



HANNANS REWARD

Exploring for Gold and Base Metals

ASX Announcement / Media Release

12 October 2010

1st Quarter Activities Report

Summary and Highlights

Fast Facts

ASX Code: HNR

Capital Structure

Shares on issue: 131.6m

Options on issue: 9.4m (ex 20c – 80c)

Market cap: \$29m

Financial Position

Cash on hand: \$5m (Sept 2010)

Value of ASX Listed
Equity Positions: \$18.4m

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

Forrestania Project

- Field reconnaissance activities at the Forrestania Project have identified BIF outcrop in a number of locations at the Beautiful Sunday West Prospect area (E77/1512). The extensive BIF outcrop has confirmed the presence of greenstone stratigraphy in the area and has also significantly increased the probability of identifying ultramafic lithologies in the area.
- A gravity survey has also been completed over the Beautiful Sunday West Prospect; the survey has helped to confirm the presence of greenstone lithologies west of the Beautiful Sunday Deposit (owned by Western Areas NL).
- Surface auger sampling has been completed over the western ultramafic within the Stormbreaker Prospect on tenements E77/1354, E77/1406, E77/1430, P77/3607, P77/3848, and P77/3849 for a total of 3,152 samples, assays results are pending.
- Wide spaced auger sampling has also been completed at the Stormbreaker North area (M77/693), assays results have been received. The data has been processed and has confirmed that the central ultramafic unit continues north on to tenement M77/693.
- Gold anomalism has been identified in historical RAB drilling north-west of the Forrestania Project-Skeleton Rocks Prospect, an Exploration License application (ELA77/1846) has been processed by the DMP.

Queen Victoria Rocks Project

- RC percussion drilling commenced at the Benari Prospect within the Queen Victoria Rocks Project area. A total of 6 holes have been completed for 1,478 metres. The drilling to date has intersected amphibolites, komatiitic and granitic lithologies. Assays have been received for three holes with no significant assays to report.

Lake Johnston Project

- Gravity surveys were completed over the Ernest and Hardcore prospect areas; the surveys have shown that the gold mineralisation at both prospects is associated with a steep gravity gradient. The gravity gradient is interpreted to represent a large scale structure.

Hannans exploration activities are aimed at identifying an economic nickel sulphide deposit (internal target) in excess of 30Kt of contained nickel metal (i.e. stand alone operation) characterised by high tenor (i.e. the percentage of pentlandite relative to pyrrhotite) nickel sulphides. The target model is characterised by a small 'foot print' generally 200m - 300m in strike extent and 5 – 20m width but with a very elongated (+1km) linear down-dip extent. This makes exploration for such an ore body with surface EM methods technically challenging, particularly more so in a conductive environment.

Overall the exploration activities completed during the September 2010 quarter by Hannans at the Forrestania, Queen Victoria Rocks, and Lake Johnston projects included RC percussion drilling, surface EM surveys, gravity surveys, auger sampling, and rock chip sampling.

Ongoing Exploration Activities

- RC percussion drilling exploring for gold is expected to commence at the Ernest and Hardcore Prospects at Lake Johnston during the coming quarter.
- Gravity surveys are planned for the Lake Johnston Project covering the corridor between the Ernest and Hardcore Prospects.
- Infill geochemical sampling will commence at the Queen Victoria Rocks Project during the coming quarter.
- RC percussion drilling will be planned to test the greenstone stratigraphy at Beautiful Sunday West – Forrestania Project.
- Infill geochemical sampling is required over the central ultramafic unit at Stormbreaker North – Forrestania Project (M77/693).
- Reconnaissance auger sampling is planned for the Lucy Rocks-Forrestania Project to test the depth of transported cover, as well as help plan further exploration activities in the area.

Forrestania Project

Known nickel sulphide mineralisation within the Forrestania Belt occurs in a variety of geological settings above and below BIF horizons, as well as on mafic (Digger Rocks and Cosmic Boy) and felsic (Flying Fox, Spotted Quoll, Beautiful Sunday) substrates.

It is considered by Hannans that the stratigraphy within their tenement package has similar characteristics to areas that hosts nickel sulphide deposits and occurrences elsewhere within the Forrestania Greenstone Belt (*Figure 1*).

Summary and Highlights

- Field reconnaissance activities at the Forrestania Project have identified BIF outcrop in a number of locations at the Beautiful Sunday West Prospect area (E77/1512). The extensive BIF outcrop has confirmed the presence of greenstones in the area and has also significantly increased the probability of identifying ultramafic lithologies in the area (*Figure 1*).
- A gravity survey has been completed over the Beautiful Sunday West Prospect; the survey has also confirmed the presence of greenstone lithologies west of the Beautiful Sunday Deposit (owned by Western Areas NL). Modelling of the gravity would indicate that the overall greenstone package has a shallow dip to the east.

