

Hannans Reward

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Busy exploration program ahead

[Fat Mining 54](#), 13 Dec, 2006
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SYMBOL DEFINITIONS			
	EXPLORER		HIGH RISK
	MARKET CAP	\$22 million	
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We are looking forward to an exciting New Year's program of exploration work for Hannan's Reward, with its Queen Victoria Rock Project holding particular interest in our view. The company this week announced the discovery of a further two gold soil anomalies on the project, taking the total number to three. These anomalies are potentially very significant targets and the company plans to test all three with drilling during January and February 2007.

"The company is at a very exciting stage, with a busy program of work planned for early 2007."

Fat Prophets first recommended buying Hannans at 28 cents in November (FatMin50).



Hannans has produced an encouraging performance during its first month in the Fat Prophets Mining & Resources Portfolio. From our initial recommendation price of 28 cents, the shares rallied quickly, hitting a one month high of 40 cents in November.

However during the past two weeks, Hannans has pulled back slightly. This is not surprising given the extent of recent gains and we believe that the shares will find solid support around current levels.

While further consolidation appears likely in the near term, we anticipate new highs in the stock later next year. A break above resistance at 40 cents would be the first sign that upward momentum is resuming.

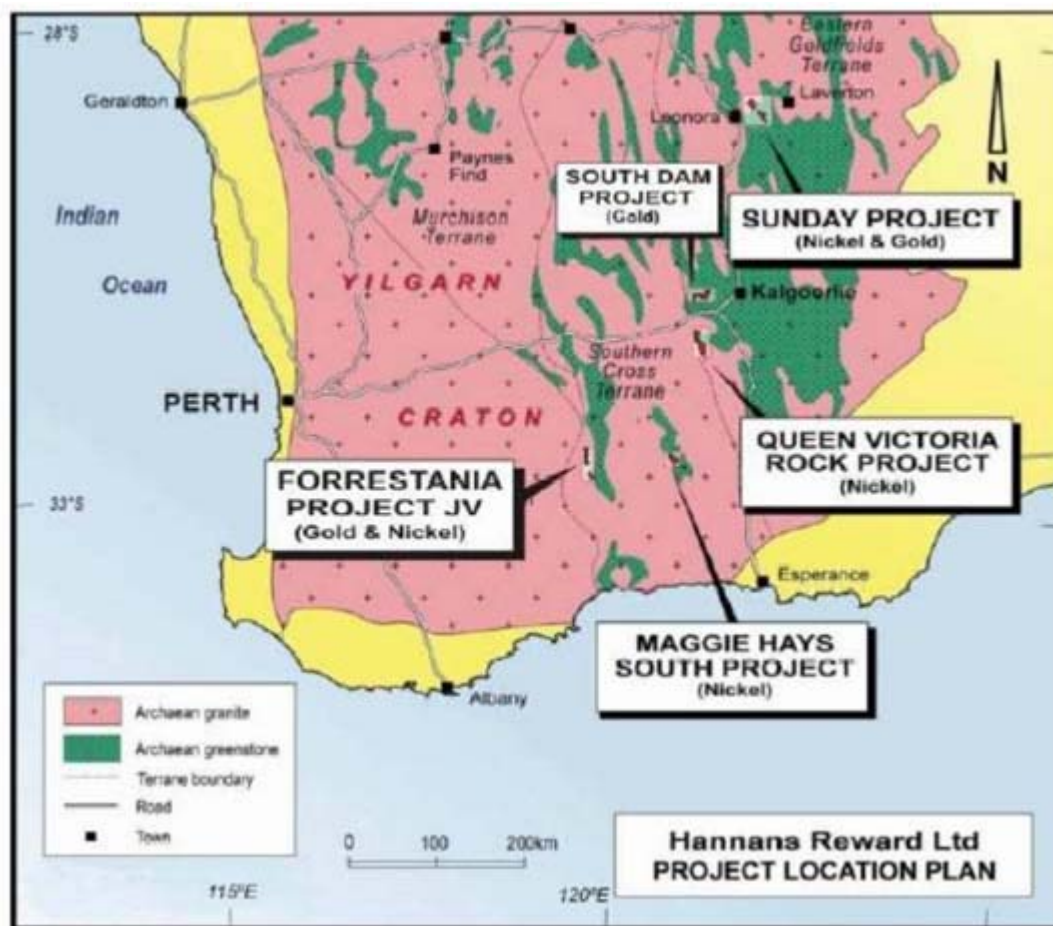
We recommended Hannan's Reward for the first time to our Members just a few weeks ago, although the company has been on our radar screen for more than 12 months. During this time, the company has

established a reputation as an aggressive Western Australian gold and base metals explorer, with several projects that could generate a major discovery and provide substantial share price appreciation for our Members.

Encouragingly, there have several important developments over the past fortnight on two of the company's most significant projects, Forrestania and Queen Victoria Rock. We will outline these particular developments and the potential impact they will on the company's upcoming exploration programs during 2007.

