

# HANNANS

2nd Quarter Activities Report 2012/2013 (Amended)

## Fast Facts

ASX Code: HNR

## Capital Structure

Shares on issue: 580.6m

Options on issue: 9.3m

Market cap: \$13.3m (at 2.3c)

## Board of Directors

### Managing Director:

Damian Hicks

### Non-Executive Directors:

Olof Forslund

Markus Bachmann

Jonathan Murray

## Key Projects

### Sweden

Rakkurijoki (Iron deposit)

Pahtohavare (Copper-Gold deposit)

Dear Shareholders,

### During the 2nd Quarter (October – December 2012) Hannans:

- Announced a new JORC Exploration Target<sup>i</sup> for the Pahtohavare copper-gold project in northern Sweden;
- Received the balance of assay results for the Rakkurijoki iron deposit in northern Sweden;
- Advanced a scoping study for the Rakkurijoki iron deposit;
- Advanced the proposed divestment of non-core nickel and gold projects in Western Australia;
- Received a Co-Funded Drilling grant of \$40,000 for the Mt Gordon nickel prospect in Western Australia
- Announced a binding Heads of Agreement for the sale of the Discovery Zone copper prospect in northern Sweden to Avalon Minerals Limited, that subsequently lapsed by mutual agreement
- Raised \$1.72 million through a Share Purchase Plan and Placement.
- Announced the retirement of two long-serving Hannans directors

### During the 3<sup>rd</sup> Quarter (January – March 2013) Hannans plans to:

#### *Rakkurijoki (Iron deposit)*

- Release a Scoping Study for Rakkurijoki

#### *Pahtohavare (Copper-Gold deposit)*

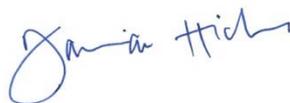
- Complete an Electro Magnetic (EM) geophysical survey;
- Complete Cobra geochemical sampling.

#### *Altavaara (Copper-gold prospect)*

- Complete Cobra geochemical sampling

Please note we previously indicated that the Rakkurijoki scoping study would be released during January 2013. We now expect to release the study in the first week of February 2013. We are taking additional time to consider the impact, if any, on recent developments with Toronto Stock Exchange listed company Northland Resources Inc who have recently commenced mining iron ore 180km from Rakkurijoki.

Yours faithfully



Managing Director

31 January 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.

### Summary

#### Sweden & Norway

- Two main projects: Rakkurijoki (Iron) and Pahtohavare (Copper-Gold) are located within 6km from the Kiruna town site (a full service mining town) and the 2Bt Kiruna iron mine (owned by LKAB) – the world's largest and most modern underground iron mine.
- Pipeline of projects covering gold, copper-gold and lead-zinc prospects in Sweden and Norway.

#### 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 100kms west of Norseman, Western Australia.
- Queen Victoria Rocks – nickel and gold project located 30km south-west of Coolgardie, Western Australia.
- East Pilbara Project – gold and base metals projects located east of Newman, Western Australia.

### Highlights

#### Sweden & Norway

- Infill diamond drilling programme consisting of 19 holes (total 6,634m) was completed in September 2012 at the Rakkurijoki iron deposit, Sweden:
  - High grade iron mineralisation intercepted from infill drilling at Rakkurijoki iron deposit including 51m @ 46.6% Fe from 189.9m.
- Positive preliminary metallurgical results received from both Altavaara and Paljasjärvi iron prospects indicating premium grade concentrates (>68% Fe) are obtainable.
- Exploration diamond drilling of three holes (total 653m) testing a highly prospective gold target was completed during July 2012 at the Särksjön project, Sweden.
  - Low grade gold mineralisation was intercepted in all three holes at Särksjön including 7m @ 1g/t Au from 74m.

#### Australia

- Petrographical analysis of drill chips confirms the presence of nickel sulphides at Mt Gordon nickel prospect, Lake Johnston.
- Application for Exploration Incentive Scheme (EIS) funding for additional drilling at the Mt Gordon nickel discovery was made during the Quarter.