- Surface auger sampling has been completed over the western ultramafic (E77/1354, E77/1406, E77/1430, P77/3607, P77/3848, and P77/3849) and central ultramafic (P77/3943), assays results are pending.
- The Samson TEM system was trialled over the EMT5 anomaly (western ultramafic); no significant anomalies were generated from the survey.
- A single line of Samson moving loop TEM was completed over a geochemical anomaly at Stormbreaker North on tenement M77/693; no significant anomalies were generated from the survey.
- At Skeleton Rocks extensive data reviews and research has been ongoing. The work has confirmed ultramafic lithologies in the north-eastern region of the prospect area within E77/1784 (Figure 2), as well as gold anomalism on vacant ground to the north-west which has since been covered by an Exploration License Application (ELA77/1846).

The following table includes a summary of exploration activities completed for the Forrestania Project.

Activity	Forrestania Summary
RC Percussion Drilling	nil
Down-hole EM	nil
Surface EM	1 line km of SQUID MLEM 1 line km of Samson MLEM 15 line km's of Samson FLEM
Gravity	920 stations
Geochemical Sampling	3,152 auger samples 7 rock chip samples 2 drill spoil samples

Stormbreaker Prospect Area

Exploration activities for the quarter included surface TEM surveys, auger sampling and rock chip sampling.

The Samson TEM system was trialled over the western ultramafic – EMT5 target area. The results from the survey would indicate that the system is suitable for use in the area however no significant anomalies were generated from the survey.

The system was also used over a geochemical-auger anomaly at Stormbreaker North (M77/693) over the central ultramafic corridor. No significant anomalies were generated from the survey.

Auger sampling was completed over the western ultramafic corridor; the sampling has infilled previous wide spaced sampling as well as extended the coverage to the north. Assay results are pending.

Auger sampling was also completed over the central ultramafic unit on tenement P77/3943, assay results are pending.

RC percussion drilling will follow testing both geochemical and TEM anomalies.

