013	Notice of General Meeting
April 24, 2013	Disclosure under ASX LR 7.1A
April 18, 2013	Copper-Gold Drilling
April 10, 2013	Spectacular Historic Copper-Gold Results
April 3, 2013	Appendix 3B

**Table I** -ASX Announcements for 4<sup>th</sup> Quarter 2012/2013

### CONTACTS

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### Competent Persons Statement – Exploration Results

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.

### Competent Persons Statement – Rakkurijoki and Rakkurijärvi Mineral Resources

The information in this document that relates to the Rakkurijoki and Rakkurijärvi Mineral Resources (effective from 13<sup>th</sup> January 2012) is based on information compiled by Mr Thomas Lindholm, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy (Membership No.230476). Thomas Lindholm is a full time employee of GeoVista AB, and has no interest in, and is entirely independent of, Hannans Reward Limited. Thomas Lindholm has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in JORC 2012. Thomas Lindholm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX I

Profile	Drillhole	Northing (RT 90)	Easting (RT90)	Dip	Azi	EOH Depth	From (m)	To (m)	Interval	Cu %	Au g/t
2	PAH87110	7527987	1680290	-60	250	45.35	3.5	27.1	23.6	3.8	-
	Inc.						18.75	21.7	2.95	26.9	6.2
2	PAH87118	7527987	1680290	-90	0	69.35	4	25.4	21.4	0.97	1.1
2	PAH87118	7527987	1680290	-90	0		51.5	65.8	14.3	1.2	-
2	PAH87109	7527994	1680314	-60	250	46.15	40.15	46.15	6	0.74	-
3	PAH87108	7528040	1680251	-60	250	34.25	17.75	27.3	9.55	0.36	-
3	PAH87107	7528050	1680275	-60	250	52.75	6	39	33	4.9	5.84
	Inc.						24.7	39	14.3	10.4	13.3
3	PAH87120	7528057	1680301	-62	250	109.4	62.45	87	24.55	2.19	0.54
	Inc.						78.65	83.62	4.97	7.4	1.2
3	PAH87122	7528057	1680301	-76	250	130	71.35	78	6.65	0.68	0.21
3	PAH87122	7528057	1680301	-76	250		87	96.75	9.75	0.32	-
3	PAH86114	7528075	1680342	-55	250	97.49	7.6	13.03	5.43	2.57	0.38
3	PAH86114	7528075	1680342	-55	250		74.39	83.39	9	1.32	0.2

Table 2 – Significant intercepts from drill profiles 2 and 3 of the Central Orebody, Pahtohavare.

Profile	Drillhole	Northing	Easting	Dip	Azi	EOH Depth	From	To	Interval	Cu %	Au g/t
10	PAH88072	7527215.581	1680647.584	-60	340	137.3	110.6	129.15	18.55	0.55	0.44
10	PAH88031	7527201.991	1680657.797	-60	335	152.2	114.4	124.68	10.28	1.1	0.83
10	PAH85116	7527056.533	1680704.72	-60	340	447.29	167.32	176.45	9.13	2.4	-
10	PAH85116	7527056.533	1680704.72	-60	340	447.29	400.9	411.7	10.8	1	-
10	PAH87004	7526903.029	1680754.082	-60	345	461.35	277.9	300.85	22.95	1.14	1.12
10	PAH86101	7527004.704	1680723.584	-60	340	447.1	423.75	447.1	23.35	1.5	-
10	PAH85120	7526951.142	1680739.399	-60	345	488.8	369.5	373.5	4	2.9	0.6
1202	PAH86001	7527188.607	1680544.528	-60	25	138.2	61.2	71.85	10.65	1.7	0.8
1202	PAH85015	7527138.337	1680522.191	-60	25	335.98	152.6	157.15	4.55	2.6	-
8	PAH86011	7527204.368	1680728.419	-75	160	409.34	288.1	300.4	12.3	1.4	0.09
8	PAH86106	7526986.725	1680802.367	-60	340	406	332.8	349.25	16.45	2.6	5.6
8	PAH86115	7526936.648	1680819.841	-60	340	424	244.9	270.94	26.04	0.67	0.18
8	PAH87001	7526889.433	1680836.266	-60	340	343.05	297.7	327.9	30.2	0.7	-

Table 3 - Intercepts from profiles 8, 10 and 1202W at the South Eastern Deposit, Pahtohavare.



