

# HANNANS

27 February 2014

ASX ANNOUNCEMENT

## Third Party Granted Exclusive Right To Rakkuri Iron Project, Sweden

- Hannans subsidiary grants Third Party exclusive right to complete due diligence on Rakkuri
- Hannans subsidiary to receive USD1,000,000 signing bonus for granting exclusive right

Hannans Reward Ltd (ASX:HNR) (**Hannans** or the **Company**) is pleased to announce that its wholly owned subsidiary company Kiruna Iron AB (**Kiruna Iron**) has granted a Third Party the exclusive right to complete due diligence on its Rakkuri Iron Project (**Rakkuri**), located 5 kilometres south of Kiruna, a full service mining town in northern Sweden.

Rakkuri comprises two iron deposits, namely Rakkurijoki and Rakkurijärvi. A positive Scoping Study (released by Hannans to the ASX on 13 February 2013) determined that the Rakkurijoki deposit has the potential to supply an 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 was then made to include the Rakkurijärvi iron deposit, located 2½ kilometres south-west of Rakkurijoki in a Pre-feasibility Study. Combining the two deposits is likely to further enhance the economics of Rakkuri with relatively minimal additional capital expenditure.

During the last twelve months Kiruna Iron has received expressions of interest from a number of parties regarding exploration, development and extraction of the iron deposits at Rakkuri. Kiruna Iron has now granted a Third Party the exclusive right to conduct a detailed due diligence on Rakkuri. The period of exclusivity ends on the 1<sup>st</sup> of September 2014. In consideration for the grant of the exclusive right, the Third Party will pay Kiruna Iron a non-refundable signing bonus of USD One Million (USD1,000,000). Half of the signing bonus shall be paid on or before the 15<sup>th</sup> of March 2014 and the remaining half shall be paid no later than the 1<sup>st</sup> of September 2014. Kiruna Iron is not permitted to disclose the identity of the Third Party however it will advise the market when the signing bonus has been received.

A summary of the Company's Swedish iron projects is contained within the Annual General Meeting presentation released to ASX on 21 November 2013.

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