HANNANS
REWARD LIMITED

ANNUAL REPORT 2014

ABN: 52 099 862 129

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

CORPORATE DIRECTORY

BOARD OF DIRECTORS

MANAGING DIRECTOR
Mr Damian Hicks

NON-EXECUTIVE DIRECTOR
Mr Jonathan Murray

NON-EXECUTIVE DIRECTOR
Mr Markus Bachmann

NON-EXECUTIVE DIRECTOR
Mr Olof Forslund

COMPANY SECRETARY
Mr Ian Gregory

ABN 52 099 862 129

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DIRECTORS' REPORT

The Directors of Hannans Reward Ltd (Hannans or the Company) submit their annual financial report of the Group being the Company and its controlled entities for the financial year ended 30 June 2014.

Dear Shareholders,

During the year we reached our 10th Anniversary as a listed company having been admitted to the Official List of the Australian Securities Exchange (ASX) on 5 December 2003. Our focus during the last twelve months has been advancing the key Swedish copper-gold and iron exploration projects and reducing costs.

Projects

Hannans has three advanced projects in Sweden (all 100% owned) and three greenfields exploration projects, two in Sweden (both 100% owned) and one in Australia (a free carried 20% interest).

Our key copper-gold project is called Pahtohavare, located 8km south-west of Kiruna, Sweden. During the year we released a maiden JORC Compliant Mineral Resource. Following an extensive amount of exploration, targets beneath the Southern and Central orebodies and along strike from the Central orebody are well defined and ready to be tested. Recently a bulk sample (550kg) was submitted to a laboratory in Canada to determine if copper and gold located within the oxidized material at the Central Orebody can be economically extracted. If this test work proves successful a scoping study (+/-30% accuracy) will be initiated to determine whether the metals can be extracted profitably.

We have worked diligently during the year to find a strategic partner for our key iron project, the Kiruna Iron Project located 4km south of Kiruna, Sweden. In early 2014 we entered into an exclusive due diligence agreement with an unnamed Third Party. The Third Party agreed to pay Hannans USD 1 million for the exclusive rights to review the project for a six month period ending on 1 September 2014. If the due diligence does not result in a sale outcome, we will lodge exploitation concession applications as the next milestone for the project.

With the experience gained in iron ore exploration and project development in Australia (hematite iron at Jigalong in the Pilbara region of Western Australia) and Sweden (magnetite iron in Kiruna), we have decided to embark on our largest iron project to date, the Lannavaara Iron Project.

This project comprises a number of deposits located approximately 80kms north-east of Kiruna, Sweden. The largest deposit is Paljasjärvi and is estimated to be more than 3km long and 40 metres in thickness. Last year we re-assayed historical drill core and completed preliminary metallurgical test work which confirmed the magnetite iron upgrades to a saleable grade (>70% iron). Since that time our focus has been on developing a conceptual model for the project that envisages mining iron from an open pit in north-eastern Sweden, processing the ore at the mine site to produce a magnetite concentrate and then transporting the product by either rail or pipeline (through either Sweden or Finland) to a yet-to-be developed storage and ship loading facility (in Skibotn, Norway). Many meetings have now been held with stakeholders in Sweden, Finland and Norway to determine their views on the project. The consensus appears to be that there is room for a new mining project as long as the environment and cultural values are protected whilst developing such a project. Subject to funding, a scoping study (+/-30% accuracy) will be initiated to determine the viability of the project.

We also have great faith in our two early stage gold prospects in Sweden, namely Särksjöm and Altavaara and we plan to follow our earlier activities with additional phases of exploration during the coming year.

We are also very pleased to have entered into a joint venture agreement with Reed Resources Ltd (ASX:RDR) (Reed Resources) over the Lake Johnston nickel sulphide project in Western Australia. Hannans identified nickel sulphide mineralisation at Lake Johnston in 2012 and Reed Resources plan to test the nickel sulphide targets with diamond drilling during 2014. Reed Resources have both an experienced nickel sulphide exploration team and the capital to effectively test Lake Johnston. Hannans shareholders have retained a 20% interest in the Lake Johnston project and Reed Resources will fund all costs through to completion of a bankable feasibility study.

Funding

This year we received funds to operate the business by selling an asset and entering into an exclusive due diligence agreement.

Last financial year we sold the Discovery Zone copper project to Avalon Minerals Ltd (ASX:AVI) however the purchaser failed to make payment in accordance with the agreement. Unfortunately recovery action had to be commenced and ultimately the terms of the agreement were amended and a payment of AUD 1 million was received. The remaining AUD 3 million will be paid by the purchaser to Hannans when the Discovery Zone exploitation concession is granted. It is currently anticipated that the concession will be granted during 2015.

As mentioned earlier Hannans also entered into an agreement with a third party over the Kiruna Iron Project and in doing so received a USD 1 million signing bonus. Receipt of these funds has enabled the company to continue to implement its strategy without doing a capital raising.

Divestments

During the year Hannans made the strategic decision to cease exploration activities in Norway and close its Norwegian subsidiary company. This decision was made despite the fact that Norway has significant mineral exploration potential. We felt that after being very active in Norway for three years, including making one of the more significant minerals discoveries in recent years, the country's legislative regime with regards to exploration, environmental and social licenses and mining did not provide sufficient certainty to justify additional investment. This is a disappointing outcome considering the minerals potential but we cannot see this attitude towards exploration and mining in Norway changing for the foreseeable future.

