HANNANS

17 July 2013

ASX & MEDIA ANNOUNCEMENT

# HIGH GRADE COPPER-GOLD ASSAYS

## Highlights:

- **High grade copper-gold assays returned from first two holes at Central Orebody, Pahtohavare include:**
  - **10m @ 3.62% Cu, 2.7g/t Au, 1.79g/t Ag from 60m (PARC13002)**
    - **Inc. 4m @ 5.14% Cu, 5.54g/t Au, 1.77g/t Ag from 65m (PARC 13002)**
  - **14m @ 1.47% Cu, 0.6g/t Au, 0.9g/t Ag from 70m (PARC13002B)**
    - **3m @ 4.52% Cu, 1.69g/t Au, 1g/t Ag from 73m (PARC13002B)**
  - **3m @ 4.02% Cu, 0.75g/t Au, 4.67g/t Ag from 129m (PARC13001)**
- **Assays highlight that altered rocks <u>without visible oxide Cu</u> mineralisation <u>can be mineralised</u>**
  - **A review of historical and modern drilling where altered rocks have been intercepted but not assayed may identify additional Cu-Au**

Hannans Reward Ltd (ASX:HNR) (**Hannans**) is pleased to announce that assay results have been received for the first two Reverse Circulation (RC) drill holes from its 100% owned Pahtohavare Project located in northern Sweden (refer Figure 4). Importantly the results from Hannans drilling at the Central Orebody confirm the high grade nature of the copper-gold mineralisation close to surface. Additional samples have been sent to the laboratory for assay and results are pending.

A 46m zone of copper-gold mineralisation was intercepted across holes PARC13002 and 13002B. Within this broad zone of mineralisation samples were collected as both individual 1m samples and 4m composite samples (i.e. a sample collected from four individual metres and sent for assay as a composite).

The assay results for the 1m samples have been received and include **10m @ 3.62% Cu, 2.7g/t Au, 1.79g/t Ag from 60m (PARC13002) including 4m @ 5.14% Cu, 5.54g/t Au, 1.77g/t Ag from 65m** and **14m @ 1.47% Cu, 0.6g/t Au, 0.9g/t Ag from 70m (PARC13002B) including 3m @ 4.52% Cu, 1.69g/t Au, 1g/t Ag from 73m** (refer to Figure 1). The assays for the 4m composites have been received and they also contain copper-gold mineralisation. Individual 1m splits of each 4m composite sample have been collected and submitted for analysis. When assay results are received for these 1m samples (estimated to be in early August) the full 46m zone of copper-gold mineralisation will be reported.

It is important to note that drill holes PARC13002 and PARC13002B were started from the same point on the surface (refer Figure 1). The first hole (PARC13002) was terminated at 70m due to difficult drilling conditions. The second hole (PARC13002B) was cut below the casing at 24m before ending at 136m. The first hole was sampled from 0-70m and the second hole was sampled from 71-136m. Down hole surveying showed the dip of the second hole to be the same as the first; the second hole has deviated laterally to the north by a few metres only.

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Holes PARC13002 and 13002B are on Profile C which sits between historical drill profiles 3 and 4 (refer Figure 3). This profile was originally drilled by Lundin Mining in 2006 but they also encountered drilling difficulties. For this reason Hannans deemed it necessary to retest this profile. Critically the down-dip position below historic hole PAH05003 remains to be tested.