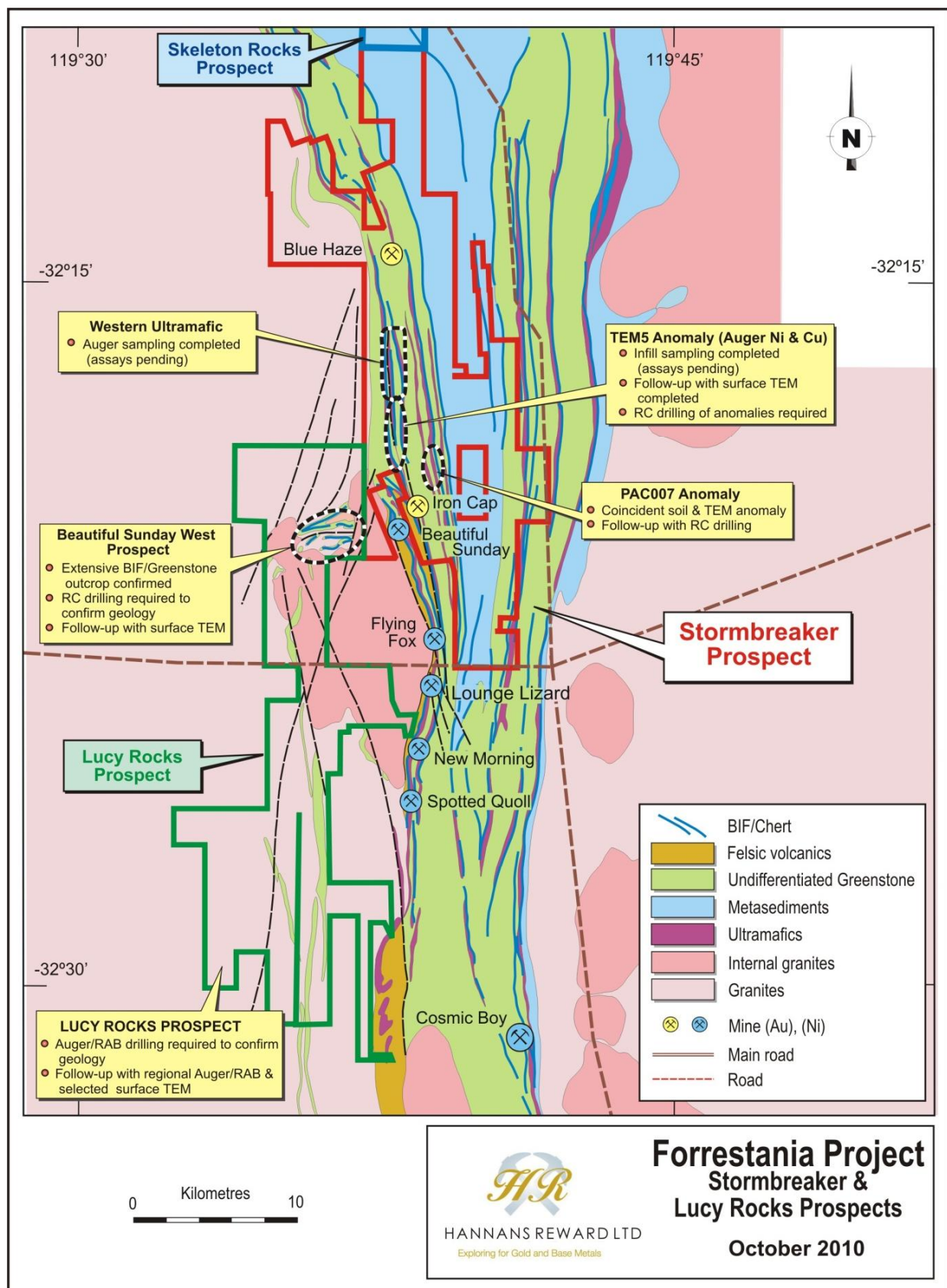


Figure 1. Leasing diagram showing geology of the Stormbreaker and Lucy Rocks prospect areas.

Lucy Rocks Prospect Area

The Lucy Rocks Prospect area covers approximately 25 km's of greenstone which has not previously been explored for nickel sulphides.

A single Moving Loop TEM traverse was completed over a VTEM anomaly on tenement E77/1512; no significant anomalies were generated from the traverse.

Field reconnaissance activities have identified BIF outcrop in a number of locations at the Beautiful Sunday West Prospect area (E77/1512). The extensive BIF outcrop has confirmed the presence of greenstone stratigraphy in the area and has also significantly increased the probability of identifying ultramafic lithologies in the area.

The BIF outcrop has a consistent strike of 040 to 050 degrees and dips 60 to 70 degrees towards the south-east. The northern most BIF unit appears to dip towards the north-west; the multiple BIF units are most likely a result of structural repetition due to folding and thrust faulting.

The gravity survey that was completed over the area has confirmed that the greenstone/BIF units extend to the east towards the Beautiful Sunday deposit (owned by western Areas NL) and have an overall shallow dip towards the east.

Ongoing exploration over the southern part of the Lucy Rocks area will include deep auger traverses to test the depth of transported cover. Once this orientation work is complete and assessed to be a successful method for exploring the area, a more extensive sampling program will be implemented.

Skeleton Rocks Prospect Area

The work completed at Skeleton Rocks by Hannans for the quarter has included extensive data reviews and research. The work has confirmed ultramafic lithologies in the north-eastern region of the prospect area on tenement E77/1784 (*Figure 2*); as well as gold anomalism on vacant ground to the north-west which has since been covered by an Exploration License Application (ELA77/1846).