Hannans did undertake a project divestment process for its Norwegian projects however despite interest from a number of parties including one global copper company no transactions were concluded. Hannans did however enter into a royalty agreement with one of its previous employees who staked a project after it was relinquished by Hannans subsidiary Scandinavian Resources AS. The agreement provides for Hannans to receive a 1% net smelter return royalty from any mining within the project area.

In a further effort to reduce costs Hannans divested its greenfields exploration projects in Western Australia via joint venture and tenement surrenders including its Lake Johnston, Queen Victoria Rocks and Forrestania projects. Despite a resurgence in nickel sulphide exploration following discovery of the Nova deposit in the Fraser Range the appetite for mature greenfields exploration projects covering large areas remained low. The cost of maintaining these projects (rents, rates, minimum expenditure conditions, reporting, rehabilitation and administration) was very high relative to our available capital and therefore the Company surrendered the vast majority of its tenements despite their remaining prospectivity.

The lesson learnt from the divestment processes in both Australia and Norway is that it's critical that the search for joint venture partners continue at all stages of a project's life cycle. It is never too early to divest a project so long as shareholders remain exposed to the upside. It is important that junior companies, like Hannans do not hold too many projects at any one time. The incubator model followed by Hannans is legitimate however it is important that projects are constantly divested (via joint venture, sale or relinquishment) to ensure they are actively explored. It is important to have exposure to a cross section of commodities to increase the probability that you have a project of interest to the investment community. It is also important to identify potential partners that need access to your project for their own internal reasons whether it be to feed an existing operation or make use of existing infrastructure.

Research

Hannans' core focus is on discovering economic deposits of gold, copper, nickel and iron using an integrated geological, geochemical and geophysical approach in proven mineral fields.

We have invested time this year seeking to develop, with partners a geochemical drill rig and a geophysics solution using unmanned aerial vehicles (UAV). The background to this research and development is that Scandinavia is covered in glacial moraine, forests, swamps, wetlands and long periods of snow and darkness. All of this contributes towards making the collection of geological, geochemical and geophysical data difficult and expensive.

Historically geologists in Scandinavian have predominantly utilised diamond drill rigs to conduct early stage exploration due to the need to penetrate through the glacial moraine to intersect the bedrock. There is minimal understanding of reverse circulation (RC) drill technology in Sweden, or indeed Scandinavia. Utilising diamond drilling to collect first pass geochemical and geological samples is expensive and time consuming. It is our view that an RC drill rig, appropriately configured for the Scandinavian terrain could significantly decrease the costs of collecting reliable samples from the bedrock in a cost effective manner.

Furthermore it is very difficult to complete accurate ground based geophysical surveys due to the forests, swamps and wetlands that make accessing and walking or skiing in straight lines difficult. For this reason we have been researching for the combination of UAV and geophysical sensor(s) to complete accurate geophysical surveys (magnetic, electromagnetic and LIDAR) in a cost effective manner over small scale prospects. We anticipate completing our first test flights late in 2014.

If we can refine the way we collect geophysical, geochemical and geological data in a cost effective manner we strongly believe that additional high grade economic precious and base metals deposits will be discovered in Scandinavia.

I would like to thank my fellow Directors for their support and my management team of Amanda Scott (Exploration Manager) and Mindy Ong (Finance & Compliance Manager) for their professionalism and dedication during another very difficult year.

We believe we have made the adjustments to the business model that will enable shareholders to prosper in the future.

Kind regards,

Damian Hicks

Damian Hicks
Managing Director

STRATEGIC PLAN

VISION

Our vision is to build a successful exploration and production company.

MISSION

Our mission is to develop a company that has a material interest in a portfolio of mineral projects that are being rapidly progressed whether they are exploration, development or production assets.

We recognise that a professional, knowledgeable and ethical team of directors, employees and consultants is the key to our business.

Our focus is to provide shareholders with a satisfactory return on investment by managing our people, projects and capital in an entrepreneurial and responsible manner.

GOALS

People

To attract and retain a professional, knowledgeable and ethical team of experts whilst empowering staff at all levels.

To continually build an understanding of our strategic partners' needs and wants and thereafter conduct business in a fair, transparent and ethical manner.

Projects

1. To access prospective natural resource exploration opportunities both in Sweden and Australia.
2. To implement an effective acquisition program that secures access to prospects with the potential to host significant natural resource deposits.
3. To add value by identifying, accessing and exploring prospects that have potential to host significant deposits and then seek partners to diversify project risk.
4. To retain a financial interest in prospects but not necessarily an operational responsibility.
5. To conduct our affairs in a responsible manner taking into account various stakeholder rights and belief.

Capital

1. To create shareholder wealth as measured by the potential of our prospects, the strength of our balance sheet and share price.
2. To maintain sufficient funding and working capital to implement exploration programs through the peaks and troughs in exploration sentiment and commodity prices fluctuations.

Ultimately, Hannans is aiming to identify a world-class gold, copper, nickel or iron deposit.

Successful implementation of the strategic plan would see Hannans develop a portfolio of projects in which it is sole funding exploration, contributing funding to maintain a joint venture interest, holding a free carried interest, royalty interest and or an equity interest in the company that owns the project.

The ability to implement the strategic plan is determined by Hannans ability to access funding. Hannans needs to continually fund the development of its project pipeline through equity raisings, project sales, joint venture expenditure and royalties.

