

# HANNANS

18 April 2013

ASX & MEDIA ANNOUNCEMENT

## DRILL TESTING OF COPPER-GOLD TARGETS

### Highlights:

- Design of drill program to test multiple targets at the Central Orebody
- Drilling scheduled to commence in May at the Central Orebody
- Reverse Circulation drilling will be used to:
  - test high potential targets where historical drilling was in-effective; and
  - infill historical drill profile spacing down to 25 metres.
- Diamond drilling will be used to:
  - test potential for additional high-grade lodes at depth;
  - test geophysical anomalies; and
  - confirm historical drill results with twin hole drilling.
- Review of historic holes from the Southern and South Eastern Orebodies and the Eastern Zone ongoing with results released once validated

Hannans Reward Ltd (ASX:HNR) (**Hannans**) is pleased to announce plans for the commencement of drill testing high-grade copper-gold targets at its 100% owned Pahtohavare Project located in northern Sweden (refer Figure 2). Phase 1 drill planning has recently been completed for the Central Orebody. The program will comprise approximately 6,000 metres of Reverse Circulation percussion (RC) and Diamond drilling (DD) and is scheduled to commence in May 2013 (subject to permitting) (refer Figure 1 for hole locations).

HANNANS REWARD LIMITED  
ASX: HNR  
ABN: 52 099 862 129

6 Outram Street  
West Perth, Western Australia  
Postal Address: PO Box 1227  
West Perth, WA 6872, Australia  
Facebook: Hannans Reward

T: +61 8 9324 3388  
F: +61 8 9324 3366  
E: admin@hannansreward.com  
W: www.hannansreward.com  
Twitter: hannansreward

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The RC program will test shallow, high potential targets where drilling by previous explorers was in-effective due to their failure to penetrate through a shear zone located above the ore. Historically DD was used from surface and the challenges associated with penetrating this difficult shear zone often caused the DD holes to be abandoned prior to reaching their target. The RC program is expected to aid in penetrating the shear zone in a cost effective manner. The infill component of the RC program will also decrease the profile spacing from 50 metres (the current spacing) down to 25 metres and this is expected to assist in resource definition.

