

A Busy Quarter Ahead

Date

4 August 2006

ASX Code

HNR

Share Price

16cps

Market Cap (fully diluted)

A\$10.8m (A\$10.8m)

Issued Capital (fully diluted)

67.8m shares (67.8m)

Cash (as at June 30 2006)

A\$2.5m

Management

Richard Scallan (Chairman)
Damian Hicks (Exec Director – Corporate)
Terry Grammer (Exec Director- Exploration)
Ernest Dechow (Director)
William Hicks (Director)

Top Two Shareholders

W Hicks (16.6%)
ANZ Nominees Ltd (9.9%)

Resources Analyst

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Hannans Reward Limited (“HNR”, “Company”) is exploring for gold and base metals in the Eastern Goldfields and Forrestania areas of Western Australia. Three tenements have also recently been granted (2 still pending) at the Company’s Jigalong Project, located in the Pilbara region. HNR’s primary exploration methodology is to concentrate on greenfields prospects that are under cover and historically under explored.

HNR has a busy quarter ahead with an RC drilling program planned for Stormbreaker, auger programs at Sunday, Queen Victoria Rocks and South Dam, and soil sampling at Maggie Hays South. Significant results from any of these programs are likely to result in share price appreciation. We recommend **Hannans Reward Limited** as a **Speculative Buy**.

Forrestania Projects

- **Stormbreaker** (Nickel/Gold) – HNR has identified 2 electromagnetic (EM) anomalies at the Stormbreaker project that may indicate the presence of nickel sulphides at depth. The anomalies will be drilled in the August this year. The EM survey will also be extended to the south. The survey is to be followed by a ground induced polarisation (IP) survey to help refine drill targets.
- **North Ironcap** (Gold) – A drilling program is planned for the North Ironcap gold mineralisation. The program will focus on infilling the known mineralisation to expand the current resource, and bring it up to JORC-compliant status. The drilling will also target northern extensions of the mineralisation that have previously been untested. The program will commence once environmental and drilling approvals have been received.
- **Tenement Applications** – HNR have pegged additional ground between the Stormbreaker and North Ironcap projects. The ground is considered prospective for nickel and gold, and was targeted with the aim of applying the same geological model as Western Areas’ Flying Fox nickel deposit that is located 15km to the south.

Jigalong Project

- The Jigalong tenements, located approximately 120km east of Newman, were granted during the quarter. The tenements have had limited historic exploration, and are considered prospective for iron ore, nickel and gold. The Company is currently analysing all geological data with the aim of defining drill targets to test as early as late CY2006.

Sunday Project

- Auger drilling is planned for August to infill previous gold anomalies. HNR are also undertaking a geochemistry study of previous drilling to aid on the understanding of the anomalism detected previously.

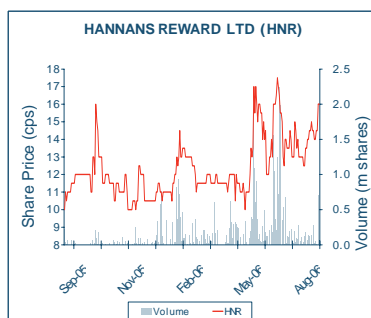
Queen Victoria Rocks Project

- An auger drilling program has commenced. The program is designed to test a gold anomaly adjacent to historic workings.

South Dam Project

- An auger drilling program is planned for August. The program is designed to test a gold anomaly identified by previous explorers.

Share Price Performance



Source: IRESS

Hartleys Corporate Directory

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Hartleys Recommendation Categories

Strong Buy	Significant share price appreciation anticipated
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but is considered high risk
Accumulate	Buy in periods of weakness
Hold	Take no action
Reduce	Sell in periods of strength
Sell	Significant price depreciation anticipated

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Hartleys has completed capital raisings in the past 12 months for Hannans Reward Limited ("Hannans"), for which it received fees. Hartleys has also provided corporate advice within the past 12 months and continues to provide corporate advice to Hannans, for which it has received and continues to receive fees.

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