



Exploration Update

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- **Forrestania Project (near Hyden, WA) – Gold & Nickel**
 - **RAB drilling has commenced to extend known gold mineralisation at North Ironcap**
 - A RAB drilling programme of 92 holes for 3,220m commenced last week to test for northerly extensions to the known North Ironcap gold mineralisation
 - Results are anticipated early October
 - **Additional ultramafic lithologies (rock types prospective for hosting nickel sulphides) have been identified during a review of historical information at the Beautiful Sunday West tenement (E77/1354)**
 - These units include the eastern extension of the interpreted ultramafic that hosts the Flying Fox Nickel Sulphide Deposit
 - Ground geophysics will be implemented as soon as a suitable contractor becomes available
 - The aim of the geophysics is to identify bedrock conductors within these units that may indicate the presence of nickel sulphides
 - **RC drilling to test eight nickel targets north of the Flying Fox nickel mine remains scheduled for this Quarter**
 - The RC drill programme designed to test the nickel targets 15kms (approx) north of the Flying Fox remains scheduled to commence this Quarter but a start date remains uncertain
 - Securing a suitable drilling contractor for deep drilling at Forrestania remains very difficult due to the current high level of exploration activity within WA and also the scarcity of drilling contractors with the capacity to drill to depths greater than 250 metres
 - Hannans Reward has received an indication that rig may be made available late September
 - Hannans Reward is aiming to utilise the delay in drilling to generate additional nickel and gold targets suitable for deep drill testing



- **Jigalong Project (near Newman, WA) – Iron, Uranium & Base Metals**
 - **A third soil sampling programme has just been completed following receipt of encouraging early stage uranium, iron and lead anomalies**
 - An additional 600 soil samples (approx) were collected from the Project during August with a focus on gold (148 samples), lead (70 samples), multi-element potential (150 samples) and uranium (230 samples); a number of calcrete samples (137) were also collected
 - Results are anticipated late September
 - **Karyn Lyons, Exploration Manager conducted a site visit during August**
 - The purpose of this visit was to provide the Committee of the Jigalong Community Inc with an understanding of the early stage exploration results returned so far and plans for the future
 - **Gravity survey and VTEM survey**
 - Drilling to test known soil anomalies is unable to commence until heritage surveys are completed; surveys have yet to be scheduled by the relevant Aboriginal Groups
 - As an aid to targeting future drilling for iron, the Company is investigating carrying out a gravity survey over known iron soil anomalies and aeromagnetic features
 - As an aid to generating additional drill targets within the large project area (1,100km²), the Company is investigating carrying out a helicopter VTEM geophysical survey
 - The combined information from the airborne magnetics, various soil sampling programmes and these two additional surveys may mean that future heritage surveys can be localised and deep drilling more accurately targeted
 - **Appointment of corporate advisors to the Jigalong Community Inc**
 - JCI have recently advised Hannans Reward that they have appointed corporate advisors to assist them with formalising the Memorandum of Understanding entered into by Hannans and JCI in October 2003
 - Hannans and the JCI advisors plan to meet to discuss the relationship in the near future



- **Sunday (near Leonora, WA) - Gold**

- The next round of drilling for gold is scheduled to commence late September and comprises 34 vertical aircore holes for approximately 2,230m
- Additional soil sampling within the Malcolm Creek prospect area was completed during the Quarter with results to be included in the next Quarterly Activities Report.

The purpose of this report is to bring shareholders up to date with the Company's exploration activities since the 4th Quarter Activities report was released to ASX on 6 July 2007. We encourage shareholders to read this Mid Quarter Exploration Update in conjunction with the 4th Quarter Activities Report. A comprehensive summary of each of the projects (including location maps and tenement maps) can be obtained from previous ASX releases.

If you have any questions in relation to Hannans Rewards' activities please do not hesitate to contact me.

Damian Hicks
Managing Director