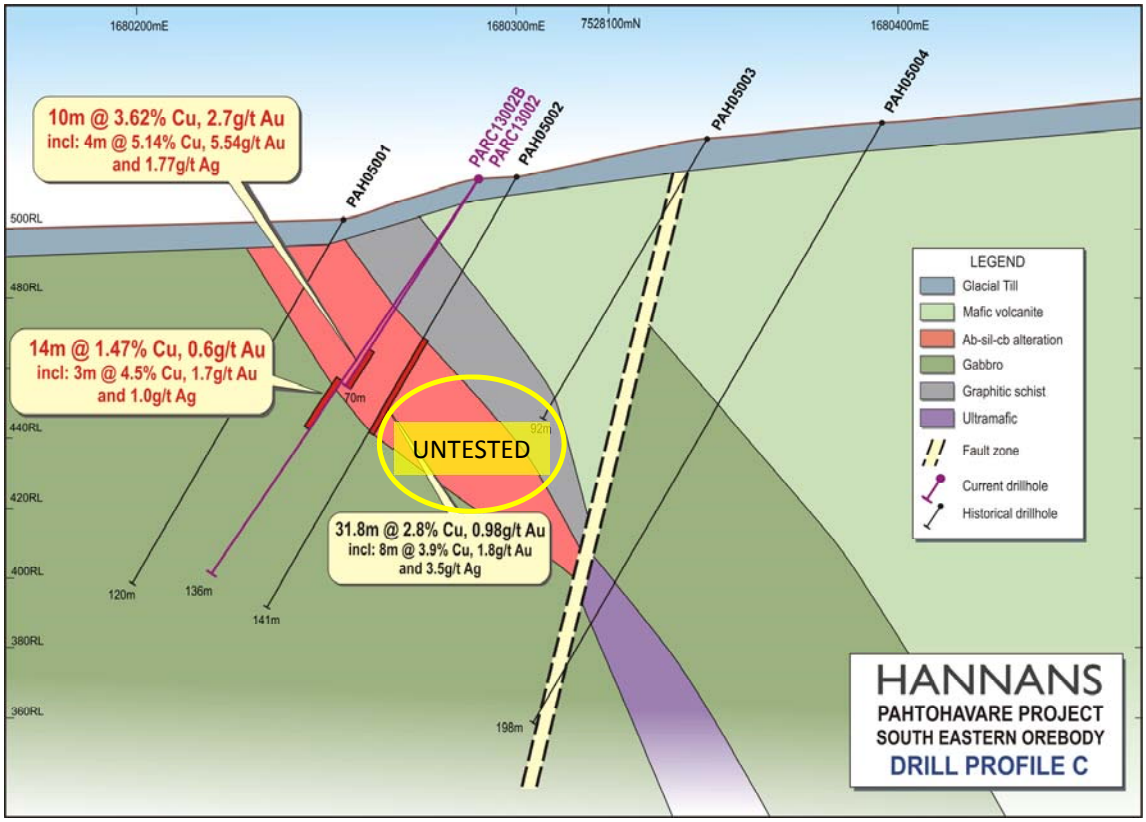

Figure 1: Drill Profile C showing assay results for PARC13002/PARC13002B.

Hole PARC13001 intercepted a narrow high grade copper-gold lode at 129m **(3m @ 4.02% Cu, 0.75g/t Au, 4.67g/t Ag)** (refer Figure 2) prior to entering the main target zone expected to commence at 140m. Difficult drilling conditions resulted in the hole being abandoned at 141m just as the main ore lode was being intercepted (the last metre of the hole intercepted **1m @ 0.56% Cu, 0.8g/t Ag from 140m**). Specialist drill additives were obtained and an attempt to re-enter the hole was made however this was unsuccessful in progressing past 141m. A new vertical hole (as opposed to an angled hole) targeting the same ore position will commence this week in a final effort to test the target.

Geological logging and analysis of the assays received to date highlights that significant widths of albite-silica-carbonate altered rocks which do not have visible oxide copper are in fact mineralised. Typically only sections of core displaying visible oxide copper were sampled, both by previous explorers and Hannans. By way of example, only two samples were taken through the host rocks from historic hole PAH05001 (refer Figure 1). The core from this hole is available in the Malå core archive and will now be re-logged, sampled and assayed. A review of additional historic holes will also take place.

Hannans will review the RC drill program before making a decision whether to complete the planned RC program. The decision to review the program is principally due to the unsatisfactory drill rates being achieved on a weekly basis and the inability of the contractor's equipment to penetrate the difficult ground conditions to reach target depths.

