



HANNANS REWARD

Exploring for Gold and Base Metals

ASX Announcement / Media Release

20 July 2011

FORRESTANIA PROJECT

Nickel & Iron Exploration Update

by Don Huntly, Exploration Manager

Fast Facts

ASX Code: HNR

Capital Structure

Shares on issue: 131.6m

Options on issue: 5m (ex 20c to \$1)

Market cap: \$22m (at 17c)

Financial Position (at end of Quarter)

Cash on hand: \$3.485m (Mar 2011)

Value of Equity Positions &

Convertible Notes: \$28.7m

Board of Directors

Richard Scallan Chairman

Damian Hicks Managing Director

William Hicks Non-Executive Director

Jonathan Murray Non-Executive Director

Projects (Western Australia)

Forrestania Nickel & Gold

QVR Nickel

Lake Johnston Nickel & Gold

Jigalong Manganese
and base metals

HIGHLIGHTS:

NICKEL TARGETS

- Drilling continues at Lucy Rocks prospect
 - Drilling method changed over from Aircore to RC percussion
 - 23 Aircore and 5 RC holes drilled to date
 - Current program due for completion by end of July
- Drilling to commence in August at Stormbreaker West prospect
 - A total of 10 RC percussion holes for ~2,500 metres
 - Final approvals have been received for the drilling program.

IRON TARGETS

- Iron mineralisation confirmed and extended at Stormbreaker prospect
 - Drilling planned to commence in November
 - A total of 30 RC percussion holes for ~3,000 metres planned
 - Approvals process already well advanced
- Additional Iron targets identified at Lucy Rocks & Skeleton Rocks

LUCY ROCKS NICKEL DRILLING

An Aircore drilling program commenced on the 5th of June at the southern end of the Lucy Rocks prospect on tenement E77/1568 (Figure 1), in the Forrestania project area. The drilling has been designed to test a large linear magnetic high feature which extends for ~20 km's along strike and has been interpreted to be related to Greenstone lithologies, known for hosting significant nickel sulphide deposits.

A total of 23 Aircore holes and 5 RC holes have now been completed for a total depth of 1,161 metres. The drilling program was changed over from Aircore to RC percussion drilling to improve the depth penetration of the holes; as a result some minor delays were encountered as the rig had to be changed over to an RC configuration.

All the holes drilled to date on the southern most traverse (Figure 1) have intercepted Granodiorite as the dominant lithology, with the inclusion of minor Magnetite in holes that were drilled over the targeted magnetic high feature. Magnetic susceptibility data was collected from these holes and sent off for modelling to Southern Geoscience to determine whether this linear magnetic high feature could possibly be explained by the presence of the Magnetite within the Granodiorite. Results from the geophysicist's work indicate that the presence of the Magnetite could act as a plausible explanation for the magnetic anomaly that has been intersected to date.

A zone of Haematite-Pyrite alteration was intersected in RC percussion hole LRRC003 over a 29 metre interval from a downhole depth of 31 metres. Samples from the alteration zone have been collected and sent to ALS laboratories for Au analysis.

The drilling program will continue on the northern traverses, and it is anticipated that the program will be completed by the end of July, with assay results to be announced to the market as they become available.

Along with the current drilling program, other fieldwork is also taking place within the Forrestania project area, including auger sampling, mapping and rock chip sampling.

STORMBREAKER NICKEL DRILLING

Final approvals have been received for the next round of RC percussion drilling at Stormbreaker West; the drilling is expected to commence in August. The drilling will target a surface TEM conductor (an anomaly developed from a geophysical technique used to define nickel sulphide occurrences) and interpreted ultramafic lithologies (host to nickel sulphides) delineated from geochemical sampling (Figure 2). A total of 10 holes are planned for an estimated 2,500 metres. The drilling is located directly to the North and West of the Beautiful Sunday Nickel occurrence held by Western Areas NL.

