

HANNANS

20 March 2013

ASX & MEDIA ANNOUNCEMENT

MULTIPLE EM CONDUCTORS IDENTIFIED 'DOWN DIP' OF HIGH GRADE COPPER-GOLD

Highlights:

- ✓ Multiple, well located conductors generated from Hannans' recently completed ground geophysical survey (FLTEM)
 - Conductive anomalies (Conductors 1 & 2) identified 'down-dip' from existing copper-gold mineralisation at the Central orebody
 - Conductors 1 & 2 may represent a continuation of high grade copper-gold mineralisation at depth
 - Additional conductive anomalies (Conductors 3 & 4) also identified at Central
 - Conductors 3 & 4 may represent stratiform-type copper-zinc mineralisation which has been identified (from historic drilling) to the east of both the Central and the South Eastern orebodies
 - Conductors 1, 2, 3 & 4 have never been drill tested
- ✓ Hannans will drill test all four Conductors in its maiden drill campaign
 - After drill testing, down-hole geophysical surveys (DHEM) will be completed in each drill hole to improve the modelling of existing anomalies and to identify off-hole conductors that may represent additional copper-gold drill targets
- ✓ Interpretation of FLTEM survey on-going at the South and South-Eastern orebodies

Hannans Reward Ltd (ASX:HNR) (**Hannans**) is pleased to announce multiple conductive and well located anomalies were generated from the recently completed ground based geophysical survey (FLTEM) at its 100% owned Pahtohavare Project located in northern Sweden (refer Figure3). The anomalies have not been drill tested by previous explorers – Hannans will test these anomalies in its maiden drilling campaign.

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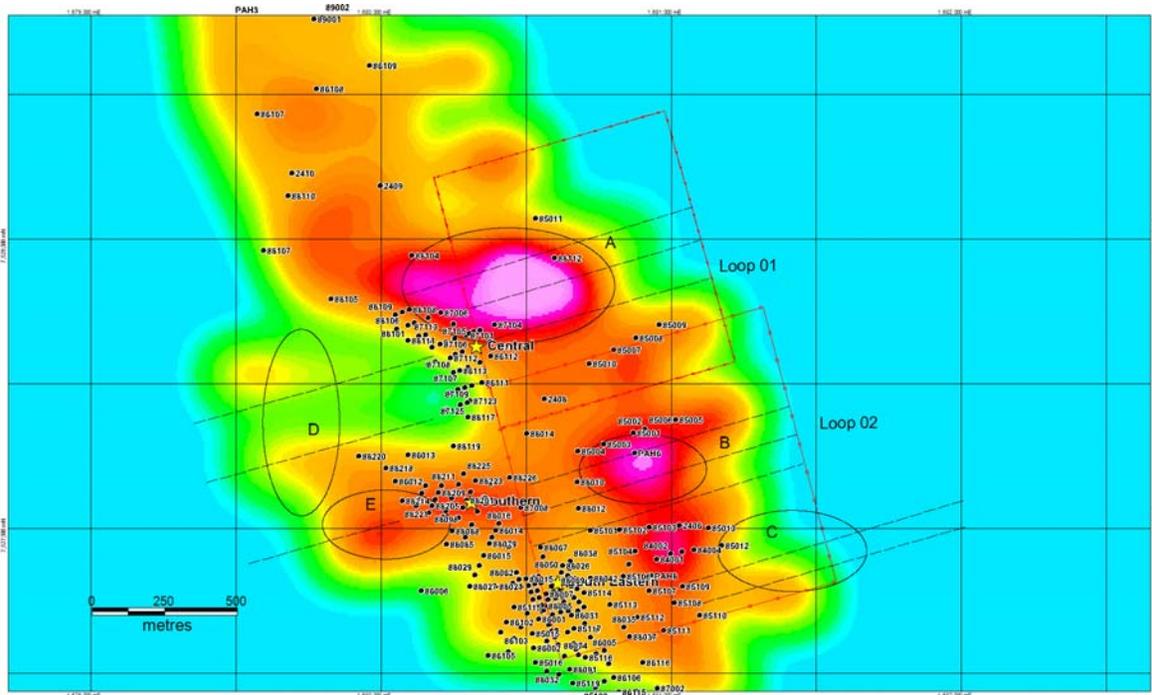


