



HIGHLIGHTS

- **Forrestania Project (near Hyden, WA) –**
 - **Stormbreaker – identification of two separate, deep, late time ground geophysical anomalies which may indicate the presence of sulphides at depth; drill testing planned for August**
 - **Other – The Joint Venture recently made an application for a new exploration licence between the Stormbreaker and North Ironcap prospects, that will, subject to grant, extend and consolidate the Joint Venture's tenement package in the region (see Figure) to cover ~22km of highly prospective stratigraphy**
- **Jigalong Project (near Newman, WA) – tenements granted; field mapping commenced following recent site visit**
- **Sunday (near Leonora, WA) – drilling approvals obtained**
- **Queen Victoria Rocks (near Coolgardie, WA) – drilling approvals obtained**
- **Maggie Hays South (near Norseman, WA) – independent review concluded that significant nickel potential (coincident geophysical and geochemical anomalies) remains to be tested with drilling**



PLANNED ACTIVITIES FOR 1ST QUARTER

- **Forrestania Project (near Hyden, WA) –**
 - **Stormbreaker – complete second ground electromagnetic (EM) survey and induced polarisation (IP) survey (planned for July); complete reverse circulation drill program (to approx. depth of 150 metres) to test EM anomalies (planned for August); obtain clearing approvals for balance of prospect to enable completion of further EM surveys**
 - **North Ironcap – complete environmental flora and fauna survey (planned for July); plan drilling program to test for gold mineralisation along strike from existing non-JORC gold mineralisation; obtain drilling approvals**
- **Jigalong Project (near Newman, WA) – complete regional mapping; plan drill programs; complete heritage survey**
- **Sunday (near Leonora, WA) – complete in-fill auger drill programs at Braemore, Malcolm Creek and Mt Stewart; complete geochemical mapping program at Mt Stewart; complete structural review of historical Sundat pit**
- **Maggie Hays South (near Norseman, WA) – complete soil sampling program for gold to test high grade historical rock chip samples**
- **Queen Victoria Rocks (near Coolgardie, WA) – complete auger drill program to test for gold/copper anomaly identified during historical data review and nickel mineralisation**

Continued



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Summary of Activities

Forrestania Joint Venture

Stormbreaker

The Forrestania Joint Venture (Hannans Reward Limited 50% and Cullen Resources Limited 50%) recently completed a first phase of ground geophysical (EM) surveying in the northern part of its Stormbreaker Prospect area which lies along the western margin of the Forrestania greenstone belt and ~ 15km on strike to the north of the Flying Fox, New Morning and Daybreak nickel deposits of Western Areas NL (see Figure). No modern ground geophysical exploration has previously been employed in the Stormbreaker Prospect area.

The recently completed survey has identified two separate EM anomalies which may indicate the presence of sulphides at depth. It is planned to drill test these anomalies in August.

Further EM surveying is planned during July to extend coverage southwards (see Figure), with ground IP geophysical surveying planned over all EM anomalies to better define the targets for drilling. Clearing approvals are being sought for comprehensive EM surveying across the entire Stormbreaker Prospect area.

Application for New Exploration Licence

The Joint Venture has recently made an application for a new exploration licence which lies between the Stormbreaker and North Ironcap tenements, and will, subject to grant, extend and consolidate the Joint Venture's tenement package in the region (see Figure) to cover ~22km of highly prospective stratigraphy.

North Ironcap

A drilling program has been planned to test the existing non-JORC mineralisation and to test for extensions of the mineralisation to the north. Prior to the Joint Venture commencing drilling at North Ironcap, a comprehensive flora and fauna survey is required to be completed. Subject to the results of the survey, approvals for drilling will be lodged. The North Ironcap tenement is located within the same region as Western Areas NL's Flying Fox nickel deposit where mining is expected to commence in December 2006. The survey has now commenced and is expected to be completed during July.

Jigalong

During the Quarter, three of the Company's five exploration license applications were granted at Jigalong. A field visit was completed by the Exploration Director, Mr. Terry Grammer and a regional geology review is currently underway. Satellite imagery and airborne photographs have been acquired. The Company is seeking access to airborne magnetics previously acquired by Hamersley Iron, failing this Hannans may commission new airborne magnetics to be flown. An updated regional geology map, based on the recently acquired information, is expected to be completed during July. This information will assist with generating the first round of drill targets. Subject to the results of an Aboriginal Heritage Survey, drilling can then take place.



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Sunday

A number of auger programs have been planned to infill existing gold in soil anomalies at the Mt Stewart, Malcolm Creek and Braemore prospects within the Sunday project. A majority of the approvals required to complete the programs have been obtained. Drilling is expected to commence in August. Also planned is a chemical study of previous drill samples that may assist with the identification of significant gold accumulations within the Mt Stewart prospect. Following receipt of the auger results, further aircore and / or reverse circulation drilling programs will be planned to follow-up all anomalous gold intercepts.

Queen Victoria Rocks

A comprehensive auger drill program was planned during the month to test a significant gold in soil anomaly within close proximity to the historical Prince of Wales gold workings (excised) and the Spargos Prospect. All approvals have been obtained to commence the auger programs. Following receipt of the auger results, further in-fill auger will be planned to follow up anomalous gold results.

Maggie Hays South

Pulp samples from the 5,000 metres (approx) of drilling completed by a previous joint venture partner were submitted to the laboratory for gold and precious metals analysis. No significant gold results were returned. A soil sampling program for gold, focused on the Western edge of Lake Johnson, has now been planned and is expected to be carried out during the Quarter.

We encourage shareholders and interested persons to visit www.hannansreward.com for a comprehensive summary of the Company's projects and previous ASX releases. If you have any questions in relation to Hannans Rewards' activities please do not hesitate to contact us on +61 (0)8 9324 3388.

Yours sincerely,

Damian Hicks
Executive Director

Terry Grammer
Executive Director

Information in this report which relates to mineralisation at Stormbreaker and North Ironcap is based on information reviewed by Dr Chris Ringrose, a full time employee of Cullen Resources Limited who is a Member of the Australian Institute of Geoscientists and has relevant experience as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves in relation to mineralisation being reported on.