Profile	Drillhole	Northing	Easting	Dip	Azi	EOH Depth	From	To	Interval	Cu %	Zn %
1	PAH85007	7528119	1680804	-55	240	94.35	71	90.4	19.4	0.29	-
2	PAH85001	7527833	1680871	-55	250	98.74	21.5	28.6	7.1	0.67	0.11
2	PAH85002	7527845	1680910	-55	250	200.49	58.39	73.8	15.41	0.64	-
2	PAH85005	7527877	1681017	-55	250	186.78	160.3	168.25	7.95	0.44	-
2	PAH85006	7527877	1681017	-80	250	253.49	210.8	230.8	20	0.25	0.44
3	PAH85013	7527504	1681129	-55	270	281.6	141.4	147.4	6	0.65	-
4	PAH84001	7527395	1680951	-55	260	200.19	86.04	108.2	22.2	0.35	0.13
4	PAH84001	7527395	1680951	-55	260	200.19	131.23	131.61	0.38	1.01	-
4	PAH84002	7527414	1680999	-55	260	170.26	18.88	30.95	12.07	0.33	-
4	PAH84002	7527414	1680999	-55	260	170.26	127.6	143.4	15.78	0.4	0.15
4	PAH84002	7527414	1680999	-55	260	170.26	159.59	162.11	2.51	0.35	-
4	PAH84003	7527420	1681039	-60	260	216.64	59.22	62.22	3	0.88	-
4	PAH84003	7527420	1681039	-60	260	216.64	109.1	117.6	8.55	0.37	-
4	PAH84003	7527420	1681039	-60	260	216.64	158.7	169.3	10.6	0.56	0.15
4	PAH84003	7527420	1681039	-60	260	216.64	175.4	180.2	4.82	3.58	0.34
4	PAH85104	7527423	1680877	-55	260	83	14.8	17	2.2	0.17	-
4	PAH84004	7527427	1681078	-60	260	230.91	77.7	79.1	1.4	0.33	-
4	PAH84004	7527427	1681078	-60	260	230.91	153.5	154.5	1	0.55	-
4	PAH84004	7527427	1681078	-60	260	230.91	212.5	214	1.5	1.19	-
4	PAH85012	7527443	1681175	-60	260	270	175.5	185.2	9.7	0.11	-
4	PAH85012	7527443	1681175	-60	260	270	233.5	238.9	5.4	0.85	0.43
4	PAH85014	7527443	1681175	-80	260	308.63	262.3	267.45	5.15	0.12	-
4	PAH85014	7527443	1681175	-80	260	308.63	277.4	284	6.6	0.23	-
5	PAH85109	7527301	1681040	-55	295	207.29	46.45	50	3.55	1.3	-
5	PAH85109	7527301	1681040	-55	295	207.29	180.65	182.2	1.55	4.65	0.3
6	PAH85106	7527337	1680837	-55	295	63	51.2	54	2.8	0.33	-
6	PAH85107	7527286	1680924	-55	295	188.25	29.43	34.85	5.42	0.75	-
6	PAH85107	7527286	1680924	-55	295	188.25	129.4	132.55	3.15	0.35	-
6	PAH85107	7527286	1680924	-55	295	188.25	144.7	149	4.3	0.29	-
6	PAH85108	7527244	1681012	-55	295	216.15	99.65	103.35	4.3	2.17	0.28
6	PAH85108	7527244	1681012	-55	295	216.15	181.9	197.3	15.45	0.22	0.19
6	PAH85110	7527202	1681098	-60	295	296.59	260	275.4	15.35	0.52	0.14
6	PAH85110	7527202	1681098	-60	295	296.59	284.5	286.3	1.84	2.09	0.39

Table 4 - Intercepts from profiles 1 to 6 at the Eastern Zone mineralisation, Pahtohavare.