Figure 1 – TAU decay image showing several (A – E) untested airborne TEM anomalies (survey by Anglo American Exploration BV in 2000), the location of recent ground fixed-loop surveys (box shapes and hatched lines) and drill hole collar locations (black dots)

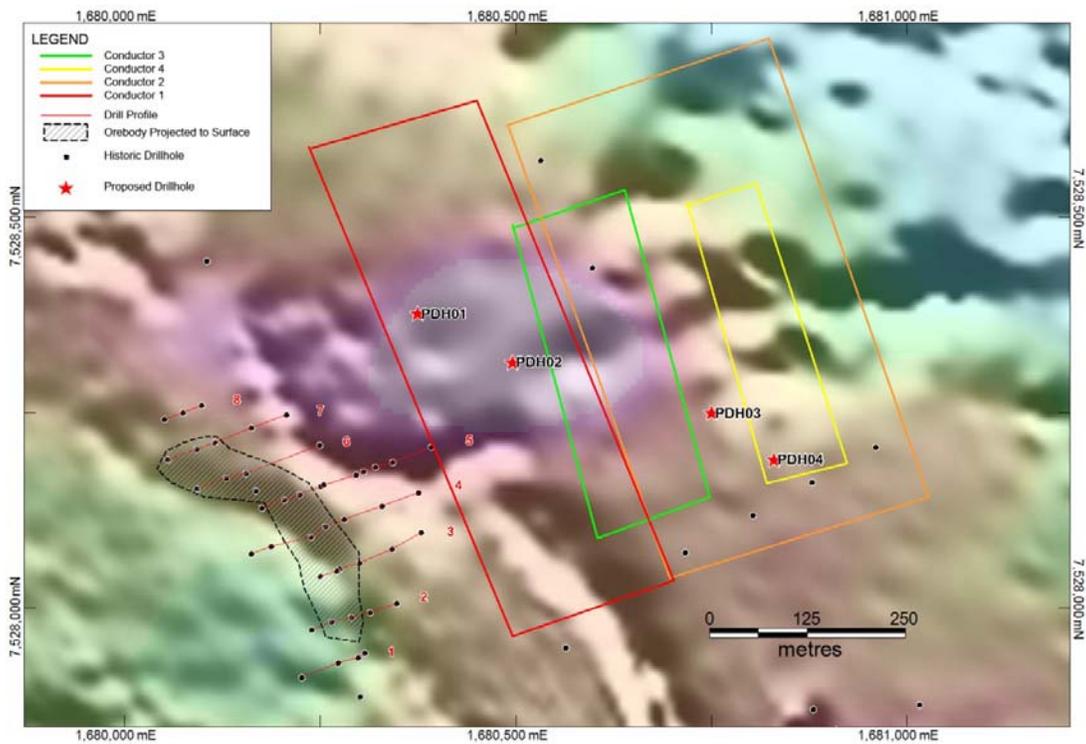


Figure 2 – Plan view showing the location of the FLTEM Conductors 1, 2, 3 & 4 (survey by Hannans in 2013) at the Central Orebody, Drill Profiles 1 – 8 and Planned Drill Holes (PDH) to test Conductors