OPERATIONAL AND FINANCIAL REVIEW

Board of Directors & Executive Management

The Board of Directors remained unchanged throughout the year.

Amanda Scott was appointed a director of Hannans Swedish subsidiary companies Kiruna Iron AB, Scandinavian Resources AB and Scandinavian Iron AB on 29 March 2014.

The Executive Management Team comprises Damian Hicks (Managing Director) and Amanda Scott (Exploration Manager) based in Malå, Sweden and Mindy Ong (Finance & Compliance Manager) based in Perth, Western Australia. The Team is supported on a part time basis by Pernilla Renberg (Office Administrator) in Malå, Sweden.

Projects – Generation, Exploration, Development and Divestment

Hannans has reduced its exploration activities to Sweden only. It has divested the vast majority of its projects in Australia (following a joint venture and a large number of tenement surrenders) and Norway (through the relinquishment of its permits). We do not currently have any plans to expand our exploration activities to other countries.

Hannans is focused on exploration for economic copper, gold, nickel and iron deposits using a systematic exploration process integrating multiple layers of geophysical, geochemical and geological data.

As a company we are aiming to access bedrock geological and geochemical data (relatively) quickly and cost effectively in Sweden by developing a new drill rig customized to local conditions. We are also seeking to utilize a UAV – geophysical sensor solution to reduce the cost of obtaining 'target scale' geophysical data. We believe that having access to this equipment will greatly improve the effectiveness of our exploration expenditure and result in increased chances of exploration success.

1 July 2013	Hannans announced a number of management changes including the retirement of Christina Lundmark, Managing Director of Scandinavian Resources AB and the resignation of Michael Craig as joint Company Secretary.
4 July 2013	Hannans announced that reverse circulation (RC) drilling at the Pahtohavare copper-gold project near Kiruna, Sweden returned visible copper mineralisation in all five holes drilled.
10 July 2013	Hannans released a detailed presentation titled "Pahtohavare Copper-Gold – Strengths, Opportunities & Targets".
17 July 2013	Hannans announced high grade copper-gold assays were returned from the first two holes at the Central Orebody and advised that assays highlight that altered rocks without visible oxide copper mineralisation can be mineralised.
15 August 2013	Hannans announced significantly broader copper-gold intercepts from the Central Orebody following the receipt of assays from 1 metre re-splits of 4m composite samples.
20 August 2013	Hannans announced a maiden JORC Compliant Mineral Resource Estimate for the Pahtohavare Project based on historic data.
17 September 2013	Hannans announced the balance of assay results from the RC drill program including a 57 metre copper-gold intercept. Unfortunately the drilling contractor's equipment was not of sufficient standard to penetrate through the broken and fractured ground to target depth on a number of planned holes and hence not all targets were tested during the program. The Company's uncertain financial situation caused by the failure of Avalon to pay for the Discovery Zone and the longer than expected RC program meant that Hannans was not prepared to enter into expensive diamond drilling contracts that required 'up-front' payment until such time as the financial situation stabilised.
October 2013	Hannans hosted executives from a global mining company whilst they initiated due diligence on the Kiruna Iron Project in Sweden; and received expressions of interest from companies interested in gaining access to the Pahtohavare Copper-Gold Project via an acquisition or joint venture. Representatives from Hannans attended the Fennoscandian Exploration & Mining Conference in Levi, Finland to seek partners for Hannans' existing projects and to seek new partners.
November 2013	Hannans' consultants participated in a survey of the reindeer herding migration path used by the Laevas Sami Village near Hannans' Rakkurijoki deposit and the LKAB's Kiirunavaara iron mine.

Projects – Generation, Exploration, Development and Divestment (cont'd)

2 December 2013	Two Hannans directors attended the Mines & Money conference in London, England to seek partners for Hannans existing projects and to seek new partners.
October – December 2013	Hannans also received a number of proposals to finalise all of the remaining information required to complete exploitation concession applications for both the Rakkurijoki and Rakkurijarvi iron deposits (collectively referred to as "Rakkuri") located close to Kiruna, Sweden. Hannans also initiated discussions with Trafikverket (the Swedish Traffic Authority) regarding possible infrastructure solutions for the Lannavaara Iron Project located 80km north-east of Kiruna, Sweden. Hannans made the decision to withdraw from all exploration permits and activities in Norway due to the extensive time delays in having work plans granted, the high cost of operating in Norway and the lack of initiative from the Norwegian Government to support exploration, development and mining.
27 February 2014	Hannans granted a third party the exclusive right to complete due diligence on the Kiruna Iron Project.
January – March 2014	Hannans engaged metallurgists to complete the first stage of testwork on the oxide ore at the Central Orebody, Pahtohavare Project and a decision was made to proceed with the preparation of exploitation concession applications for both Rakkurijoki and Rakkurijarvi. In relation to the Lannavaara Iron Project proposals were requested from engineering firms to provide a scoping study level analysis of building rail from Lannavaara to Karesuando and then Skibotn, Norway. In Western Australia, a significant number of tenement surrenders were lodged to reduce holding costs and the nickel divestment process continued. An assessment was made of Finland as a jurisdiction for future exploration activities and meetings were held with key stakeholders to understand the risks and opportunities of investing into the country. An important decision was also made to initiate the design of a geochemical drill rig to collect bedrock samples quickly and cost effectively in Scandinavia. Discussions were also initiated with a UAV manufacturer to develop sensors for the exploration industry. The aim of these two initiatives is to increase the speed, and cost effectiveness of collecting first pass exploration data in a jurisdiction that poses many challenges with respect to accessing land and penetrating the glacial moraine.
May 2014	Hannans also entered into a royalty agreement with a private geologist in Norway whereby Hannans received an assignment of a 1% net smelter return royalty on all minerals produced from within highly prospective permits in Norway in consideration for being a responsible employer.
24 June 2014	Hannans announced that it had entered into a joint venture agreement with Reed Resources Ltd (ASX:RDR) (Reed Resources) over Hannans' Lake Johnston nickel sulphide project located west of Norseman in Western Australia. Hannans agreed to transfer to Reed Resources an 80% interest in the project in consideration for Reed Resources assuming all rehabilitation obligations and free-carrying Hannans through to completion of a Bankable Feasibility Study.
April – June 2014	Hannans also initiated a number of activities specific to the Lannavaara Iron Project including commencing stakeholder discussions in Norway, Sweden and Finland; completing an analysis of a storage, loading and port solution for Skibotn, Norway; lodged an expression of interest for port space in Skibotn, Norway; and received proposals from a variety of consultants to prepare a scoping study budget. In Western Australia the Company continued the nickel divestment process and lodged additional tenement surrenders to reduce holding costs. Investigations continued into the development of the geochemical drill rig and UAV-geophysical sensor combination.