Of course, we like to remind our new Members in particular that pure exploration companies like Hannans Reward present investors with a higher level of risk than a mining company with production and earnings. Nevertheless, we believe the potential pay-off from an exploration company like Hannans Reward is significant enough to justify the higher risk profile to our Members.

As a reminder for our Members, Hannans Reward is a focused Western Australian junior explorer, with a tremendous exploration pedigree in our view. It has a first-class exploration team led by Terry Grammer, who was primarily responsible Jubilee Mines' lucrative Cosmos nickel discovery. The company is entering a very active period, with work underway on all of its projects.



We regard the company's Forrestania Joint Venture Project as probably its flagship exploration project. It comprises a joint venture with fellow junior Cullen Resources, to explore Cullen's Forrestania nickel and gold tenements. Forrestania hosts two main exploration targets: the Stormbreaker nickel sulphide project and the North Ironcap gold project. Both are located within the Forrestania region of WA, around 12km north of Western Area's Flying Fox nickel sulphide deposit.

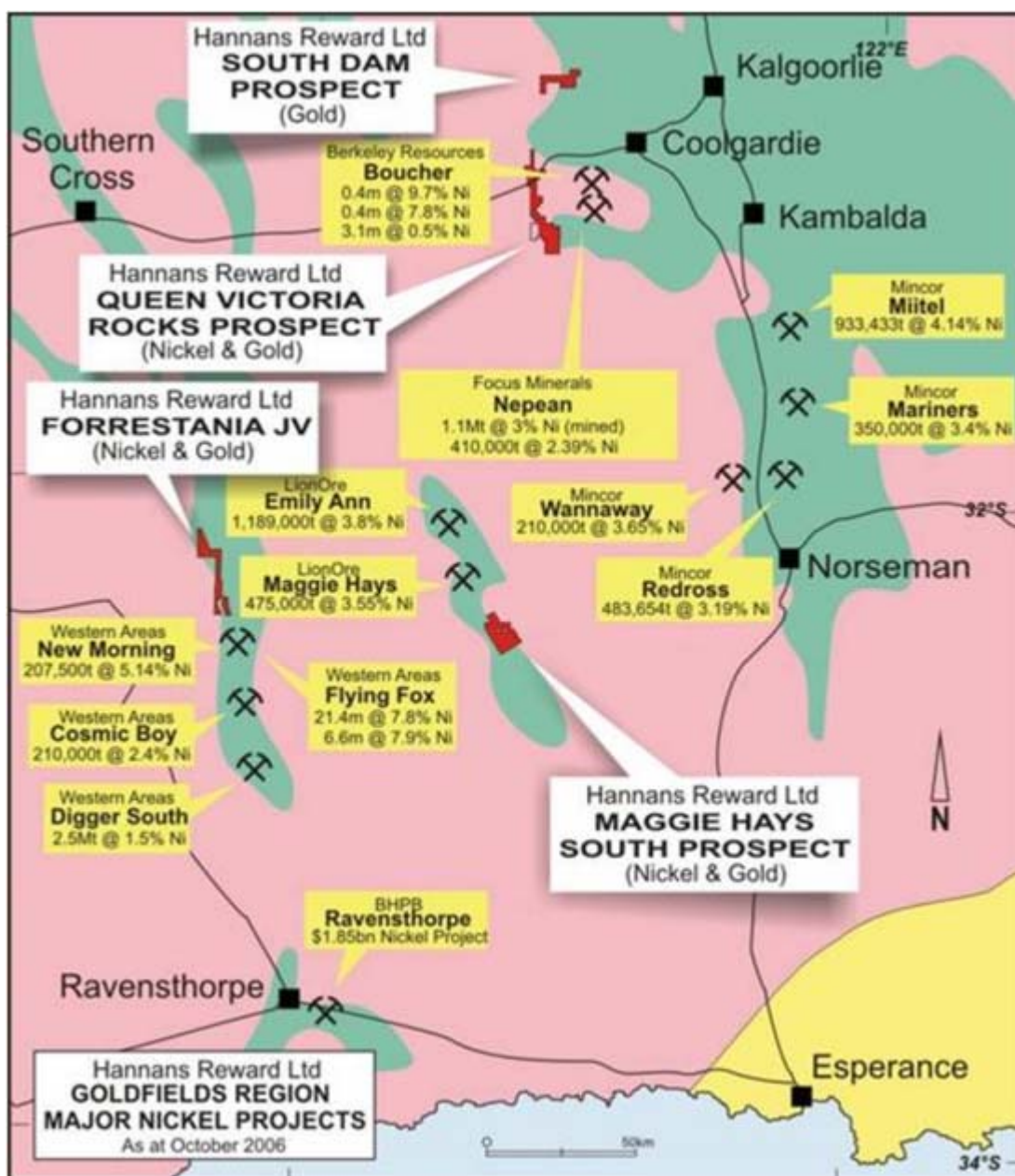
Hannans recently increased its stake in the joint venture area to 80%, following the acquisition of an additional 30% stake from Cullen Resources for \$250,000. Hannans will free-carry Cullen at 20% to a decision to mine, based on completion of a bankable feasibility study.

