



HANNANS REWARD  
Exploring for Gold and Base Metals

## 1st Quarter Activities Report 31 October 2008

Discovery of high grade iron mineralisation at Jigalong Project

- Assays from 35 RC holes pending

Discovery of manganese mineralisation at Jigalong Project

- Assays from 14 RC holes pending

JV at QVR with Vale, the world's second largest diversified mining company

- \$500,000 minimum exploration commitment from Vale during next 12 months

Underwritten capital raising undertaken

- \$500,000 share purchase plan

Passing of Dr Ernest Dechow, Founding Director

The Hannans Reward project portfolio is in the best shape since the Company's inception with exploration discovery having been achieved recently (iron), many encouraging exploration results received over the last nine months across a range of commodities (iron, manganese, gold), further assay results pending (iron and manganese) together with the formation of a joint venture with a world class partner (Vale). The corporate structure also remains solid with less than 100 million shares on issue and a cash balance of approximately \$1.75m (post completion the share purchase plan currently in progress).

Hannans is well positioned to tackle the current difficult economic conditions. The Company will reduce its expenditure rates to ensure its financial integrity is maintained while simultaneously continuing to advance the exploration status of the portfolio in a cost effective manner. We are confident these twin goals can be achieved through the implementation of sensible strategies. We thank all shareholders for their support and faith and we encourage you to remain with us as we continue to develop the Company's assets for the benefit of Shareholders.

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## Exploration Summary

### Jigalong

#### Iron

During the Quarter the discovery of a large high grade hematite iron formation at the Jigalong Project was made. Shareholders are encouraged to visit the Company's web site to read recent ASX announcement outlining the detailed characteristics of this feature.

So far assays from only 10 of the 45 reverse circulation drill holes have been interpreted. The balance of the assays (including gold and base metals assays) should be available in the coming weeks.

Subject to receipt of further encouraging iron assays, the challenge for the Company will be to determine the correct strategy to maximize the value of this iron asset for Hannans shareholders.

In moving towards that decision making point the next step will be to receive and interpret all of the iron assay results. Thereafter the Company with this assistance of its advisors will assess the probability of delineating an iron resource with additional drilling to quantify the potential size of the iron feature. The Board will decide whether Hannans should continue to fund the iron exploration or seek to bring in a larger party to both complete the drill out and potentially bring forward any logistics solutions.

We will have a better understanding of the potential of the iron project only once all assay results have been received and interpreted. The discovery of this iron feature by the Hannans Exploration Team should be recognised as an outstanding achievement and is a milestone in the Company's exploration history.

#### Manganese

At this point in the economic cycle it is considered likely that manganese has the potential to give shareholders the greatest short term lift. Manganese is considered by commentators to be one of the few commodities to have a bright future in 2009.

The manganese potential of the Jigalong project continues to unfold in a very positive manner as field activities suggest substantial manganese potential exists along the 100km of strike covered by the project.

Hannans completed 14 reverse circulation drill holes during the 1<sup>st</sup> Quarter targeting the source of surface manganese mineralisation at the Marumaru prospect. Seven of the fourteen holes appear to have intersected primary manganese in varying widths. Assay results expected in the next few weeks will provide an indication whether this mineralisation has the potential to be economic.

Additional manganese targets exist at Hill 616 and Zebra Bore and drilling is planned for the next field season to test these targets.

Testament to the strength of the manganese market are two recent deals announced to the ASX; being the Mineral Resources Ltd / Hancock Prospecting Pty Ltd agreement to commence mining manganese 40km north of the Jigalong Project at Balfour Downs and the AUD26 million investment by Cleveland Cliffs (one of the United States' largest steel manufacturers and controlling shareholder of Portman) into junior explorer Ausquest Ltd. Reports indicate that one of the major reasons for the investment by Cleveland Cliffs is the manganese potential of Ausquest Ltd's Table Hill Project that abuts the eastern tenement boundary of the Jigalong Project.