Detailed geochemical sampling was completed over the area during early 2011; the sampling outlined what has been interpreted to be Ultramafic or Komatiitic units, a high MgO rock known to host Nickel Sulphides, which have not been explored effectively. A review of the surface TEM data in the area highlighted a TEM anomaly coincident with an interpreted Komatiitic unit, the TEM anomaly has not been drilled and will be targeted with the next round of drilling.

Further ground work including auger sampling, surface TEM and field checking will be conducted on the Stormbreaker North prospect over the coming months with the aim of defining further drill targets.

STORMBREAKER IRON DRILLING

Recent fieldwork carried out in the Forrestania project area has confirmed and further extended the area of known Haematite mineralisation at the Stormbreaker Iron prospect (Figure 3). Field mapping was carried out over two parallel BIF units which cover a strike extent of 5.4 km's. A total of 36 rock chip samples were collected and assayed at ALS Chemex laboratories using the XRF technique. 12 samples returned values in excess of 50% Fe and 2 samples returned values in excess of 60% Fe; the best assay returned a grade of 63% Fe.

RC percussion drilling has now been planned to follow up the iron rich rock chip samples and the intersection from FSRC035 (35m @ 47.6% Fe), which was previously reported. A total of 30 holes will be drilled for an estimated 3,000 metres, on wide spaced traverses, to determine the grade and continuity of the Haematite mineralisation. Drilling is expected to commence in the month of November.

The approvals process for the drilling is well underway, with a flora and vegetation survey recently completed and DEC approval pending. A Programme of Work (POW) is currently being compiled and will be submitted for DMP approval shortly after.

Rock chip sampling and mapping has also recently been carried out at the Beautiful Sunday West prospect, the sampling was undertaken to help determine the extent of the BIF outcrop and Haematite rich iron material in the area. A total of 5 samples were collected with the best assay returning a grade of 53.1% Fe.

Additional field mapping and rock chip sampling was also completed at Skeleton Rocks with the objective of further defining the iron prospects in the area. A total of 10 rock chip samples were collected, four samples returned grades in excess of 50% Fe, and the best sample returned a grade of 57.7% Fe.

If the results from the next round of drilling prove to be positive, then it is mostly likely further work (including drilling) will be planned to test the Iron targets within the Stormbreaker, Lucy Rocks and Skeleton Rocks prospect areas in early 2012.

Summary

Hannans Reward Ltd has developed a suite of prospective exploration projects within Australia covering nickel, gold and manganese; whilst the flagship exploration is the Forrestania nickel project. Hannans is a shareholder of Atlas Iron Ltd. Hannans' 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, a portion of the Stormbreaker Prospect includes a Joint Venture with Cullen Resources Ltd (Hannans – 80%, Cullen – 20% free carry).
- Lake Johnston – nickel & gold project located 25km south east of Norilsk's Maggie Hays nickel mine and 100kms west of Norseman
- Jigalong – manganese & base metals project located 150km east of Newman, WA (proposed to be separated from the Hannans Group subject to shareholder approval)
- Queen Victoria Rocks - nickel and gold project located 30km south-west of Coolgardie, WA