Subsequent to the end of the financial year Hannans lodged a detailed presentation titled, "Lannavaara Iron Project".

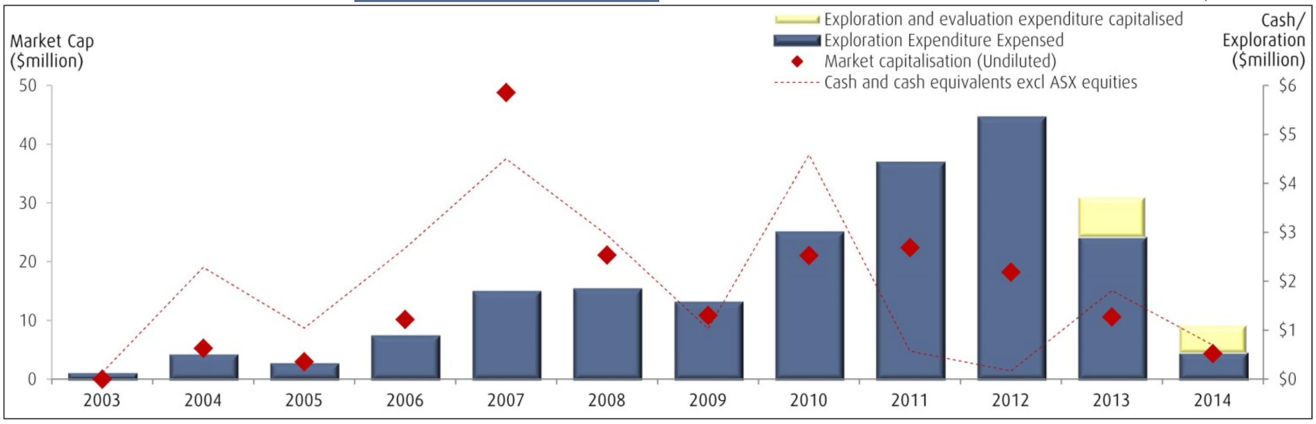
Exploration Expenditure

In line with the Group's accounting policy, Hannans expensed $534,311 on mineral exploration activities in 2014 (2013: $2,896,893) relating to its non JORC compliant mineral resource projects and capitalised $577,164 (2013: $837,196) of expenditure in connection with the Kiruna Iron project and Pahtohavare Cooper-Gold project which have JORC compliant mineral resource. This excludes all administration and transaction costs.

Mineral Exploration Activities Expensed in 2014	$	%
Geological activities	468,650	42.2%
Geochemical activities	32,728	2.9%
Geophysical activities	1,681	0.2%
Drilling	69,591	6.3%
Field supplies	8,054	0.7%
Field camp and travel	44,684	3.9%
Drafting activities	1,752	0.2%
Environmental	49,351	4.4%
Feasibility Studies	94,503	8.5%
Rehabilitation	200	0.1%
Annual tenement rent	221,724	19.9%
Annual tenement rates	54,229	4.9%
Tenement administration	62,911	5.7%
Tenement application fees	1,417	0.1%
TOTAL MINERAL EXPLORATION ACTIVITIES	1,111,475	100%
-) Capitalised expenses	(577,164)	
Total expensed	534,311	

Project	Exploration Expensed $	%
Australia	214,109	40%
Sweden & Norway	897,366	60%
TOTAL MINERAL EXPLORATION ACTIVITIES	1,111,475	100%
-) Capitalised expenses	(577,164)	
Total	534,311	

Hannans Financial Summary 2003 – 2014



Corporate

On 4 July 2013 Hannans raised $300,000 through the issue of 15 million shares to the directors, as approved by shareholders at a meeting held on 6 June 2013.

The same day Hannans issued a formal demand to Avalon Resources Ltd (ASX: AVI) demanding payment of $2 million owed to Hannans for the sale of the Discovery Zone Prospect.

On 13 August 2013 a substantial shareholder notice was lodged by the Company's largest shareholder noting their position had been diluted down to 16% as a result of the recent share issue by Hannans.

On 16 September 2013 Hannans announced that unexercised options had expired and therefore the updated capital structure comprised 721,966,133 fully paid ordinary shares only.