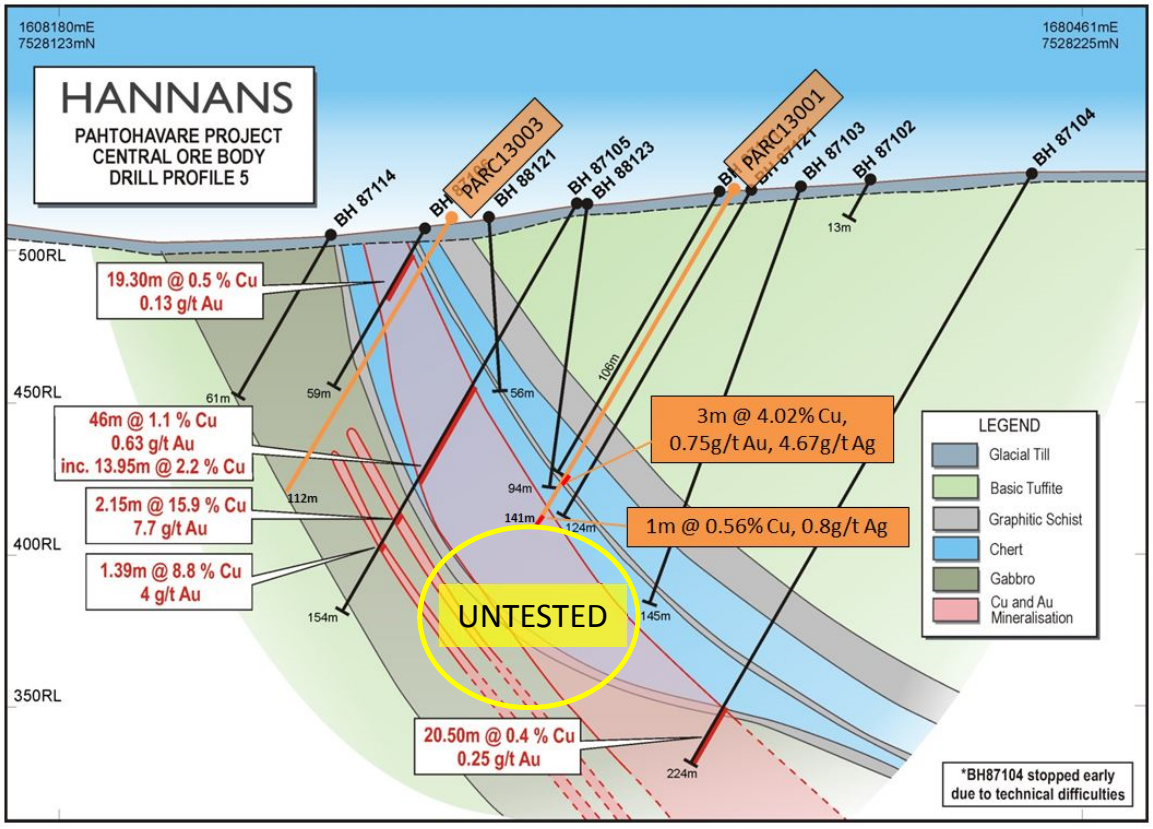


Figure 2: Drill Profile 5 showing assay results for PARC13001, the hole was abandoned at 141m due to technical difficulties. Results are pending for PARC13003.