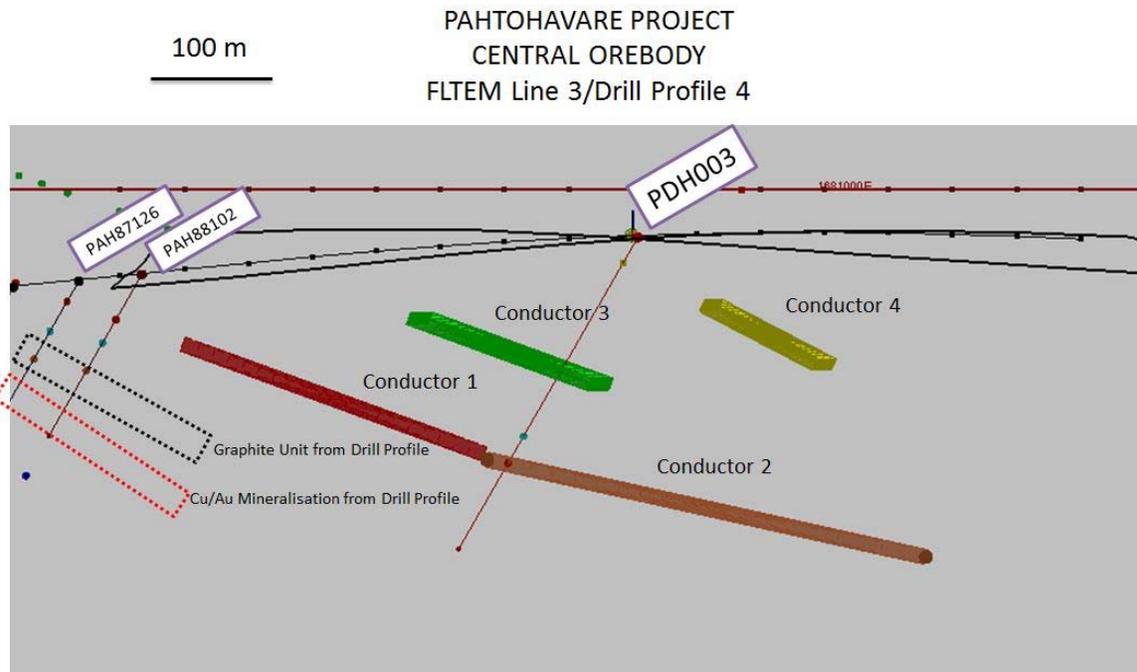


Figure 3 – FLTEM Line 3 and Drill Profile 4 showing the location of the four conductors at the Central Orebody. PDH means Planned Drill Hole.

Discussion

By way of introduction, Anglo American Exploration BV conducted an airborne geophysical survey (TEM) over the Pahtohavare Project in the year 2000. This survey generated four separate EM anomalies (refer Hannans ASX release dated 12th March 2013). Anglo did not drill test these anomalies at the time, most likely due to the requirement to complete a follow-up ground EM survey to further refine and model the anomalies. At the time the copper price was also historically low and trending lower.

Hannans used the Anglo survey data to design a ground based geophysical survey (FLTEM) to refine the Anglo anomalies. The FLTEM survey has the added advantage of penetrating deeper into the earth's surface enabling more detailed modelling of the anomalies.

At Pahtohavare, copper-gold mineralisation is associated with rock units that are both conductive (graphite schist) and non-conductive (chert, basic tuff and gabbro). For this reason it has been important to generate a thorough understanding of the geology of the Central, Southern and South-Eastern orebodies in order to understand where the existing mineralisation is hosted. This understanding will aid in interpreting the source of the anomalies and designing drill holes to test the targets.

The copper-gold mineralisation at the Central orebody is closely associated with a variably altered graphitic schist unit which is strongly conductive and can have the effect of 'masking' any lower strength conductors i.e. disseminated sulphides. The multiple ore lodes and the stratigraphy are both dipping in the same orientation which makes it challenging to distinguish between the two conductive units (graphite and disseminated sulphides). The existing, shallow, high-grade ore at Central is oxidised and therefore not conductive and will not generate a geophysical anomaly although the deeper mineralisation highlighted in Drill Profiles 4 & 5 is associated with disseminated sulphides (Refer to ASX release dated 14 March 2013).

In summary, mineralisation at Central is hosted in both conductive and non-conductive rock units. The FLTEM survey has identified conductive anomalies (Conductors 1 & 2) located 'down-dip' from existing copper-gold mineralization at the Central orebody. The additional conductive anomalies (Conductors 3 & 4) identified at Central may represent stratiform-type copper-zinc mineralisation which has been identified (from historic drilling) to the east of both the Central and the South Eastern orebodies. All of these anomalies must be drilled tested to confirm the source of the anomalies and to identify additional copper-gold mineralisation.

Four drillholes have therefore been proposed to test the modelled conductors at the Central orebody. These four holes will be part of a larger drill program designed to test for additional close to surface mineralisation.

Once these holes have been drilled, down-hole EM surveys will be conducted in each of the four 'EM' holes to improve the modelling of existing anomalies and to identify off-hole conductors that may represent additional copper-gold drill targets.

