

Minnow hangs hat on diversified assets

Stories by Lydia Brisbout

IN AN ENVIRONMENT where good news is increasingly hard to find, one Australian small cap is confident of surviving the current market turmoil, and has just announced a farm-in with a leading metal producer.

With manganese, iron ore, nickel and gold assets in Western Australia, Perth-based Hannans Reward Ltd believes its diversified approach and strong assets in proven neighbourhoods will see it outlast market instability.

The company's main projects are the Jigalong manganese and iron ore play on the eastern edge of the prospective Sylvania Dome in the East Pilbara as well as the Forrestania nickel and gold target in the Forrestania nickel belt.

Hannans also wholly owns the Queen Victoria Rocks nickel sulphide project 30 kilometres south west of Coolgardie, where it recently completed a farm-in and joint venture agreement with Vale Inco Ltd, the world's second largest metals and mining company.

Commenting on the company's future, managing director Damian Hicks expressed his faith in the strength of Hannans' assets.

"The next 12 months are going to be difficult for all exploration companies in terms of the ability to raise capital," he said.

"What will get some companies through is the quality of their asset base ... and I would like to think that our two key assets, the Forrestania nickel project and the Jigalong diversified project, are two high quality projects that any junior would love to have.

"And because those projects are diversified, you have got exposure to a range of commodities and, at some point in time, you are going to have the right commodity for the market, so I think that is very important."

Agenda advanced

Hannans announced a \$500,000 share purchase plan late last month, underwritten by Patersons Securities Ltd. Receipt of these funds will take the company's cash position to \$1.75 million.

Recent exploration work has been focused on drilling manganese and iron ore targets at the 2,000 square km Jigalong project, about 150 km east of Newman.

A total of 1,417 metres of RC drilling to test underneath the manganese outcrop at the Marumaru prospect and a further 5,500m RC program at the Mijimiji iron prospect were completed.

While assays are pending from the Marumaru work, seven of the 14 holes intersected primary manganese, and mineralisation at the prospect has now been interpreted to extend along strike for at least 3 km, ranging in width from 5-30m, at depths from surface to 60m. Assay results are expected around the end of November.

Additionally, Hannans recently identified two further manganese targets to the south – Hill 616, a 1 km long hill, and Zebra Bore, a 6 km long target of outcropping manganese.

Collectively called the Burranbar prospects, drilling is planned for these areas next year.

At Mijimiji, airborne magnetic and radiometric surveys, ground based gravity surveys and soil samples completed by Hannans during the past few years have identified an 8 km long soil covered feature that has the potential to host iron mineralisation.

This feature was drill tested last quarter.

So far, assay results from 10 of the 45 drill holes have been received, and have confirmed the existence of high grade hematite iron ore mineralisation, with the remaining assays expected back around mid December.

Best iron ore results included 20m grading 62.8% (including 10m at 65.5% from 50m) and 42m at 59.3% (including 10m 62.7% iron from 78m) with the drill hole ending in mineralisation.

If results from both prospects continue to be positive, Hicks says the Hannans board will have to decide which commodity will provide best leverage to shareholders (manganese being most favourable in current market conditions), and whether to fund further exploration through a capital raising or a JV.

The Jigalong project commenced as an equal JV between Hannans and the Jigalong Community Inc and comprises four granted tenements, as well as a further three tenements yet to be granted.

The area is known to host significant iron ore, gold and base metal



Exploration manager Amanda Arrowsmith on site with Jigalong Community chief executive Fred Taylor and senior elder Brian Samson.

mineralisation, with BHP Billiton Ltd's Jimblebar iron mine and railway infrastructure about 50 km to the west.

Target determined

With the field season finished at Jigalong, work will now turn to the 80%-owned Forrestania tenements, 12 km north of Western Areas NL's Flying Fox nickel sulphide mine.

Here, Hannans is hoping to find another Spotted Quoll deposit along the northern extension of the western ultramafic that is host to many of the high grade nickel sulphide occurrences at Forrestania.

During the year, the company carried out extensive ground based geophysical surveys, and now plans to conduct aircore drilling early next year to acquire geochemical data over the project.

These datasets will be combined to define coincident targets for RC or diamond drill testing for nickel sulphide mineralisation.

Combined with the Queen Victoria Rocks JV with Vale, the junior is in a better position than many to weather the current financial storm.

Vale has agreed to spend a minimum of \$500,000 on exploration each year that it remains in the project and to free carry Hannans through to the completion of a bankable feasibility study, at which time the junior will have retained a 25% interest in the project.

Hannans also controls a number of tenements comprising the Maggie Hays South copper-molybdenum-gold project south of Norilsk Nickel's Maggie Hays and Emily Anne nickel sulphide mines west of Norseman, as well as the Sunday gold JV with Australian Mineral Fields Ltd east of Leonora.