The Forrestania Project area is extremely prospective, as it comprises ground proximal to Western Areas and Kagara Zinc on the highly prospective western margin of the regionally important structure known as the Forrestania Greenstone Belt. Western Areas is developing its Flying Fox nickel mine just 12km to the south and Kagara Zinc has acquired a \$25 million package of exploration ground nearby that is highly prospective for nickel.

The next phase of exploration will include additional geophysics to assist in the search for nickel, as well as drilling to establish an initial JORC-compliant gold resource. The company's exploration head, Terry Grammer, was a founder of Western Areas, where he was the Exploration Manager from 2000 until retiring in 2004. Therefore, he knows the area well.

Looking in detail at the individual exploration targets, Hannans interprets the Stormbreaker project to host more than 8 km strike length of the same ultramafic units that host Western Areas NL's Flying Fox, New Morning and Daybreak nickel deposits. However, all historic nickel exploration on the project area dates back to before 1975, with no modern nickel exploration undertaken.

The company made significant advances at Stormbreaker during the September quarter, with three identified Electromagnetic (EM) nickel targets tested by RC drilling.



The North Ironcap Project contains four occurrences of gold mineralisation in the southern portion of the project area that underwent considerable drilling, metallurgical test work and pit design work during the late 1990's by Normandy Mining. Best intersections from previous RC drilling include 13 metres @ 3.88g/t Au from 26 metres, 23 metres @ 2.17 g/t Au from 16 metres and 13 metres @ 4.89 g/t Au from surface. A detailed review of the status of this gold mineralization will be a priority.

The joint venture believes that an exploration target with the potential for 125,000 to 140,000 ounces of gold exists within the 1.6km long trend. Normandy planned to mine the deposit and treat the ore at the Bounty mine plant, 27km to the north; however, the closure of the Bounty mine prevented this.

The initial aim of the joint venture is to design a program to establish a JORC-compliant resource estimate for this mineralization and to explore along strike for about 1.5km. This work could commence in February 2007 and could include resource definition drilling as well as work beneath and along strike from the existing deposit.

At Queen Victoria Rocks, which lies 40 km south of Coolgardie, historic exploration has principally been for nickel. However, the company has adopted a fresh approach and its recent early-stage exploration results indicate that the project also has significant gold potential.

The company announced a gold-in-soil anomaly during the September quarter, and has this week announced two further gold-in-soil anomalies, all of which it will test with air core drilling during January and February 2007. The largest and at this stage most significant anomaly is situated at the northern end of the trend and is around 300 metres long and 600 metres wide, with a further anomaly located to the southeast also around 300 metres long.

We look forward to the drilling programs on all three anomalies during early next year. Ground EM surveys for nickel are also underway in an effort to identify potentially mineralized and conductive bodies at depth.

With respect to the company's other exploration projects, Jigalong is probably the next project of interest. Hannans received the granting of the Jigalong Project tenement applications during June 2006. The tenement applications are located within the Pilbara region of WA, which is currently experiencing a very high level of interest due to strong iron ore prices. Hannans' tenements are immediately adjacent to Ferraus Ltd's Robertson Range Iron Ore Project and immediate neighbours include Consolidated Minerals, Fortescue Metals and Rio Tinto, so the address is first class.

The company completed the first field program at Jigalong during November and we anticipate results shortly. Hannans aims to generate first pass drilling targets for follow-up testing in early 2007 when field conditions improve. The company is looking initially at gold, base metal and iron ore mineralization.

Lastly, the Sunday Project is the final project that we will discuss here. It is located within the same important structural corridor, known as the Keith-Kilkenny Lineament, as the exciting Thunderbox gold mine and Waterloo nickel sulphide deposits in Western Australia, situated around 50km to the north-northwest. It is prospective for both gold and nickel mineralization and separate exploration programs are in place for both.

With respect to gold, drilling last year returned a high-grade intercept of 4 metres @ 20.87g/t gold from a depth of 64m. A subsequent 1-metre split returned 1 metre @ 26.33g/t gold. A study is currently underway to assist in determining the likelihood of Sunday hosting a significant gold deposit, as well as helping plan future drilling programs.

With respect to nickel exploration, drilling has identified two geochemically anomalous nickel zones along strike from each other and coincident with aeromagnetic highs. The southern zone has a strike of about 900 metres, while the northern zone has a strike of about 500 metres.

Finally, a reminder to Members about the company's key exploration strengths. Terry Grammer heads the company's exploration team. He is a geologist with more than 30 years' experience in mining and mineral exploration, particularly for gold and base metals. The Association of Mining and Exploration Companies (AMEC) awarded him the title of joint Prospector of the Year Award in 2000 for the discovery of Jubilee Mines' Cosmos nickel deposit. He was also a founder and promoter in 1999 of the successful nickel explorer Western Areas NL, where he was the Exploration Manager from 2000 until retiring in 2004.

Hannans Reward currently holds cash reserves of around \$2 million.

With a modest market capitalization and a very active exploration program ahead, Hannans Reward is highly leveraged to any exploration success.

Accordingly, Hannans Reward will remain Held within the Fat Prophets Mining & Resources portfolio.

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