



# Hannans Reward

Diversified metals explorer

Buy HNR around 28 cents

[Fat Mining 50](#), 15 Nov, 2006  
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**SYMBOL DEFINITIONS**

 EXPLORER	 HIGH RISK	 MARKET CAP	<b>\$19 million</b>
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Hannans Reward has established a reputation as an aggressive Western Australian metals explorer, with several projects that could generate a major discovery for Members. It has a first-class exploration team led by Terry Grammer, who found Jubilee Mines' lucrative Cosmos nickel discovery. The company is entering a very active period, with work underway on all of its projects. Accordingly, we believe the time is right to introduce the story to our Members.

*"The company is at a very exciting stage, with exploration success potentially just around the corner."*

Hannans posted strong gains following its initial listing in late 2003. However, after posting a high of 24 cents in February 2004, the stock lost favour with investors and drifted down to a low of 9 cents in June 2005.



After almost a year of consolidation to build a base, Hannans began to attract renewed investor support seven months ago. Between April and August, the stock rallied by 160% to reach a high of 23.5 cents. As is typical of any stock that has appreciated so quickly, the upward trend in Hannans paused for consolidation during September.

An acceleration of the upward trend during October saw Hannans jump to a new all-time high of 44.5 cents. A sharp correction saw the stock touch 21 cents before consolidating and launching another move to the upside.

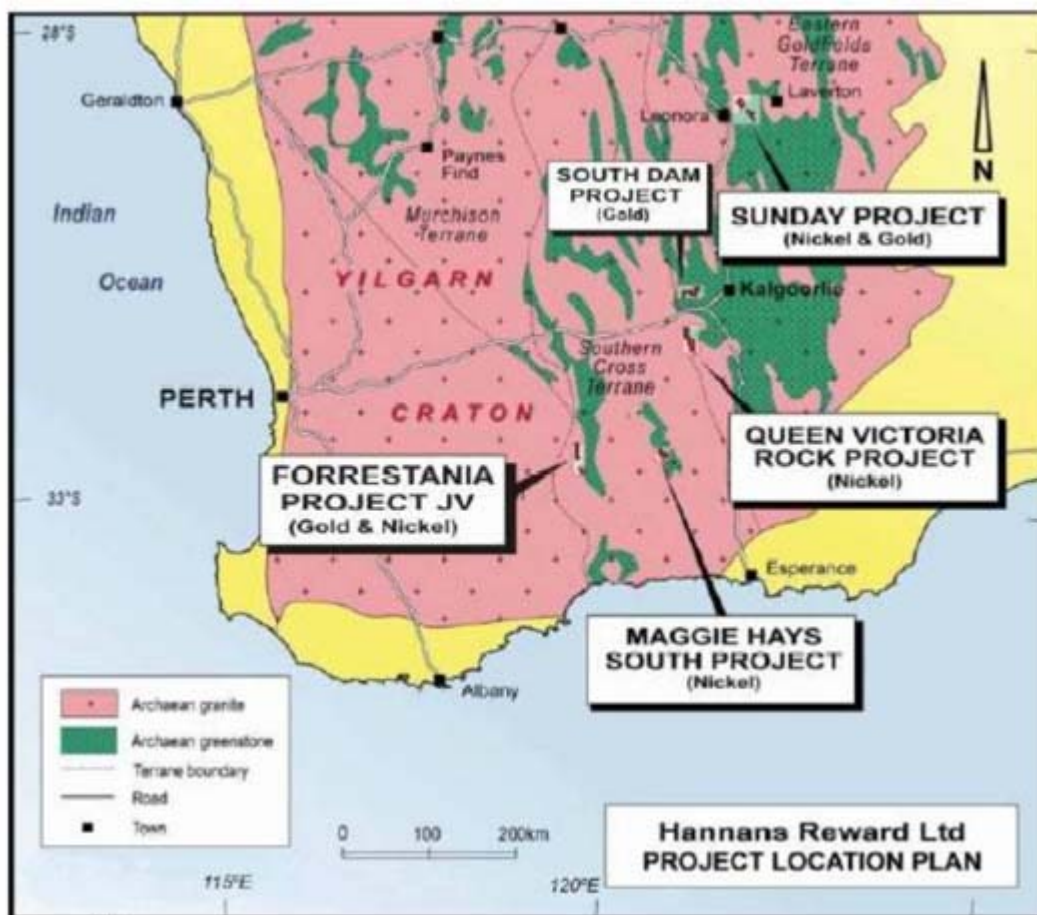
While volatility in this stock is very high at the moment, we believe that expanding volume during the rally of October reflects firm investor support for the stock. In our opinion, the early November support base

between 25.5 and 21 cents serves to limit near term downside risks.

Hannans Reward is a focused Western Australian junior explorer, with a tremendous exploration pedigree in our view, based on its in-house technical expertise. Although pure exploration companies like Hannans Reward present investors with higher levels of risk, we believe the potential pay-off for Members is large enough to justify the higher risk profile.

We have closely followed the company's exploration progress and now feel the company the time is right to recommend it to our Members. We believe the company is at an exciting stage, where exploration success could be just around the corner. We had the opportunity this week to meet with the company's Managing Director, Damien Hicks, and Exploration Director, Terry Grammer.

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.



Source: HNR

The company's Forrestania Joint Venture is probably its flagship exploration project. It comprises a joint venture with fellow junior Cullen Resources, to explore its 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.

The company 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. We anticipate results shortly, with the company also set to undertake gold exploration drilling during the current quarter.

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.

The second exploration project of interest is Jigalong. 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 first field program at Jigalong is currently underway, with completion anticipated during November. The company 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.

A third key exploration project is Queen Victoria Rocks, which lies 40 km south of Coolgardie. Historic exploration has principally been for nickel, although recent early-stage exploration results indicate that the project also has gold potential. The company announced a gold-in-soil anomaly during the September quarter, which it is currently testing with 4,000 metres of air core drilling. Ground EM surveys for nickel are also underway in an effort to identify potentially mineralized and conductive bodies at depth.

The Sunday Project is the final project that we will discuss here. It is located within the same corridor, known as the Keith-Kilkenny Lineament, as the exciting Thunderbox gold mine and Waterloo nickel sulphide deposits, 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. In September 2005, a follow up air core program returned further significant gold mineralisation. 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 at Sunday, 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.

Hannans Reward has a \$3.1 million exploration program planned between now and the end of 2007. It currently holds cash reserves of around \$2 million.

Its market capitalization is modest, making it highly leveraged to any exploration success.

**We recommend Hannans Reward as a Buy to all Members around 28 cents.**

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