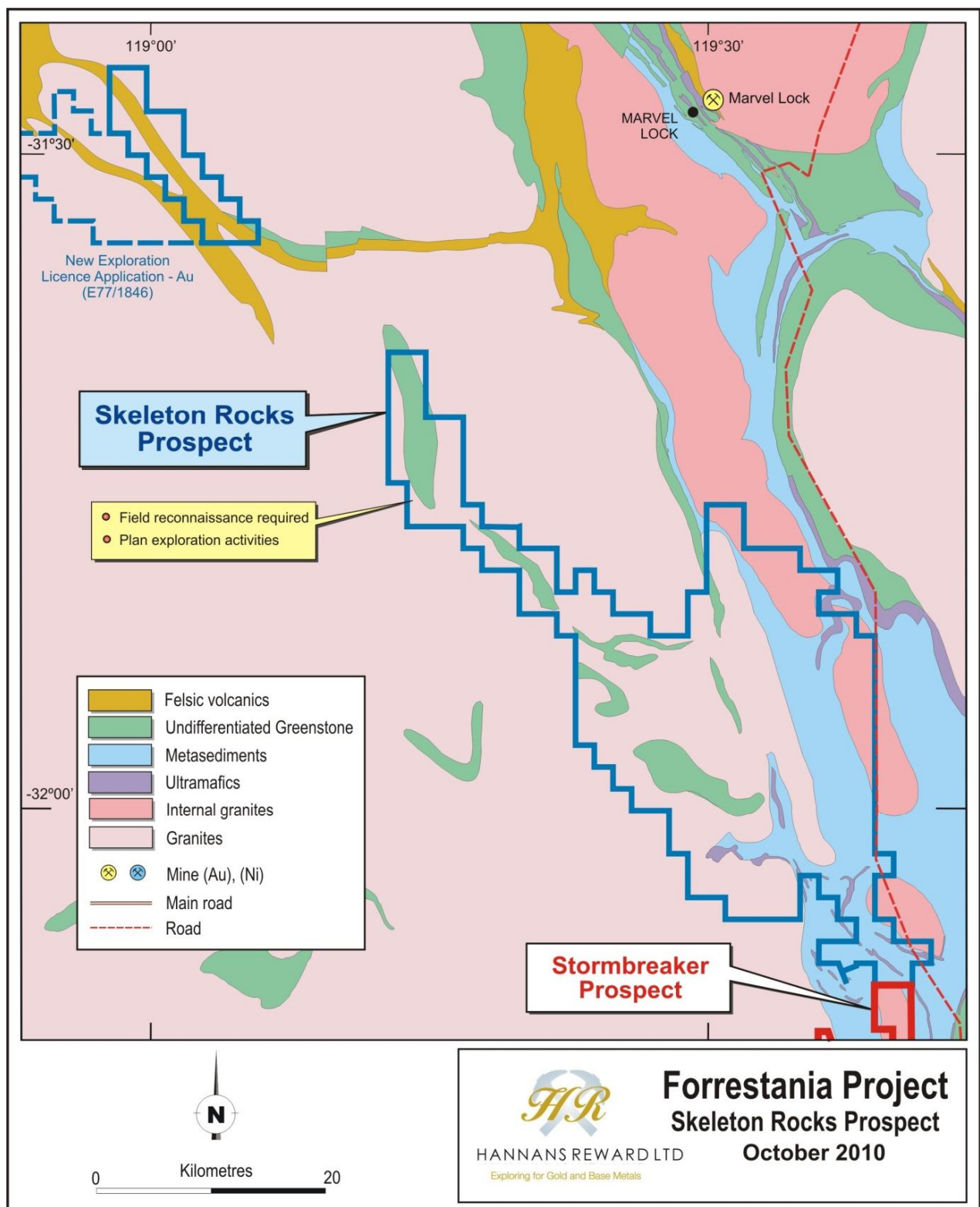


Figure 2. Leasing diagram showing geology of the Skelton Rocks prospect area.

Queen Victoria Rocks (QVR) Project

Exploration for the quarter has been concentrated within the Benari Prospect area (E15/913) and has included surface TEM surveys, RC percussion drilling and drill spoil sampling (*Figure 3*).

Summary and Highlights

- RC percussion drilling commenced at the Benari Prospect within the Queen Victoria Rocks Project area. A total of 8 holes have been completed for 1,933 metres. The drilling to date has intersected mafic, komatiitic and granitic lithologies. Assays have been received for 3 holes with no significant assays to report.
- 18.5 line km's of MLEM was completed at the Benari Prospect; the traverses were completed as follow up to VTEM anomalies and geochemical anomalies.
- Surface auger sampling has been processed and interpreted with a number of anomalies identified for follow up exploration work.

The following table includes a summary of exploration activities completed for the Queen Victoria Rocks Project.

Activity	QVR Summary
RC percussion drilling	6 holes for 1,478 metres
Down hole TEM	1 hole
Surface EM	18.5 line km's of MLEM
Geochemical Sampling	6 rock chip samples 3 drill spoil samples

RC percussion drilling commenced at the Benari Prospect within the Queen Victoria Rocks Project area. A total of 8 holes have been completed for a total of 1,933 metres (*Figure 4*). The drilling to date has intersected mafic, komatiitic and granitic lithologies. Assays have been received for three hole with no significant assays received to date.

The RC drilling has targeted a number of Moving Loop TEM conductors and has intersected amphibolites, granitic and komatiitic lithologies. RC drill holes labelled 8, 9, 6 and 10 intersected sulphidic sedimentary units which have been interpreted to be the source of the TEM anomalies.