#### Queen Victoria Rocks

##### Nickel

Hannans recently announced a joint venture with Companhia Vale do Rio Doce (Vale), the second largest diversified metals and mining company in the world, over the QVR nickel sulphide project. This is a very positive development for the exploration program at QVR.

Vale has agreed to spend a minimum of \$500,000 on exploration each year it remains in the project. On completion of a bankable feasibility study Vale will have earned a 75% interest in the QVR project at which point Hannans will be required to either fund its portion of construction and development of a mine or convert its interest to a royalty.

The opportunity to joint venture with a company of Vale's size, financial strength and diversity should be viewed by Shareholders as a very favourable development.

#### Forrestania

##### Nickel and gold

The Forrestania Project comprises ground in joint venture with Cullen Resources Ltd (ASX: CUL) and wholly owned tenure. A flora & fauna study was completed over a portion of the Forrestania project, within JV ground during the 1<sup>st</sup> Quarter. A clearing permit application will be lodged during the current Quarter to enable drill testing of nickel sulphide targets within the prospecting license adjoining the northern boundary of the North Ironcap tenement. The drilling will eventually target two near surface strong geophysical anomalies identified by previous explorers that remain untested by deep drilling.

Hannans previously indicated to Shareholders that it would complete aircore drill testing during the 1<sup>st</sup> Quarter within the Stormbreaker Prospect, JV ground; to follow up ground based geophysical surveys completed earlier in the year. Approvals for these drilling activities have only recently been received and therefore the program has been rescheduled to 2009.

Maggie Hays South

Copper-molybdenum-gold

Hannans was recently been advised by the relevant government department that additional heritage survey information is required prior to a final decision being made as to whether exploration activities on Lake Johnston will be approved. Hannans will work with the government to compile this information and then resubmit its application for reconsideration.

Share Purchase Plan

Hannans is currently finalizing completion of the share purchase plan announced subsequent to the end of the 1<sup>st</sup> Quarter. It is anticipated that the SPP will raise \$500,000. On completion of the raising Hannans will have approximately \$1.75m cash at bank. Full details of the funds raised and the final offer price will be announced in the next 7 – 14 days in accordance with the previously announced SPP timetable.

Web site


The Company launched a new version of its web site during the 1<sup>st</sup> Quarter. This web site is informative and up to date. Shareholders are encouraged to register their email address on the web site to receive prompt notification of Company announcements.

Dr Ernie Dechow

In closing the Board wishes to again acknowledge the passing of Dr Ernest Dechow, a founding director of Hannans Reward Ltd. Ernie will be greatly missed but has left a strong legacy that will continue to be cultivated within the Company.

If you have any questions in relation to this announcement please do not hesitate to contact me on +61 8 9324 3388.

Yours sincerely,



Damian Hicks  
Managing Director

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### Summary

Hannans Reward Ltd has developed a suite of prospective exploration projects within Australia covering iron, manganese, nickel and gold. Hannans Reward Ltd is well funded with shareholders exposed to share price appreciation through exploration success.

- Forrestania - nickel project 12km north of Western Area's Flying Fox nickel mine
- Jigalong - iron, manganese & base metals located 150km east of Newman, WA
- Queen Victoria Rocks - nickel project located 30km south-west of Coolgardie, WA
- Maggie Hays South - located 25km south east of Norilsk's Maggie Hays nickel mine
- Sunday – joint venture with Australian Mineral Fields Ltd, 10kms east of Leonora, WA

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#### Board of Directors

*Chairman*  
Richard Scallan  
*Managing Director*  
Damian Hicks  
*Non-Executive Directors*  
Bill Hicks, Terry Grammer & Frank Cannavo

The information in this document that relates to Exploration Results is based on information reviewed by Mr John Stockley (Consultant) who is a Fellow of the Australian Institute of Mining & Metallurgy, a Chartered Professional (CP-Geology) and a Member of Australian Institute of Geoscientists. Mr Stockley is a consultant to Hannans Reward Ltd. Mr Stockley 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 "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Stockley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.