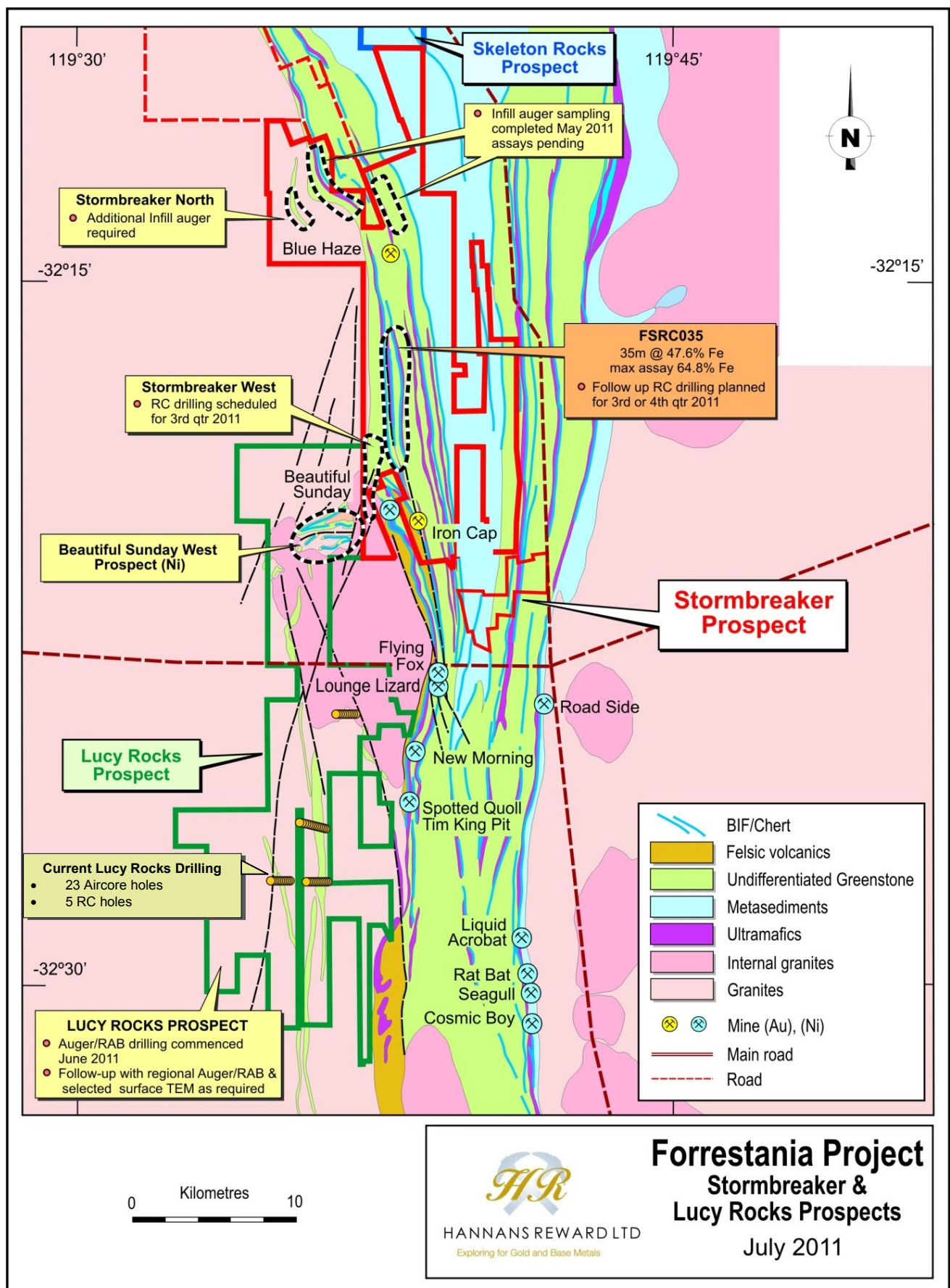


Figure 1. Lucy Rocks prospect including collar locations from current drilling program

