



HANNANS REWARD
Exploring for Gold and Base Metals

Vale to explore QVR

20 October 2008

- **Companhia Vale do Rio Doce (Vale), the second largest diversified metals and mining company in the world, agrees to explore the QVR nickel sulphide project**
- **Subject to Vale meeting key milestones, Hannans to retain a 25% free carried interest through to completion of a bankable feasibility study**

Hannans Reward Ltd (ASX: HNR) and Vale (through its subsidiary Vale Inco) have agreed to a farm-in and joint venture agreement over the Queen Victoria Rocks (QVR) nickel sulphide project.

By way of background, Vale (www.vale.com) is the second largest diversified metals and mining company in the world. Vale is the world's largest producer of iron ore and pellets, key raw materials for the steel industry, and one of the largest producers of nickel, which is used to produce stainless steel, batteries, special alloys, chemicals and other products. Vale also produces copper, manganese, ferroalloys, bauxite, alumina, aluminum, coal, cobalt, platinum group metals, among other raw materials important to the global industrial sector.

Hannans and Vale have agreed to the following:

Phase 1 – Vale will sole fund and manage nickel exploration and agrees to spend a minimum of \$500,000 on exploration within 1 year, after which Vale may elect to withdraw at any time;

Phase 2 – Vale to sole fund and manage further nickel exploration up to completion of a Pre-Feasibility Study within 4 years during which time Vale will spend a minimum of \$500,000 on exploration each year. At the end of Phase 2, Vale can elect to either withdraw or proceed to Phase 3;

Phase 3 – If Vale elects to proceed to Phase 3 the parties will establish a joint venture in which Vale will hold a 60% interest and Hannans a 40% interest. Vale to sole fund exploration up to completion of a Bankable Feasibility Study within 3 years at which point Vale will hold a 75% interest and Hannans a 25% interest;

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Phase 4 – If on completion of the BFS, Hannans elects not to fund construction and development of the mine, Hannans has the right to convert its interest to a 1.5% net smelter royalty.

The QVR project is located approximately 30km south-west of Coolgardie, Western Australia. Hannans has completed a substantial amount of nickel sulphide exploration at QVR confirming the potential for the project to host a nickel sulphide deposit. Within the first year Vale plans to complete a detailed review of all geophysics and modeling of selected anomalies, complete a ground electro-magnetic survey of selected VTEM and geochemical anomalies and thereafter drill test selected targets.

If you have any questions in relation to this announcement please contact Damian Hicks, Managing Director, Hannans Reward Ltd.

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 and gold in the world class Forrestania nickel region, located east of Hyden, WA
- Jigalong - iron, manganese & base metals joint venture with Jigalong Community Inc in the Pilbara region, located 150km east of Newman, WA
- Queen Victoria Rocks – nickel joint venture with Vale, located 30km south-west of Coolgardie, WA
- Maggie Hays South – copper-molybdenum-gold project 25km south east of Norilsk's Maggie Hays nickel mine, west of Norseman, WA
- Sunday – gold joint venture with Australian Mineral Fields Ltd, 10kms east of Leonora, WA

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