On 27 September 2013 Hannans lodged its Annual Report.

On 1 October 2013 Hannans agreed to vary the Heads of Agreement for the sale of Discovery Zone, such that Avalon would pay Hannans $1 million within three days and $3 million within five days of the Discovery Zone exploitation concession being granted. The $1 million was received on 8 October 2013.

On 16 October 2013 Hannans lodged its Notice of Annual General Meeting. The AGM was held on 21 November 2013 and all resolutions were passed on a show of hands and a majority of proxy votes were cast in favour of the resolutions. The AGM presentation was released to the market the same day.

On 27 February 2014 Hannans granted a third party the exclusive right to complete due diligence on the Kiruna Iron Project, in consideration for which Hannans will receive USD1 million. The period of exclusivity ended on 1 September 2014. However, the Third Party has requested additional time to complete its due diligence and accordingly Hannans has extended the period of the exclusive right. It has been agreed in writing that the due diligence will be completed in October and, if the Third Party decides to enter into a transaction with regards to Rakkuri, a legally binding Term Sheet will be executed in November 2014.

Figure 1: Scandinavian Infrastructure summary

KEY PROJECTS

Pahtohavare Copper-Gold Project

The Pahtohavare project is located 8km south-west of Kiruna, a full-service mining town in Norrbotten County, northern Sweden. The project is also very well positioned with regard to major infrastructure; including sealed roads, power and open-access railway.

Pahtohavare provides Shareholders with a unique investment opportunity – a high grade copper-gold project located close to modern infrastructure and first class mining services, in a low sovereign risk, mining friendly country.

The Pahtohavare deposits have been classified as epigenetic copper-gold deposits hosted in Proterozoic aged, Kiruna Greenstone Group rocks comprised of basic lavas and intrusions, basic tuffs and tuffites and acid volcanics. Locally, the majority of mineralisation is hosted in a hydrothermally-altered package of albite-quartz, along with graphite schist. At Central the mineralisation is oxidised to an approximate depth of 100m whereas at Southern and South Eastern the mineralisation is fresh sulphide mineralisation, namely chalcopyrite. Spatially the three deposits are located on the limbs and in the hinge position of a kilometre-scale antiform.

Pahtohavare Copper-Gold Project (cont'd)

The compelling attributes of the project are:

∂ Proven high grade copper-gold mineralisation at surface and depth.

∂ Underground development in place at Southern and South-Eastern.

∂ Previously mined industrial site.

∂ Area of National Interest for Mining.

∂ Potential to increase scope of oxide mineralisation at Central.

∂ Potential to process high grade oxide copper mineralisation close to surface (from surface to ~100m).

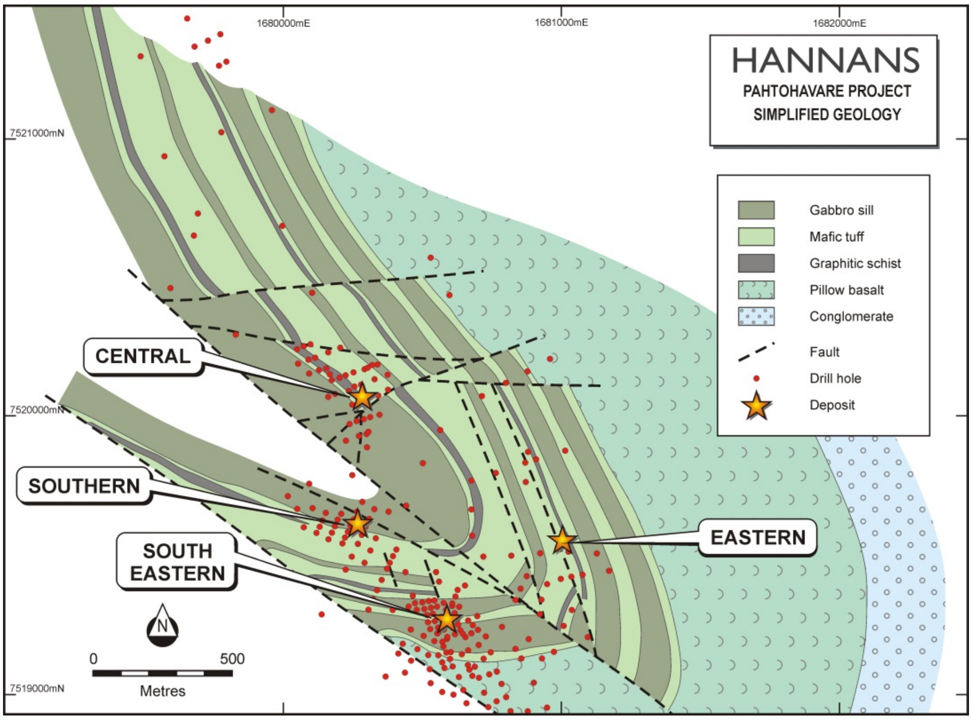


Figure 2: Simplified geological map of Pahtohavare showing the different deposit locations and historic drilling.

∂ Confirmation of ore grade mineralisation beneath Southern.

∂ Multiple geophysical targets including FLEM and Slingram anomalies.

∂ Multiple geochemical targets from historic bottom of till samples.

∂ Multiple geological targets including depth and strike extensions.

