

HANNANS

2 September 2014

ASX ANNOUNCEMENT

Second USD500,000 Received for Rakkuri Iron Project Sweden

- Second USD500,000 received from Third Party for exclusive right to complete due diligence
- It has been agreed in writing that due diligence will now be completed in October and if the Third Party decides to contract, a legally binding Terms Sheet will be signed in November.

As announced to ASX on 27 February 2014 Hannans Reward Ltd's (ASX:HNR) (**Hannans** or the **Company**) wholly owned subsidiary company Kiruna Iron AB (**Kiruna Iron**) 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.

In consideration for the grant of the exclusive right, the Third Party agreed to pay Kiruna Iron a non-refundable signing bonus of USD One Million (USD1,000,000). Half of the signing bonus was received on the 15th of March 2014 and the balance was received on 1 September 2014. The Third Party has requested additional time to complete its due diligence and accordingly Hannans has extended the period of the exclusive right. It has been agreed in writing that the due diligence will be completed in October and, if the Third Party decides to enter into a transaction with regards to Rakkuri, a legally binding Term Sheet will be executed in November 2014.

Please visit hannansreward.com to read more about the Kiruna Iron Project and the Company's significant Lannavaara Iron Project and Pahtohavare Copper-Gold Project.

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