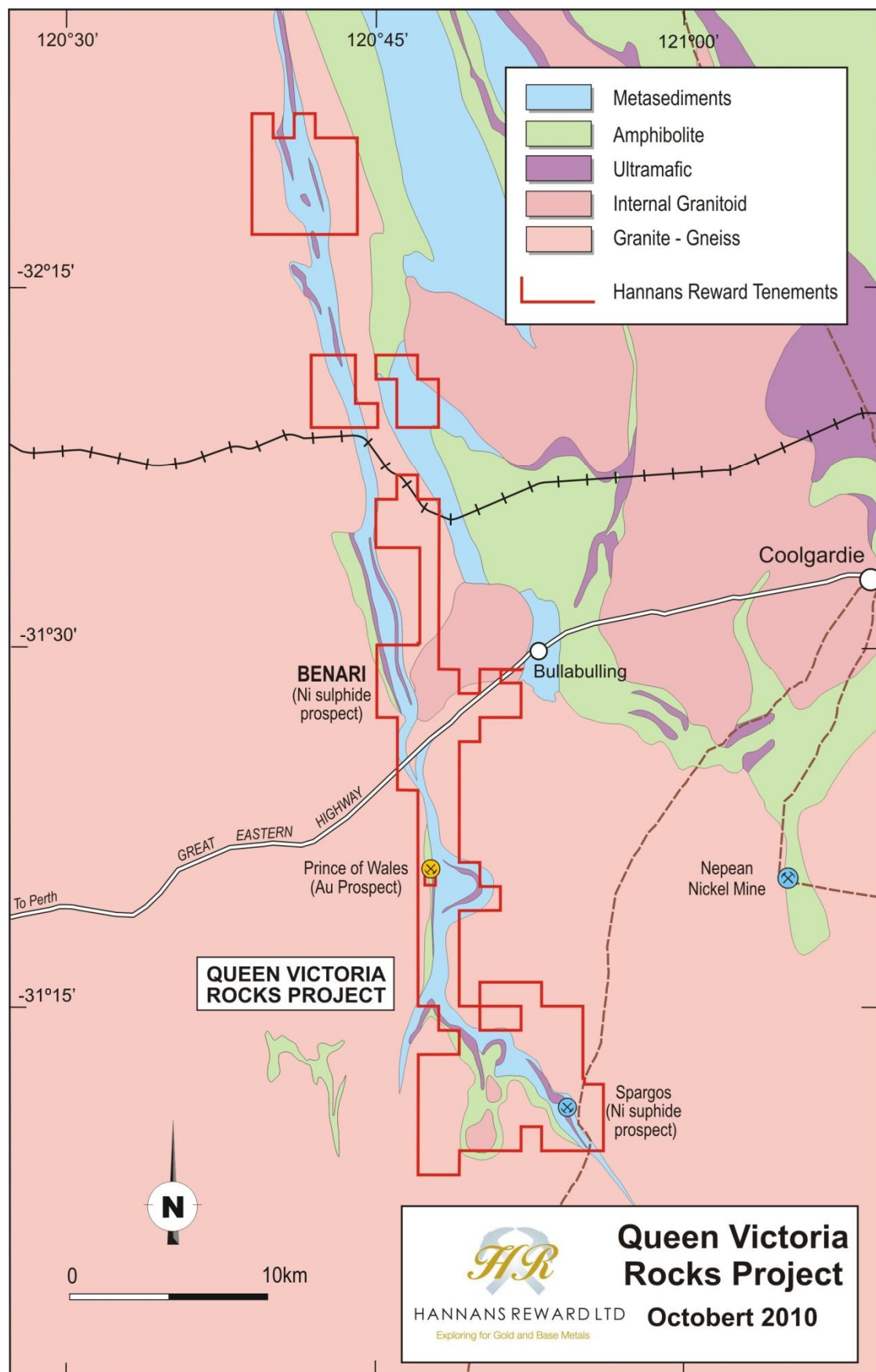


Figure 3. Hannans Reward Ltd – Queen Victoria Rocks Project

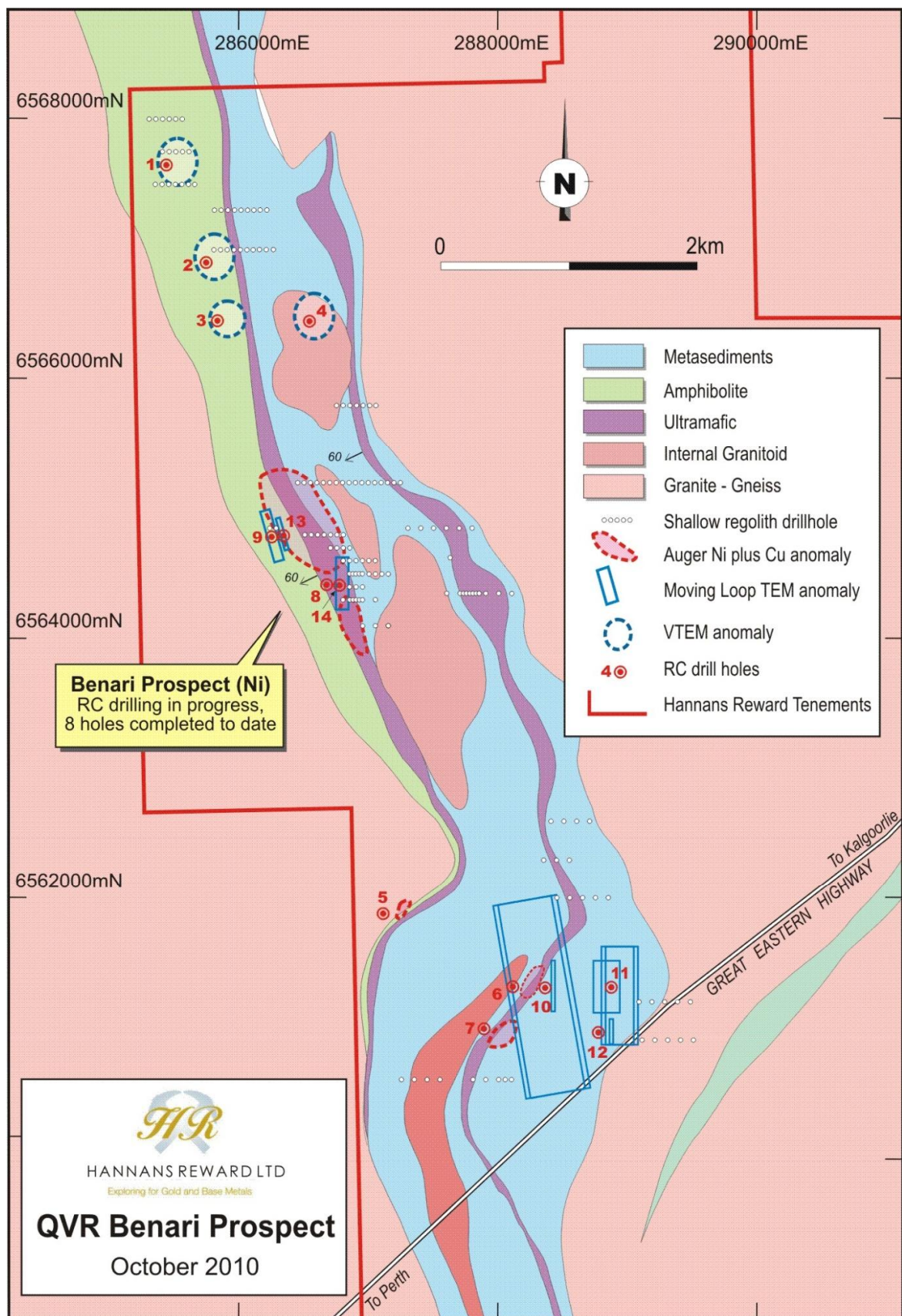


Figure 4. Benari Prospect showing auger, VTEM, moving loop TEM anomalies and RC collars.

Lake Johnston Project

Gravity surveys were completed over the Ernest and Hardcore prospect areas; the surveys have shown that the gold mineralisation at both prospects is associated with a steep gravity gradient. The gravity gradient is interpreted to represent a large scale structure adjacent to the granite-greenstone contact.

The following table includes a summary of exploration activities completed for the Lake Johnston Project.

Activity	Lake Johnston Summary
RC percussion drilling	nil
Down hole TEM	nil
Surface EM	2 line km's SQUID MLEM 6 line km's SQUID FLEM
Gravity	550 stations
Geochemical Sampling	nil

RC percussion drilling is planned to commence at the Ernest and Hardcore Prospect for gold during the coming quarter (*Figure 5*).

The mineralisation at the Hardcore Prospect is associated with a flat dipping shear and a felsic porphyry unit sitting immediately above the shear (*Figure 6*). Previous drilling has been relatively shallow to a maximum of 200 metres below surface, and has not closed off the mineralisation down dip or to the north.

Hannans have also planned a total of eleven RC percussion drill holes to test potential extensions to the Hardcore mineralisation down dip and along strike (*Figure 7*).

Hannans have also planned a total of nine RC percussion holes at the Ernest Prospect; the prospect includes a number of high grade gold rock chip samples over a broad shear zone. The drilling is planned to test possible extensions to the north of the gold mineralisation intersected in the previous drilling. Hannans previously completed RC percussion drilling at the prospect during 2009, with the best intersection returning 4m @ 1.69 g/t Au and 19.3 g/t Ag in LJRC021.

Ongoing work for gold exploration will include additional gravity surveys as well as processing and interpreting the historical geochemical data in the area.

Surface TEM was carried out at Maggie Hayes South as follow up to anomalies generated from historical TEM surveys. The surveys did not generate any significant anomalies. Ongoing surface TEM is scheduled to continue during the coming quarter to advance nickel sulphide exploration in the area.