RECENT ACTIVITIES

During the summer field season in 2013 Hannans completed 8 RC drillholes at the Central Zone deposit; the drilling was designed to test shallow, high potential targets where drilling by previous explorers was in-effective due to their failure to penetrate through a shear zone located above the ore zone. In addition to testing high potential targets, the infill component of the RC program was designed to decrease the profile spacing from 50 metres (the current spacing) down to 25 metres and this is expected to assist in resource definition.

The maiden drilling campaign at Pahtohavare was met with many technical difficulties including insufficient compressed air, broken ground (at depth) and the wet and boggy surface which made moving the heavy drill equipment between holes difficult. As a consequence the drill programme was ended prematurely and the deeper EM targets were not tested. Despite the reduced programme and technical difficulties the drilling did intercept some excellent high-grade copper-gold intercepts from the Central Zone; significant intercepts included:

PARC13008

∂ 57m @ 1.12% Cu, 0.61g/t Au, 1.39g/t Ag from 98m

∂ Inc. 7m @ 3.25% Cu, 1.56% Au, 2.56g/t Ag from 100m

PARC13005

∂ 39m @ 0.45% Cu, 0.27g/t Au from 34m

∂ Inc. 5m @ 1.07% Cu, 0.17g/t Au from 68m

PARC13002/PARC13002B (Same collar position)

∂ 30m @ 1.56% Cu, 1.16g/t Au, 1.12g/t Ag from 40m

∂ Inc. 4m @ 5.14% Cu, 5.54g/t Au, 1.77g/t Ag from 65m plus

∂ 14m @ 1.47% Cu, 0.6g/t Au, 0.9g/t Ag from 70m·

∂ Inc. 3m @ 4.52% Cu, 1.69g/t Au, 1g/t Ag from 73m

Pahtohavare Copper-Gold Project (cont'd)

JORC RESOURCE ESTIMATE AND EXPLORATION TARGETS

In August 2013 Hannans released a maiden JORC Mineral Resource Estimate for the Pahtohavare Project. The estimate was undertaken to reconcile historic pre-mining resource calculations and post-mining close-out reports. The JORC Mineral Resource Estimate was completed by independent consultants, SRK Consulting Sweden AB (SRK) in accordance with the principles of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (JORC 2012).

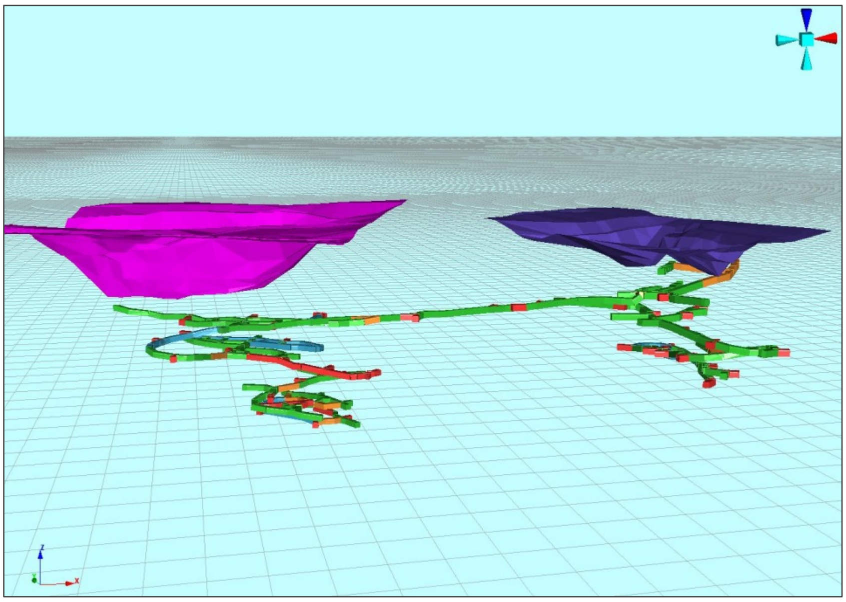


Figure 3: Open pits in relation to underground workings (25 m grid), Southern (left) and South Eastern (right).

Copper mineralisation wireframes were generated using a 0.4% Cu cut-off to produce a block model. SRK subsequently undertook a Whittle analysis and high-level evaluation of possible underground mining scenarios on the block model in order to determine the potential for eventual economic extraction from open pit and underground mining methods. The open pit JORC Inferred Mineral Resource is restricted to all material falling within a Whittle pit shell, and above a CuEq[1] cut-off grade of 0.56% for oxide material, and 0.43% for sulphide material. The underground JORC Inferred Mineral Resource is restricted to all sulphide material underneath the Whittle shell above a CuEq[1] cut-off grade of 1.48%. The Whittle analysis and optimisation for the mineralisation at Pahtohavare produces a JORC Inferred Mineral Resource of 2.3Mt @ 1.74% Cu, 0.6g/t Au, 2.31% CuEq[1].

In addition to the JORC Inferred Mineral Resource, SRK also generated a JORC Exploration Target for the Eastern Mineralisation. This is a result of the historic drilling being on a sparse and variable grid, and due to lack of historic drill core re-assaying. SRK estimated grades and tonnages to provide an analysis of the potential. As a result, SRK has delineated an Exploration Target of between 2 – 4Mt of material grading between 0.3 – 0.7% Cu (with negligible Au grades) for the Eastern area, based on blocks within the digitised mineralisation wireframes, but not reported above a cut-off grade. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. Based on the copper equivalent cut-off grades used to report the Resources in the Resource statement, only a minor portion of the currently outlined Eastern area would be above the cut-off grade used for Resource reporting. However, this material may have elevated Zn and Pb grades, which were not taken into account during the Resource estimation process.