Pahtohavare – Overview

The Pahtohavare project is located 8 kilometres south-west of Kiruna, a full-service mining town in Norrbotten County, northern Sweden. Kiruna is located approximately 1,200 kilometres north of Sweden's capital Stockholm. The project is also very well positioned with regard to major infrastructure; including sealed roads, power and open-access railway (refer to Figure 4).

Copper mineralisation was first discovered at Pahtohavare in 1984 by the state-owned exploration company Swedish Geological AB and later mined by Finnish mining company, Outokumpu in 1984. Three deposits were defined at Pahtohavare (refer to Figure 4) namely;

- Central (oxide, carbonate and sulphide ore);
- Southern (sulphide ore); and
- South-Eastern (sulphide ore).

The combined JORC Exploration Target¹ for Pahtohavare is summarised below:

Ore	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
Total (Oxide + Fresh)	4.8-6.2	2.00-2.78	1.23-2.23

Table 2 - JORC Exploration Target

The copper-gold mineralisation at the Central oxide orebody is complex and controlled primarily by structure and secondly by lithology and contains oxide, carbonate and sulphide copper minerals; including malachite, azurite, tenorite, cuprite and chalcopyrite, with native gold also closely related to the copper mineralisation. Oxide mineralisation is dominant down to approximately 100 metres below surface, at which point a 'transition zone' starts becoming evident with disseminated sulphides. Little is known about the mineralisation below approximately 110 metres depth at the Central ore body due to the lack of effective previous drilling below this depth but from the current drill profiles it is evident that faulting and/or folding are important and may be responsible for the dis-continuation of ore at depth on a number of drill profiles.

¹ The JORC Exploration Targets have 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.

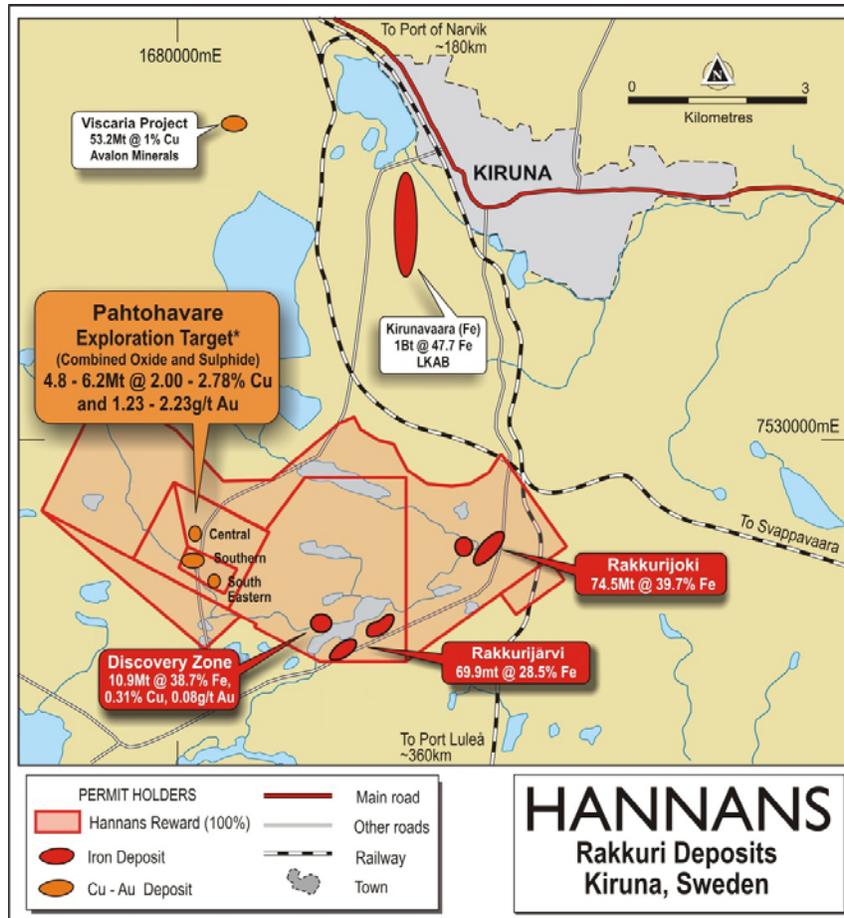


Figure 4 – Pahtohavare and other Hannans Project locations in close proximity to the Kiruna Township.

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Competent Persons Summary

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.