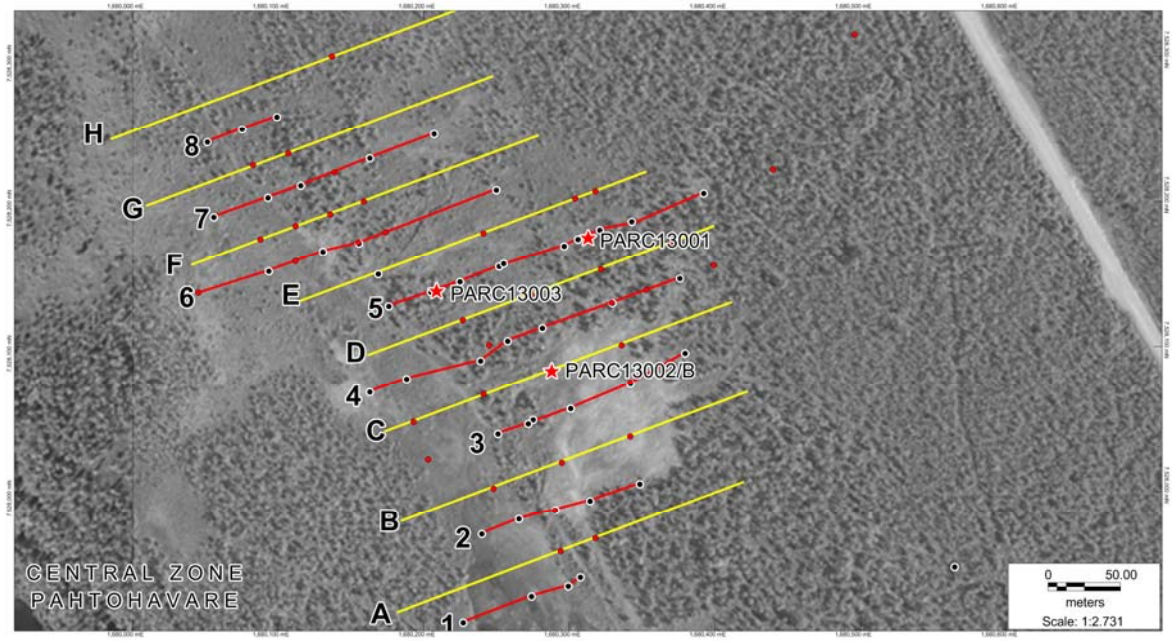


Figure 3: Drill Profile Summary Map

## Pahtohavare – Overview

The Pahtohavare project is located 8 kilometres south-west of Kiruna, a full-service mining town in Norrbotten County, northern Sweden. Kiruna is located approximately 1,200 kilometres 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 (refer image below.

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 image below) 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. The combined JORC Exploration Target[1] for Pahtohavare (incorporating the Central, Southern, South-Eastern and Eastern Zone) is summarised below:

| Ore | Mt | Cu (%) | Au (g/t) |
|---|---|---|---|
| Fresh | 3.5-4.5 | 2.0-3.0 | 1.5-2.5 |
| Oxide | 1.3-1.7 | 2.0-2.2 | 0.5-1.5 |
| **Total (Oxide + Fresh)** | **4.8-6.2** | **2.00-2.78** | **1.23-2.23** |

Table 1 – JORC Exploration Target

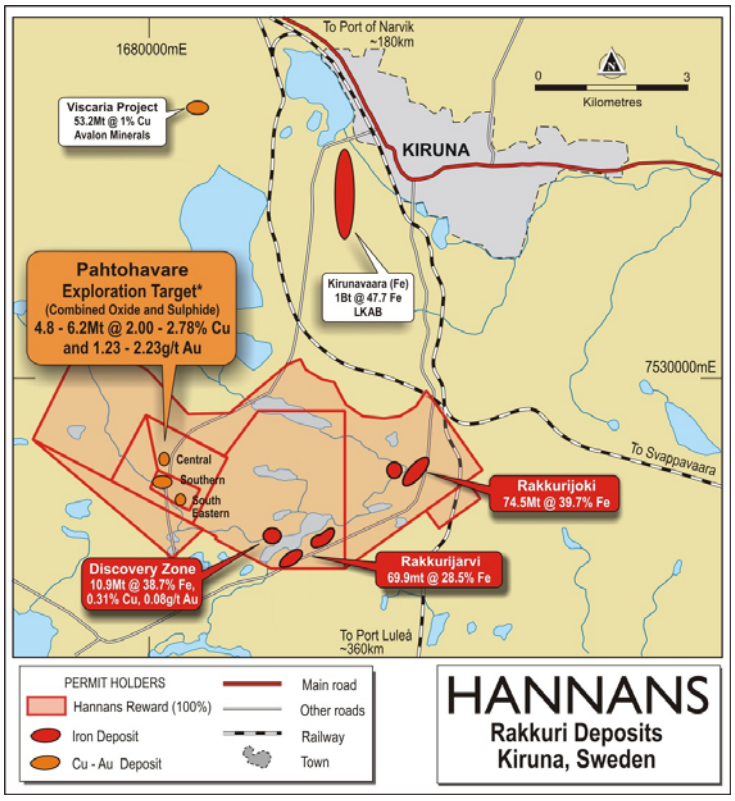


Figure 4: Project Location Summary Map

[1]The JORC Exploration Targets have been subjected to diamond drill testing, ground geophysics and interpretation by the Geological Survey of Sweden, reviewed by Mr Thomas Lindholm, of GeoVista AB. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient interpretation to define a JORC Mineral Resource and it is uncertain if further interpretation will result in the determination of a JORC Mineral Resource.