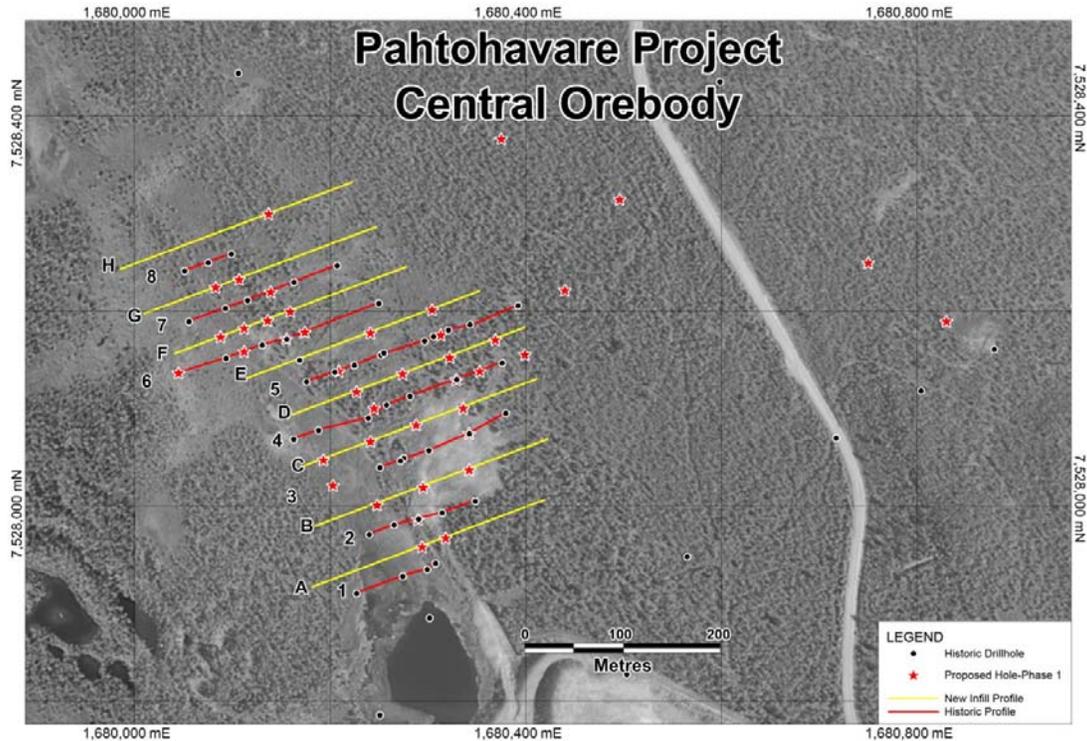


Figure 1 – Proposed Hole Locations for Phase I drilling at the Central Orebody

The DD program will test for 'new lodes' potentially parallel to and deeper than the existing known mineralised lodes sitting in the largely untested footwall gabbro which is known to host primary, high grade copper and gold mineralisation.

The DD program will also test geophysical Conductors 1- 4 that were generated during the FLTEM<sup>5</sup> survey (refer ASX Announcement 20 March 2013). Conductors 1 & 2 are interpreted to be in a 'down-dip' position of the existing copper-gold mineralisation at the Central Orebody and may represent a continuation of high grade copper-gold mineralisation at depth. 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. None of these conductors have previously been the subject of drill testing.

The twinning of three historic holes for validation purposes will also be part of the initial DD program.

A number of the deeper DD holes will be cased to enable down-hole geophysical (EM) surveying to be completed at a later time. This survey may improve the modelling of existing EM anomalies and or identify 'off-hole' conductors that may represent additional copper-gold drill targets.

<sup>5</sup> Fixed Loop Transient Electromagnetic survey

## 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 2).

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 2) namely;

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

Mineralisation has also been identified in an area referred to as the Eastern Zone.

The combined JORC Exploration Target<sup>8</sup> for Pahtohavare (incorporating the Central, Southern, South-Eastern and Eastern Zone) 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
<b>Total (Oxide + Fresh)</b>	<b>4.8-6.2</b>	<b>2.00-2.78</b>	<b>1.23-2.23</b>

Table 1 – JORC Exploration Target

## Historic Drill Program – Central Orebody Overview

A total of 50 drill holes were completed at the Central Orebody by previous explorers during the period 1984-1996; 46 holes were drilled within 8 drill profiles (each profile 50 metres apart) and 4 holes were drilled outside of these profiles. The current mineralised strike length is approximately 300 metres.

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.

On all drill profiles presented to date the mineralisation has been shown to be closely associated with a chert unit which honours the original logging by Swedish Geological AB. Recent re-logging and interpretation by Hannans' geologists indicate that the unit referred to as chert in historic logs is more likely a silica-albite-carbonate alteration and not a classic sedimentary chert. However the re-logging has confirmed the presence of thin chert horizons in the basic tuff.

<sup>8</sup>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.