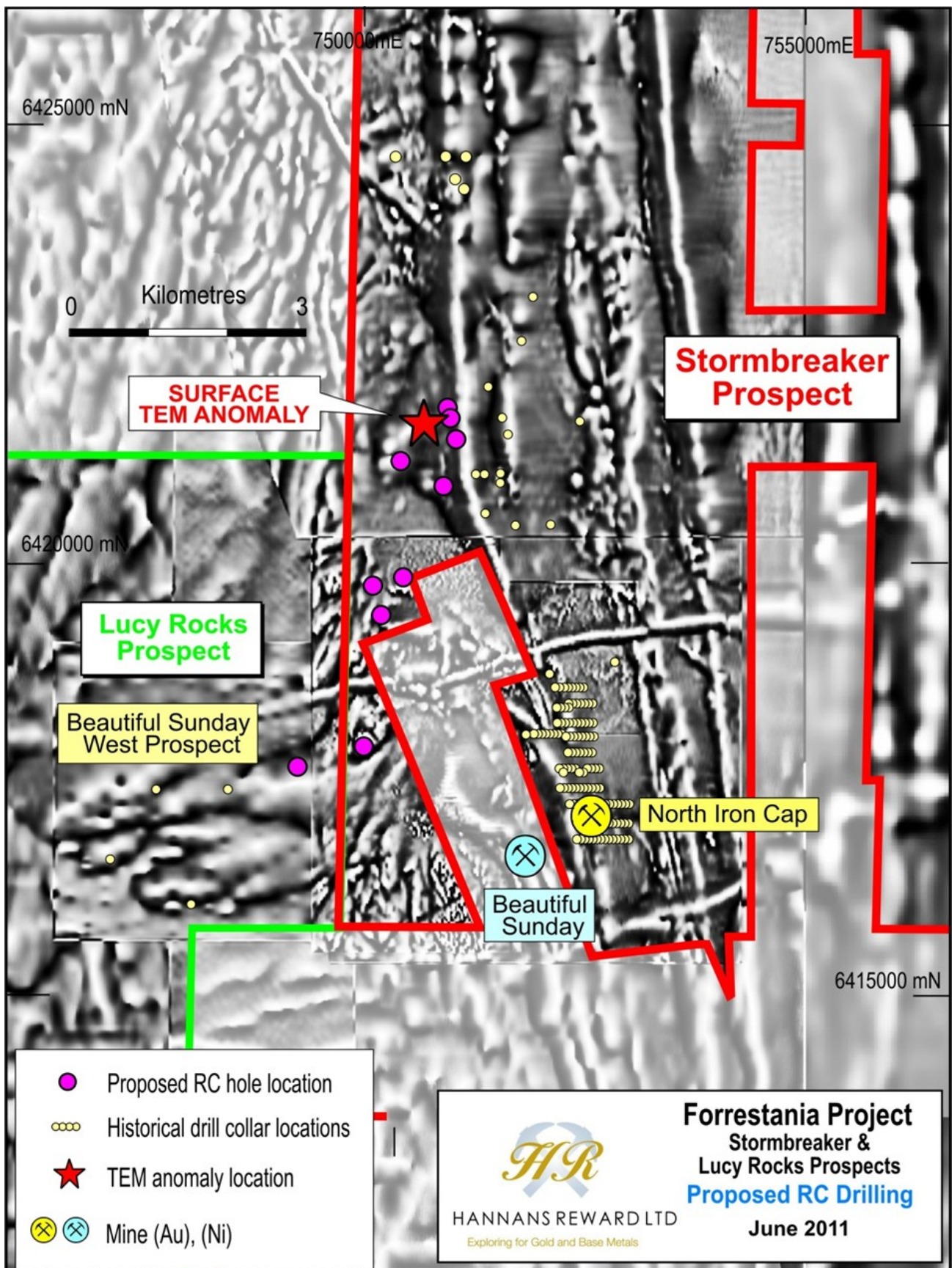


Figure 2. Stormbreaker West proposed RC drill collars and surface TEM anomaly

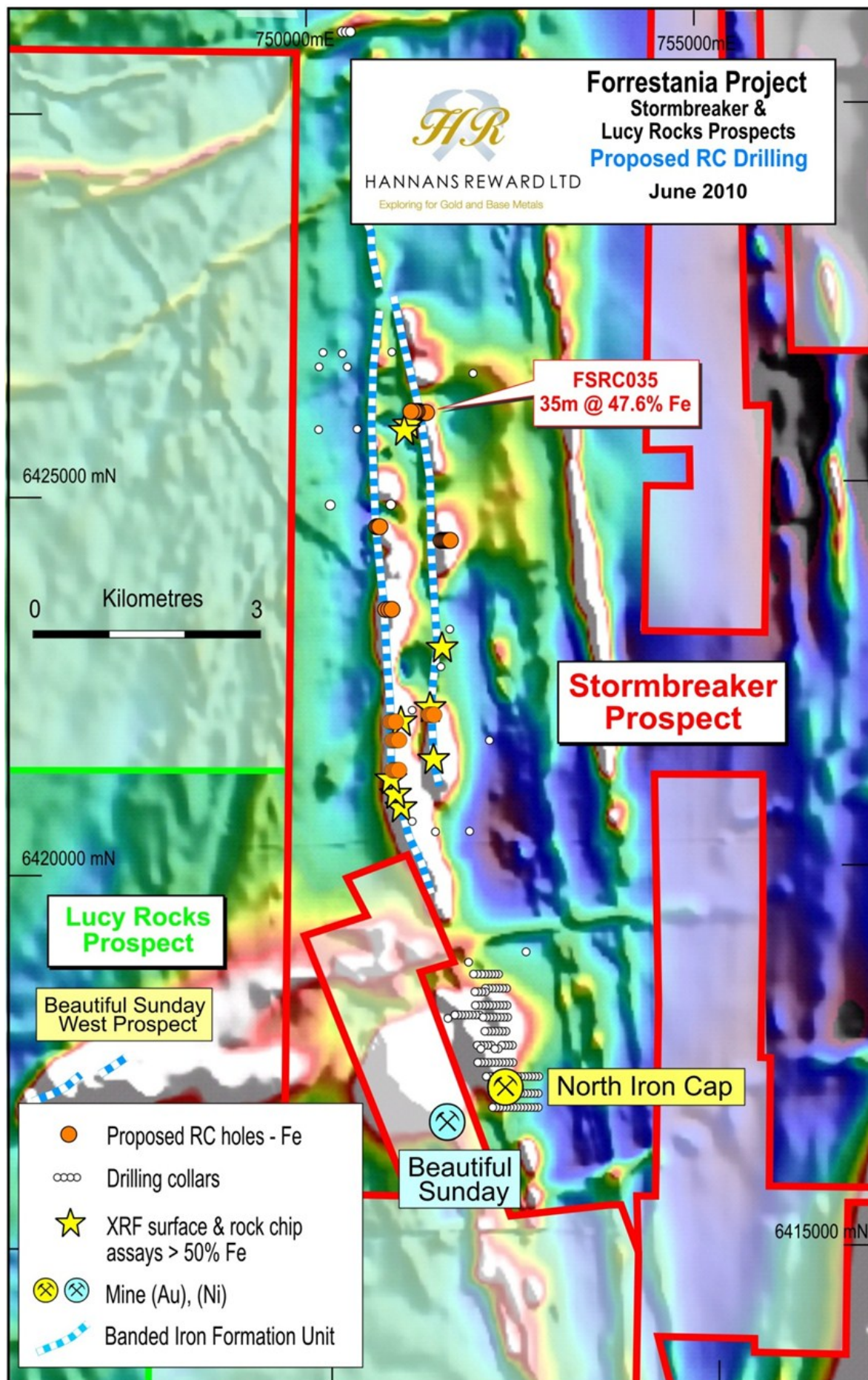


Figure 3. Stormbreaker Iron sampling and proposed RC drilling collars

Competent Persons Summary

The information in this document that relates to exploration results is based on information compiled by Mr Donald Huntly, Exploration Manager who is a Full Member of the Australian Institute of Geoscientists and a Registered Professional Geoscientist. Mr Huntly is a full-time employee with Hannans Reward Ltd. Mr Huntly 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". Mr Huntly consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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