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## Competent Persons Summary

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

## Appendix 1

| Drill Hole | Northing (RT90) | Easting (RT90) | Dip | Azi | EOH (m) | From | To | Width | Cu % | Au g/t | Ag g/t |
|---|---|---|---|---|---|---|---|---|---|---|---|
| PARC13001 | 7528176 | 1680313 | -65 | 250 | 141 | 129 | 132 | 3 | 4.02 | 0.75 | 4.67 |
| Inc. | | | | | | | | 1 | 10.2 | 1.46 | 10.3 |
| | | | | | | 140 | 141 | 1 | 0.56 | 0.06 | 0.8 |
| PARC13002 | 7528084 | 1680288 | -57 | 250 | 70 | 60 | 70 | 10 | 3.62 | 2.7 | 1.79 |
| Inc. | | | | | | 65 | 69 | 4 | 5.14 | 5.54 | 1.77 |
| PARC13002B | 7528084 | 1680288 | -57 | 250 | 136 | 70 | 84 | 14 | 1.47 | 0.6 | 0.9 |
| Inc. | | | | | | 73 | 76 | 3 | 4.52 | 1.69 | 1 |

Table 2: Drill hole and assay summary, Central Zone, Pahtohavare.

| Section 1 | Explanation |
|---|---|
| **Sampling Techniques** | RC samples were collected at one metre intervals in a cyclone at the side of the drilling rig and put through a riffle splitter which reduced the sample in the ratio 1:10. The small portion weighing approximately 2kg was placed into a calico bag and marked with the depth. The large portion was bagged, labelled and remained on the ground for future reference. The riffle splitting has the effect of sample homogenisation. |
| **Drilling Techniques** | Reverse Circulation (RC) drilling with a face sampling hammer with a diameter of 125mm was used. |
| **Drill Sample Recovery** | Drill sample recovery was generally good, although there were some limited wet samples mainly within graphitic units where sample recovery was estimated as low as 50%. At the end of each rod the drill bit was pulled back and air blown to clear the hole of any remaining sample. During the drill rod change-over water could enter the hole and this needed to be blown out before drilling re-commenced with the next rod. The cyclone and riffle splitter were cleaned out after every rod. |

| | |
|---|---|
| **Logging** | Detailed geological logging was undertaken. This included recording of lithology, veining, alteration, mineralogy and structure where possible. |
| **Sub-sampling techniques and sample preparation** | RC samples were riffle split at the drill rig. In zones of non-mineralised rock 4m composite samples were taken. Where copper mineralisation was visible the 1m split samples were sent directly to the lab for analysis. Any composite sample returning a copper value of 0.1% or a gold value of 0.1g/t then had the corresponding 1m split samples collected and submitted for assay.<br><br>At the lab the samples are finely crushed with 70% passing <2mm then reduced in a splitter whereby a reject sample and a 250g sample is produced. The 250g sample is then pulverised with 85% passing <75 microns which completely homogenises the sample. A sub-sample of pulp was taken for digestion in a four acid digest.<br><br>HNR inserted duplicate samples and certified reference standards every 33 samples, the majority of results compared within acceptable limits. |
| **Quality of assay data and laboratory tests** | The assay method chosen for Cu analysis was four-acid digest followed by Inductively Couple Plasma – Atomic Emission Spectrometry (ICP-AES). The assay method chosen for Au was fire assay fusion followed by Atomic Absorption Spectroscopy (AAS).<br><br>Laboratory standards and blanks were also analysed and produced comparable results to known/accepted values. Duplicate analysis was also completed on high grade gold values which indicate a nugget effect. |
| **Verification of sampling and assaying** | No independent third party assays have been undertaken at this stage, although the results are comparable with historic assay data from previous diamond drilling of the mineralisation (of which a number of holes have been check assayed by HNR).<br><br>No twinned holes have been drilled at this stage.<br><br>Primary sampling data was transferred from field data sheets into a computer database and results plotted in plan and cross section. Data entry was by manual method, but due to the small number of data it was able to be visually verified. |
| **Location of data points** | Collar locations were determined by hand held GPS and are accurate to +/- 1m. Down hole dips were determined at the collar by a clinometer and down hole by a digital multi-shot downhole survey instrument provided by HNR.<br><br>Grid system is Swedish Coordinate system RT90 2.5 west<br><br>Topographic control has been established by previous surveying of historic drill hole collars by RTK GPS. This data has been used to calibrate the HNR handheld GPS. |
| **Data spacing and distribution** | Drill holes within the mineralised Central zone were planned along sixteen (16) drill hole profiles with approximately 25m between each profile. Samples were collected at one (1) metre intervals down hole. |
| **Orientation of data in relation to geological structure** | Drilling was designed to intersect the mineralisation as perpendicular to strike as possible giving a drill hole azimuth of 250°. The mineralisation is interpreted to strike at approximately 340° and dip between -45° to -70° towards 070°. Due to drilling perpendicular to the targets no sample bias is believed to have been introduced. |
| **Sample security** | Samples were packed into larger poly-weave bags and transported to the site |