The global resource for the Pahtohavare project as a whole currently stands at 2.3Mt @ 1.74% Cu, 0.6g/t Au (2.31% CuEq[1]). Refer to the Annual Resource Statement on page 16 for full resource and exploration target tables, accompanying statements and competent person's statements.

PLANNED ACTIVITIES

Hannans believes additional value at Pahtohavare can be obtained by completing first-pass metallurgical testwork on the high grade copper-gold oxide material from the Central Orebody, testing for a continuation of the copper sulphide mineralisation and completing geochemical sampling along the untested contact that hosts the known copper mineralisation.

Hannans has engaged Independent Metallurgical Operations Pty Ltd (IMO) to complete Stage 1 of testwork on the oxide ore at the Central Orebody. Stage 1 has comprised a review of historical testwork reports and preparation of a testwork flowsheet for the oxide material. Quotes are being obtained to complete the laboratory testwork as defined in the flowsheet. The laboratory testwork will be split into two stages; Stage 1 will include sample receipt and preparation and initial ore characterisation tests. The results of the ore characterisation testwork will enable IMO to refine a budget for Stage 2 which will include laboratory testwork and reporting on the flotation and leaching performance of the oxide ore.

Subject to satisfactory results of metallurgical testwork including development of an environmentally and socially acceptable processing route, there may be potential for early cash flow from the near surface high grade copper-gold deposit. An alternative option is to assess whether the oxide and sulphide material can be mined and transported by rail to a nearby processing facility.

[1] Copper equivalent (CuEq) has been calculated using metal selling prices of USD3.56 / lb for Cu and USD1,510 / Oz for Au, along with metal recoveries of 90% for Au and 65% for Cu in sulphide material and 80% for Au and 50% of Cu in oxide material. The following equations were used:

- Oxide: CuEq = (1.12 x Au (ppm) grade) + (0.98 x Cu% grade)
- Sulphide: CuEq = (0.97 x Au (ppm) grade) + (0.99 x Cu% grade)

Kiruna Iron Project

The Kiruna Iron Project represents an opportunity for Hannans and an incoming joint venture partner to establish a significant, premium grade (+68% Fe), iron concentrate operation. The Kiruna Iron Project comprises a number of different deposits, the majority within 80km of Kiruna.

Prior to the deposits being aggregated by Hannans they had not been effectively drill tested since early 1970. The initial focus was therefore to convert old deposits into JORC compliant mineral resources and assess the metallurgical characteristics of each deposit to determine if a saleable iron product could be produced from the magnetite ore.

The aim is to develop a business model whereby a number of satellite deposits, in addition to the main Rakkuri project are feeding into a central processing hub to create a long life profitable and sustainable mining and processing operation.

The initial concept is to bring the Rakkuri project into production, build a cash flow and introduce additional deposits as the business grows. Many studies and tests will need to be conducted to achieve this goal but it is considered achievable. Hannans is currently seeking a joint venture partner to assist in providing funding and expertise to progress the project.

The compelling attributes of the project are:

- Multiple iron ore deposits (at surface) within close proximity to Kiruna, a full service mining town and modern open-access infrastructure.
- Low political risk with favourable mining jurisdiction. Hannans' main iron deposit (open pit opportunity) is within an area of National interest for mining.
- Opportunity exists for Hannans to become an independent producer of premium grade pellet feed (concentrate) or provide ore to existing mines within the area.
- Low infrastructure risk with access to third party infrastructure already available with available capacity.
- Low metallurgy risk with proven magnetite processing technology in existence.

JORC RESOURCE ESTIMATE AND EXPLORATION TARGETS

The global resource for the Kiruna iron project as a whole currently stands at 395.5Mt @ 40.1% Fe. For full resource and exploration target tables, accompanying statements and competent person's statements please refer to the Annual Resource Statement on page 16.