## KIRUNA IRON PROJECT

### RAKKURIJOKI

- During the Quarter the balance of iron assays were received from Rakkurijoki; better results included:
  - 91.31m @ 51.3% Fe (RJO12022 from 313.22m)
  - 52.91m @ 42.8% Fe (RJO12020 from 206.18m)
  - 55.69m @ 41.8% Fe (RJO12029 from 251.82m)
- The balance of iron assay results from Rakkurijoki are summarised in Table I below:
- During the Quarter a copper-gold intercept within the magnetite was reported from Rakkurijoki; results included:
  - 25.74m @ 0.77% Cu, 0.78g/t Au and 37.5% Fe from 431m
  - Inc. 5.09m @ 1.6% Cu, 2.2g/t Au and 48.2% Fe from 435m

Table I: Drilling results received from Rakkurijoki iron deposit

Hole ID	Northing (RT90)	Easting (RT90)	Dip	Azimuth	From (m)	To (m)	Intercept	Fe %
RJO12020	7527724	1686167	-57	315	162.11	169.54	7.43	48.1
					206.18	259.09	52.91	42.8
RJO12021	7527642	1686232	-56	318	279.16	304.8	25.64	46.1
					321.1	357.05	35.95	44.1
					365	401.16	36.16	38
RJO12022	7527581	1686165	-69	319	313.22	404.53	91.31	51.3
					408.51	429.76	21.25	28.9
					435.45	451.7	16.25	31.1
RJO12023	7527642	1686232	-70	324	345.53	353.7	8.17	32
					426.75	461.61	34.86	38.3
RJO12024	7527744	1686391	-70	329	380.22	414.27	34.05	35.8
					431.31	457.05	25.74	37.5
RJO12025	7527831	1686205	-55	318	172.7	209.1	36.4	29.8
					219.7	234.6	14.9	29.7
RJO12026	7527839	1686315	-62	318	241.21	248.25	7.04	48.5
					257.4	282.3	24.9	35.2
					308.4	325.8	17.4	35.8
RJO12027	7527797	1686332	-66	320	291.4	296.98	5.58	57.5
					309.53	348.14	38.61	40.3
					374.12	397.7	23.58	27.6
RJO12028	7527826	1686456	-71	324	345.4	387.4	42	29.8
RJO12029	7527897	1686511	-71	315	251.82	307.51	55.69	41.8

All samples submitted to ALS Laboratories (Brisbane) for ME-XRF15b for iron analysis and ME-ICP61 for all other elements.