| | |
|---|---|
| | office by HNR. Courier was then used to transport the samples to the lab for analysis. |
| **Audits or reviews** | A review of the companies sampling and analysis techniques has been undertaken by an independent consultancy which produced positive feedback to HNR. Any suggestions to improve techniques have been implemented. |

| Section 2 | Explanation |
|---|---|
| **Mineral tenement and land tenure status** | The mineralisation occurs on two 100%-owned HNR exploration permits; Pahtohavare nr. 2 and Pahtohavare nr. 4. |
| **Exploration done by other parties** | Historical diamond drilling was completed by SGU (Swedish Geological Society) in the late 1980's. From this drilling selected holes have been check assayed by HNR. HNR is satisfied with the previous QAQC and assay methods used by SGU. |
| **Geology** | The ore host rocks are highly altered and generally consist of a fine-grained albite felsite of granoblastic texture. Black graphitic shales appear to sit stratigraphically above the albite felsite with a mafic sill (gabbro) dominating the footwall.<br><br>The ores are located within a first order open antiformal structure which dips to the south-east. Copper-gold mineralisation is controlled by both structure and lithology and the main Pahtohavare ores are classified as epigenetic deposits although the Eastern mineralisation is classified as a syngenetic stratiform copper deposit. |
| **Drill hole information** | See Table 2 in the announcement, which lists for each hole, easting and northing, RL, dip and azimuth, end of hole depth and intercept depth. |
| **Data aggregation methods** | Assays were averaged (using a weighted average based on equal (1m) sample lengths) using a minimum cut-off of 0.1% Cu, 0.1g/t Au and 0.1g/t Ag. For the above results the maximum internal dilution was 1m.<br><br>"Including" intervals were calculated using a minimum cut-off of 1% Cu and no internal dilution.<br><br>Generally the assay values are consistent throughout an intercept although the sometimes heterogeneous nature of the mineralisation means that occasionally high-grade values may be diluted by low grade values within the same intersect. |
| **Relationship between mineralisation width and intercept lengths** | The example cross-sections are drawn at a 250° azimuth. The sections are drawn in this manner to correlate with previous diamond drilling of the mineralisation and are known to be perpendicular to strike.<br><br>The dip of the mineralisation appears to range between -70° to -45° with the ore body steepening up-dip. The downhole intervals are mainly consistent with the true width of the mineralisation although in places the drill hole intervals are 15-20% more than the true width due to the variation in dip of the mineralisation |
| **Diagrams** | Figure 1: Drill Profile C<br><br>Figure 2: Drill Profile 5<br><br>Figure 3: Drill Profile Summary Map |

| | |
|---|---|
| | Figure 4: Project Location Summary Map |
| **Balanced reporting** | |
| **Other substantive exploration data** | Prior to this drilling program a fixed-loop EM (FLTEM) survey was undertaken by HNR in early 2013. This data has been interpreted and targets indicating possible down-dip/along strike extensions of the currently known mineralisation have been identified. The details of these targets have been reported previously by HNR. |
| **Further work** | Further work will include more infill drilling and diamond drill testing of possible down-dip/plunge extensions of known mineralisation and interpreted geophysical and geochemical anomalies. Twin hole drilling has also been planned to help verify the historic drilling. |

Table 3: According to clauses 18 and 19 of the 2012 JORC Code, the criteria in Sections 1 and 2 of Table 1 need to be addressed when first reporting new exploration results. These are listed below and comments made on an "if not, why not" basis.