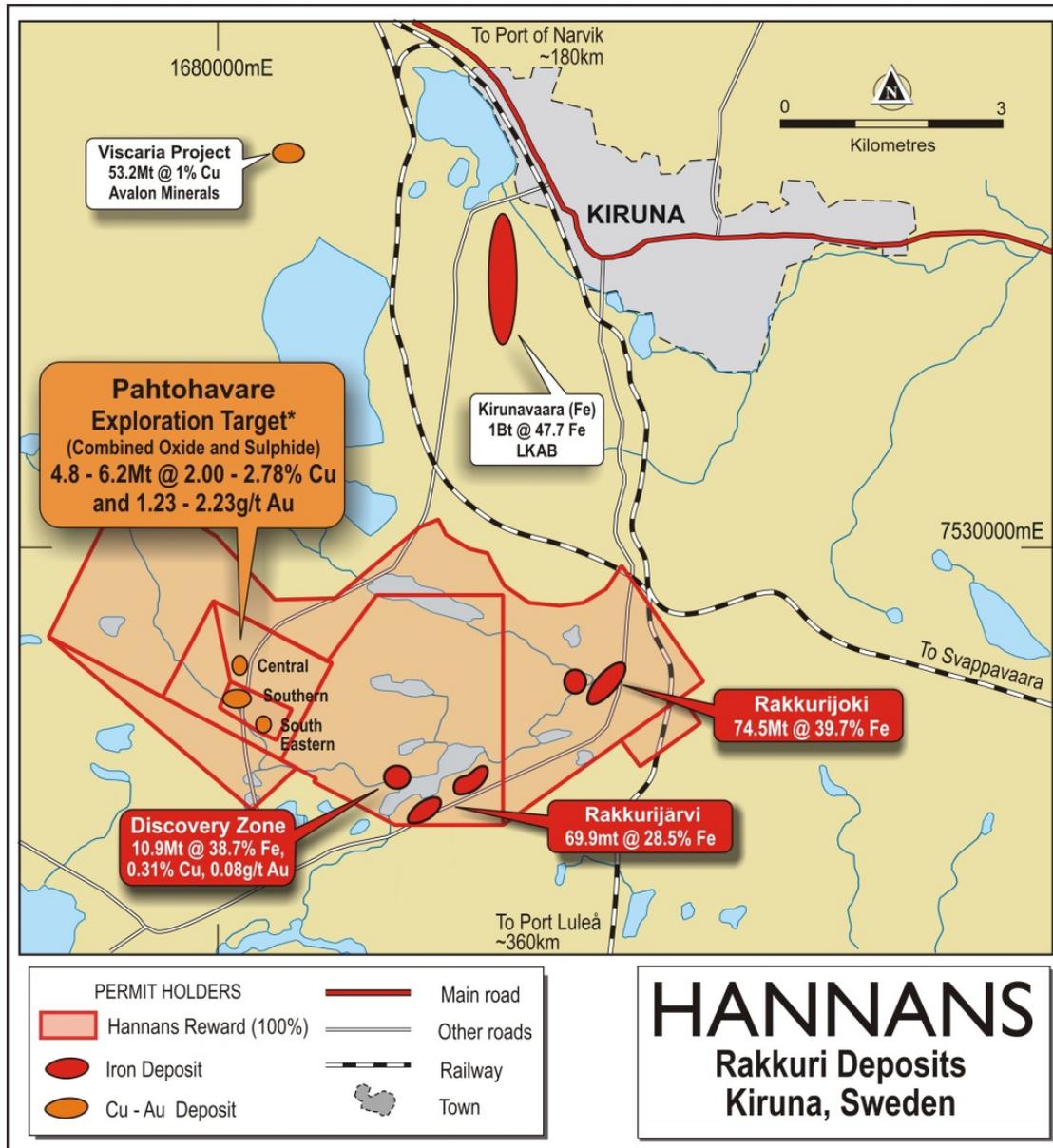


Figure 2 – Pahtohavare and other Hannans Project locations in close proximity to the Kiruna Township.

For further information please contact:

Damian Hicks  
 Managing Director  
 Tel: +61 8 9324 3388

Ben Della-Vedova  
 Business Development Manager  
 Tel: +61 8 9324 3388

**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.

## Notes

### Survey:

Historic drillhole collars from the Central orebody have been located in the field by Hannans and surveyed with an RTK GPS in the Swedish coordinate system RT 90 (2.5 Standard). Not all drillhole collars were located and these positions have been back-calculated through a grid transformation.

Drillhole elevation data has been collected for the holes found in the field via RTK GPS but elevation for the holes not found will be generated through a digital elevation model (DEM) derived from digital spot elevation data supplied by Metria as part of the process to convert the current JORC Exploration Target to a JORC Mineral Resource.

### Assays:

The historic drill assays quoted in this press release were undertaken by Swedish Geological AB and assayed at SGAB Analys in Luleå, Sweden via an acid digest and ICP for all elements except for gold which was via a fire assay. The majority of historic drillcore is 76mm and was sampled to geological boundaries and half-cored.

The results have not yet been independently verified by Hannans, however the sampling and assaying are considered to have been undertaken using standard industry practice and QA/QC procedures. Core from more than 150 holes are stored in archive and will be used to validate the historic assaying as part of the process to convert the current JORC Exploration Target to a JORC Mineral Resource.

Current intercepts are weighted averages calculated using a 0.1% Cu and 0.1g/t Au lower cut-off. Generally the assays were consistent through a mineralised interval but where a high value has been diluted by lower values they have been reported as such in Table 1.

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