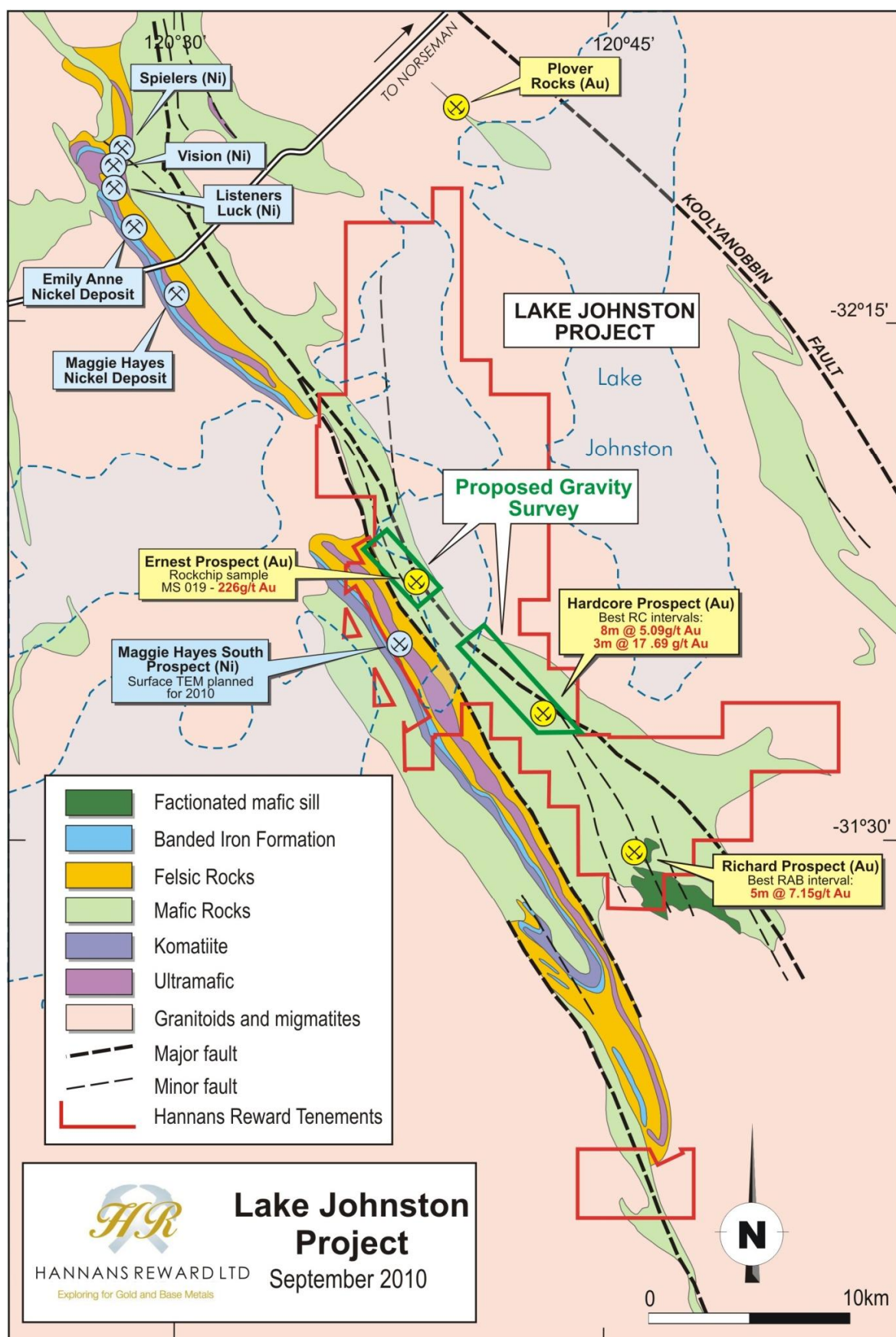


Figure 5. Lake Johnston Leasing Diagram showing regional geology and prospect locations