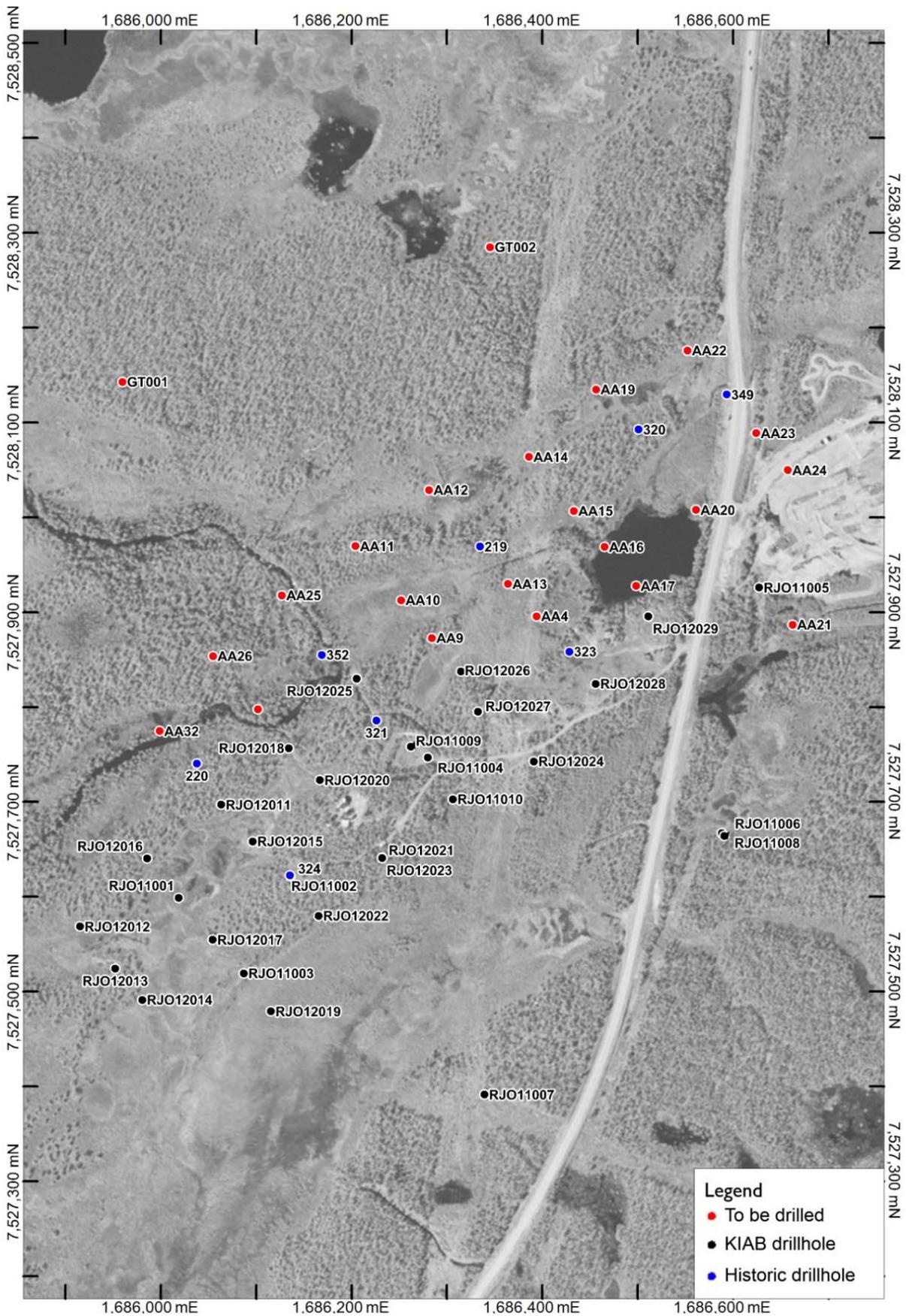


Figure 1: Drillhole location plan at Rakkurijoki Iron deposit, Sweden (Note: KIAB refers to Kiruna Iron AB, a wholly owned subsidiary of Hannans Reward Ltd).

## PRECIOUS AND BASE METALS PROJECTS

### PAHTOHAVARE

- During the Quarter a new copper-gold JORC Exploration Target calculation was released for Pahtohavare. The historic Pahtohavare copper-gold mine is located 8km southwest of Kiruna, Sweden and 2km from the Company's flagship Rakkuri Iron Project.

	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
<b>Total (Oxide +Fresh)</b>	<b>4.8-6.2</b>	<b>2.00-2.78</b>	<b>1.23-2.23</b>

- Digitisation of >300 diamond drillholes, assays and a large geochemical dataset was completed during the Quarter.
- Reinterpretation of historic geophysics was also completed during the Quarter and a new ground-based fixed-loop EM survey has been planned to further define a large airborne EM anomaly; the survey is scheduled to commence in early February 2013.

The JORC Exploration Target has 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.

### ALTAVAARA

- The Altavaara iron prospect is located in the Kiruna North Hub, 15km south of Kiruna and just 600m from the E10 highway.
- A 100-sample Cobra geochemistry programme was initiated in early January at Altavaara. The geochemistry programme is designed to follow-up on the shallow (<20m) high-grade copper-gold intercept made in January 2012; 3m @ 1.3% Cu, 5.2g/t Au. Geochemical results are expected in the 3<sup>rd</sup> Quarter 2013.

## PROJECT PIPELINE

### LAKE JOHNSTON

- During the quarter, Hannans was awarded the Co-Funded Drilling Grant offered under the WA EIS. The grant is valued at up to \$40,000 and covers 50% of all direct drilling costs for the proposed program.
- The grant was received for drilling to be conducted at the Mt Gordon nickel prospect at the Lake Johnston project. Hannans has proposed that five deep RC percussion drill holes be completed to test the basal contact of the ultramafic sequence for nickel sulphide mineralisation. Subsequent down-hole electromagnetic surveying of the holes will also be conducted under the proposed work program.
- A single RC hole was completed in February 2012 testing a co-incident nickel-copper auger anomaly which intercepted nickel sulphide mineralisation. Results included:
  - 48m @ 0.3% Ni from 16m
  - 2m @ 0.56% Ni from 96m
  - 16m @ 0.26% Ni from 118m
  - 28m @ 0.28% Ni from 140m

Petrographic and geochemical studies confirmed the presence of komatiite-hosted nickel sulphide mineralisation.

## NICKEL PROJECT DIVESTMENT

Hannans is progressing with the divestment of its nickel and gold project portfolio in Western Australia, which includes the:

- Forrestania Project (east of Hyden)
- Lake Johnston Project (west of Norseman)
- Queen Victoria Rocks Project (south-west of Coolgardie)

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.

## 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 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.

## Competent Persons Statement-Exploration Targets

The information in this document that relates to JORC Exploration Targets is based on information reviewed by Mr Thomas Lindholm of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.