

To ensure you receive this e-mail in the future, please add members@fatprophets.com.au to your list of approved senders.



Mid-Week Alert - Hannans Reward

Take up SPP entitlement

The company has a lot going on at the moment, with solid exploration news on several fronts, finalisation of a tremendous exploration joint venture with one of the world's biggest miners, Brazil's Vale, plus a Share Purchase Plan (SPP) opportunity for existing shareholders.

We believe the SPP is a great opportunity for Members that hold Hannans Reward to acquire additional shares at a 20% discount to the prevailing market price. Accordingly, we recommend that members take up their full entitlement.

Let's explain the SPP to Members in more detail.

Every Hannans Reward shareholder registered as at 6 October has the opportunity to participate in the SPP. They have the opportunity to acquire new shares to the value of between \$1,000 and \$5,000 in the company. The offer price has not yet been determined, but will effectively be a 20% discount to what is known as the VWAP (Volume Weighted Average Price) during the five days immediately after the closing date of the offer.

The closing date for the offer is Friday 24 October, so the offer price will be determined on the basis of the market price of Hannans during the following five trading days. Members can rest assured that there will be a 20% discount involved and that the SPP is underwritten to the value of \$500,000.

The SPP is also a good opportunity for existing shareholders to acquire additional shares without brokerage charges.

As we have highlighted in previous reports on the company, despite a volatile market, Hannans has established a reputation as an aggressive and focused Western Australian explorer, with several projects that could generate that 'company-making' discovery that could provide enormous share price appreciation for Members.

Of course, there are no guarantees with exploration: it is a high-risk business. But Members with

some reasonable appetite for risk should consider having a pure exploration exposure like Hannans in their portfolio in our view. We believe the potential pay-off is substantial enough to justify the additional risk.

The other important consideration is that most of Fat Prophets' junior resource portfolio stocks, like Hannans, have the necessary attributes, comprising quality management and projects, to survive the toughest of market conditions. This is extremely important, as the overwhelming majority of smaller companies will find it impossible to access funding. As the expression goes, "it's only when the tide goes out that one can clearly see who's been swimming naked."

At the moment, Hannans' exploration focus is on its Jigalong project in the Pilbara region of Western Australia, where the company is involved in early-stage drilling as it tests for the potential for commercial-size deposits of both iron ore and manganese, close to essential railway infrastructure.

The company just this week announced a tremendous exploration farm-out with one of the world's biggest diversified miners, Brazil's Vale (formerly CVRD) over its Queen Victoria Rocks nickel project in Western Australia. Subject to Vale meeting key milestones, Hannans will be free-carried through completion of a bankable feasibility study and retain a 25% project stake.

We reiterate that only quality exploration companies like Hannans are in a position to negotiate deals like this in such a difficult market for smaller companies. Prior to the SPP, Hannans holds cash of around \$1.25 million.

In our most recent full report on Hannans Reward we upgraded the stock to a 'Traffic Light' recommendation. This meant that we were putting the company on a watch-list and monitoring it for a near-term buying opportunity. This was done on the basis of the company's modest market value and the likelihood of more good results from its iron ore and manganese exploration projects. The SPP provides the appropriate buying opportunity for Members.

Best Regards,

Fat Prophets

Investment Heavyweights

Copyright © 2007 FatProphets All Rights Reserved.
No Portion of this website may be reproduced, copied or in any way released without written permission from Fat Prophets.

IMPORTANT: Fat Prophets provide a user's manual that we strongly advise you read thoroughly before acting on any investment recommendation from our service. The purpose of the user's manual (located within the Members Area) is to provide an outline of how the Fat Prophets service operates.

This message, together with the Fat Prophets website (www.fatprophets.com.au) and all its contents have been prepared to provide general information only, and as such, the specific needs, investment objectives or financial situation of any particular user exercising access to the Fat Prophets website have not been taken into consideration. Each individual user should obtain advice from their financial planner or advisor before acting on any information provided on the Fat Prophets website so that such individual users can obtain advice applicable to their personal circumstance from their own financial advisor. Mint Financial Group Pty Ltd (ACN 094448549) is licensed as an Australian Services Licensee. (AFS License 229183). Mint Financial Group Pty Ltd trades as Fat Prophets. More information can be found in the Fat Prophet's Financial Services Guide (FSG),

which you should read, before purchasing any products or services either from Mint Financial Group Pty Ltd trading as Fat Prophets or ANY other entity identified by Fat Prophets. The Financial Services Guide can be found on the Fat Prophets website or [click here](#) to download a copy.