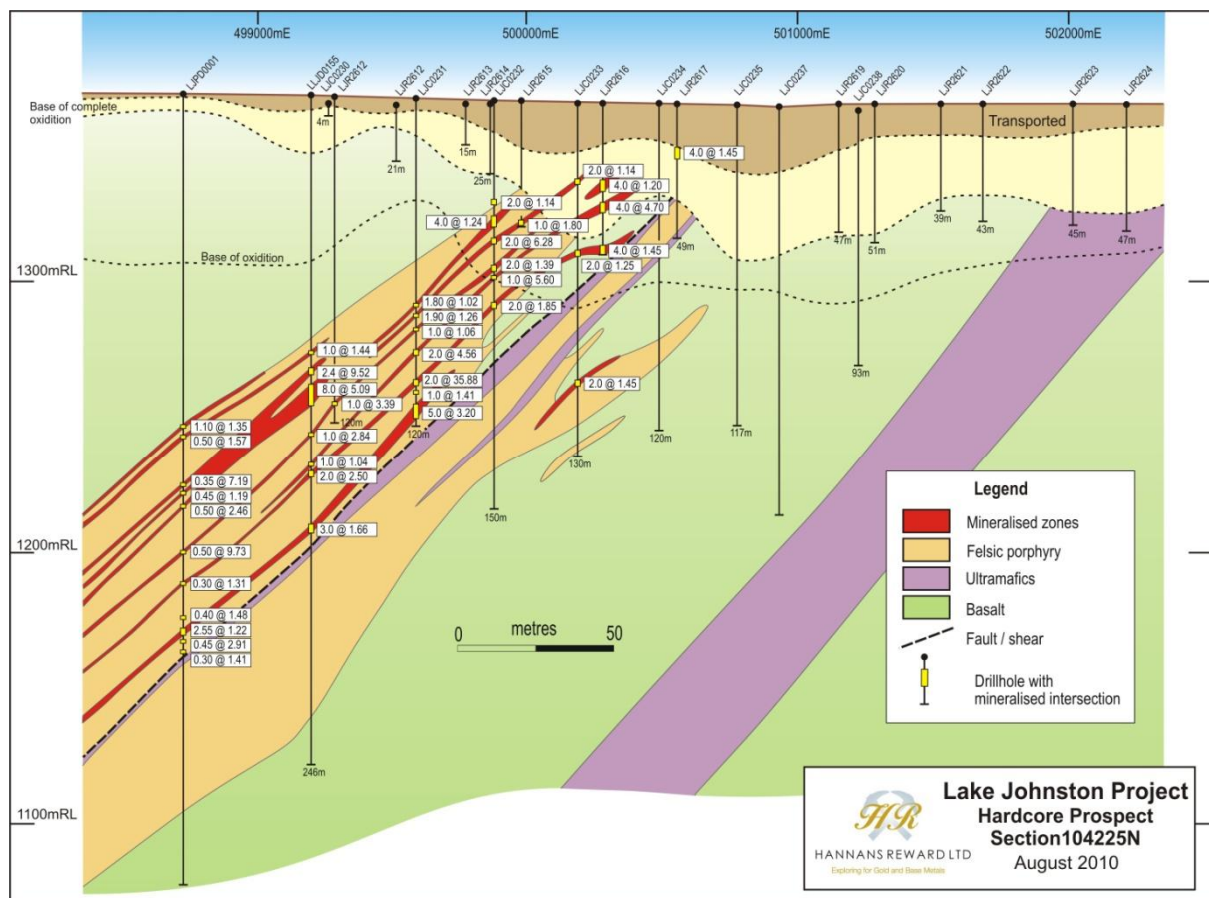


Figure 6. Hardcore schematic cross-section looking north-east

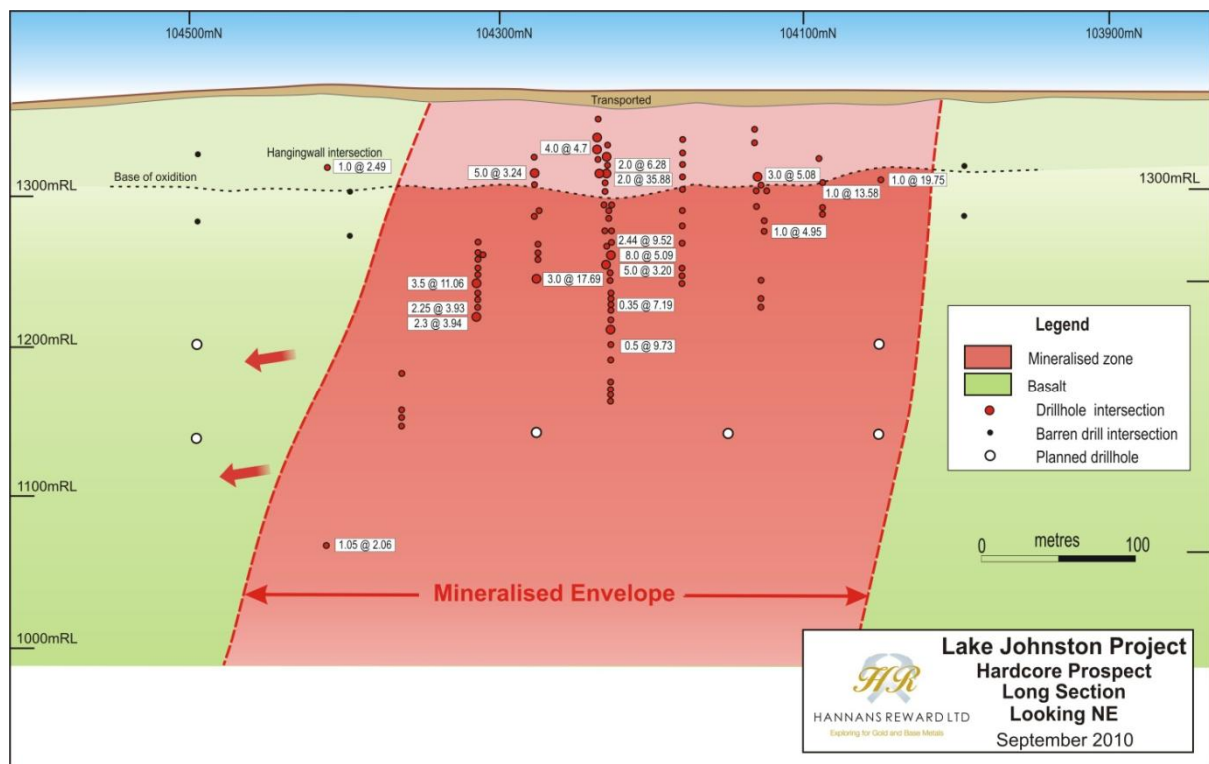


Figure 7. Hardcore schematic long-section looking north-west

Jigalong Project

No physical exploration activities were carried out over the Jigalong Project, interpretation of historical and other datasets is ongoing with the aim of re-commencing ground exploration activities during the October-December quarter of 2010.

Corporate

During the quarter 598,000 Atlas Iron Ltd shares have been sold on the market for a total of \$1.35 million.

Hannans Reward Limited 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 located in the world class Forrestania nickel belt. Hannans has joint ventures with St Barbara Ltd and Triton Gold Ltd. Hannans is a major 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%, Cullens – 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
- Queen Victoria Rocks - nickel and gold project located 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 Mr Donald Huntly, Consulting Geologist 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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