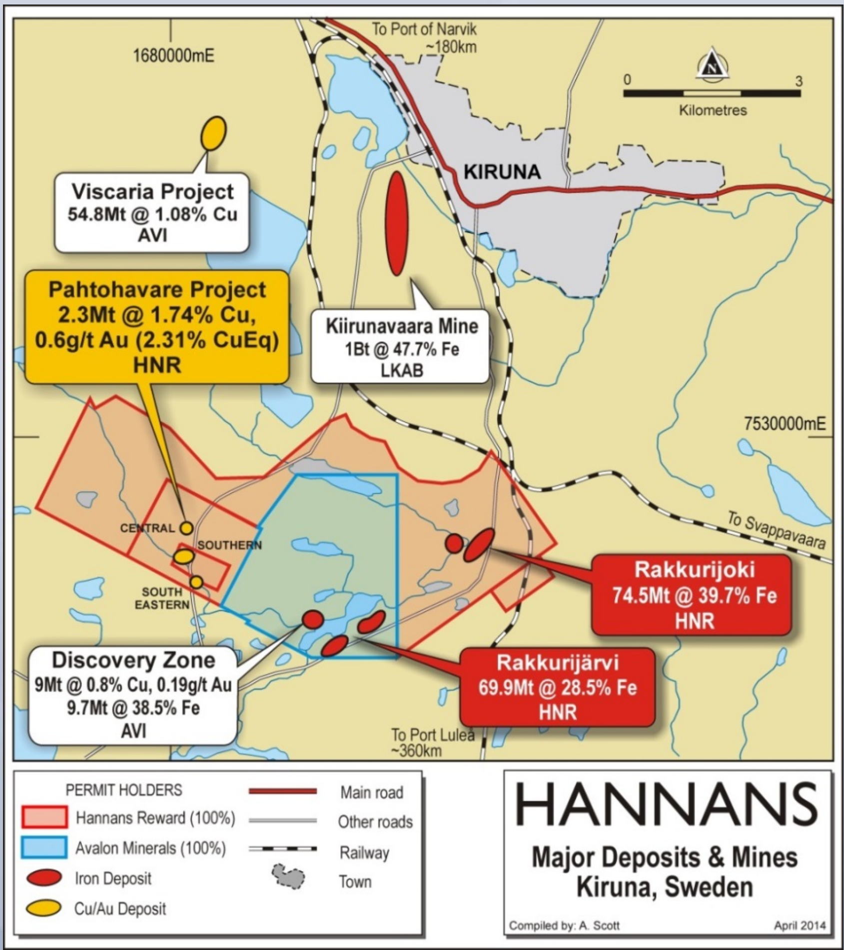


Figure 4: JORC Inferred Iron Resources at the Rakkuri Deposits, Kiruna Iron Project.

Kiruna Iron Project (cont'd)

Two magnetite deposits (Rakkurijoki and Rakkurijärvi) located 5km from the world's largest and most modern underground iron mine (Kiirunavaara, owned by LKAB).

The Rakkuri Deposits are extremely well located within close proximity to key project infrastructure including:

- power (overhead);
- roads (less than 250m);
- heavy gauge rail (less than 1km); and
- heavy gauge rail connects to two modern iron ore export ports (Narvik, Norway & Luleå, Sweden)

A positive scoping study assessing the viability of a stand-alone, open-pit mining operation at the Rakkurijoki iron deposit was completed in February 2013. The study found the Rakkurijoki deposit has the potential to supply iron product over a 12 year mine life, at a premium price, to the European and the Middle East North African (MENA) markets.

With the scoping study now completed, Hannans is actively searching for a joint venture partner to fund the project through the remaining feasibility and resource drilling phases up to a decision to mine.

The next stage of feasibility will include the Rakkurijärvi deposit, which is located ~1km away from Rakkurijoki, to expand the scope of the project.

Lannavaara Iron Project

The project has the potential to be a large, long-life (+25 year) project. It comprises exploiting a large magnetite iron resource at Lannavaara, converting the ore into a high quality iron concentrate, transporting the iron concentrate 170km to an ice-free, deep-water port and shipping the iron concentrate (product) to market. The Project is at the Conceptual Stage: social, environmental, infrastructure, marketing, processing, mining and exploration related investigations are at early stages. One question that needs to be considered at this early stage is how can this Project benefit the Kommuns and its Stakeholders.

EXPLORATION MINING & PROCESSING

The main deposit is Paljasjärvi which is comprised of a 3.5km long magnetic anomaly. Magnetite skarn mineralisation was confirmed by historic drilling in 1963 (6 holes). Hannans completed initial metallurgical testwork (DTR) on the historic core which confirmed the ore upgrades to +69% Fe. Additional iron deposits located close by and a significant amount of drilling and metallurgical testwork required to improve understanding. It appears that the ore is located close to surface.

Lannavaara Iron Project (cont'd)

LOGISTICS

Short	Assumptions
Locomotives	Diesel / LNG
Port Capacity	8Mt pa (with options for expansion)
Vessel Capacity	250,000DWT
Rail Gauge	Finnish standard (25 tonne axle-load and 8 t/m)
Wagons	100t total weight, loading 80t of product, 12.5m long and 46 wagons in total
Tonnes of ore per train	3,680t of ore
Standard Train Length	675m (including locomotives)
Trains Per Day	7 (planning caters for 8)
Train Cycle	12 hours
Marshalling & Train Movements in the Port	Before entering the mountain
Ore Handling	In the mountain
Quay & Shiploader	The center of the ship loader is the only real quay, the vessel is moored and resting at 5 strong mooring points with fender system, adapted to tidal waters.
Power Requirements	3,700 kW
Rock Excavation	$335{,}000m^3$

MARKETING

A range of potential iron products could be developed from the Lannavaara Iron Project characterised by high iron content and low impurities. The ore at the Project must be the subject of substantial metallurgical and mineralogical test work to determine the potential for an iron ore product to be developed in line with market demand. The growth markets for iron ore products are the Middle East & North Africa (MENA) and China.

ENVIRONMENT & SOCIAL

Importantly the ore is outside Natura 2000 areas (Sweden & Finland) and outside competing Areas of National Importance (Sweden). However extensive environmental, social and economic impact studies are required before understanding of the impacts of mining, processing and transportation is possible. Interestingly over the full steel production cycle (i.e. from ground to steel), each tonne of magnetite concentrate saves about 108kg of CO2 emissions when compared to direct shipping hematite ore – the Project will contribute to less emissions. A study will be made into utilising a diesel/gas mining fleet and hydro power.

NEXT MILESTONE

Hannans plans to initiate a scoping study to assess the risks and opportunities of the project to a +/-30% level of accuracy. The scoping study will consider environmental, social, cultural, mining, processing, transportation and financial risks associated with the project. It is envisaged that this scoping study will be completed by the end of 2015.

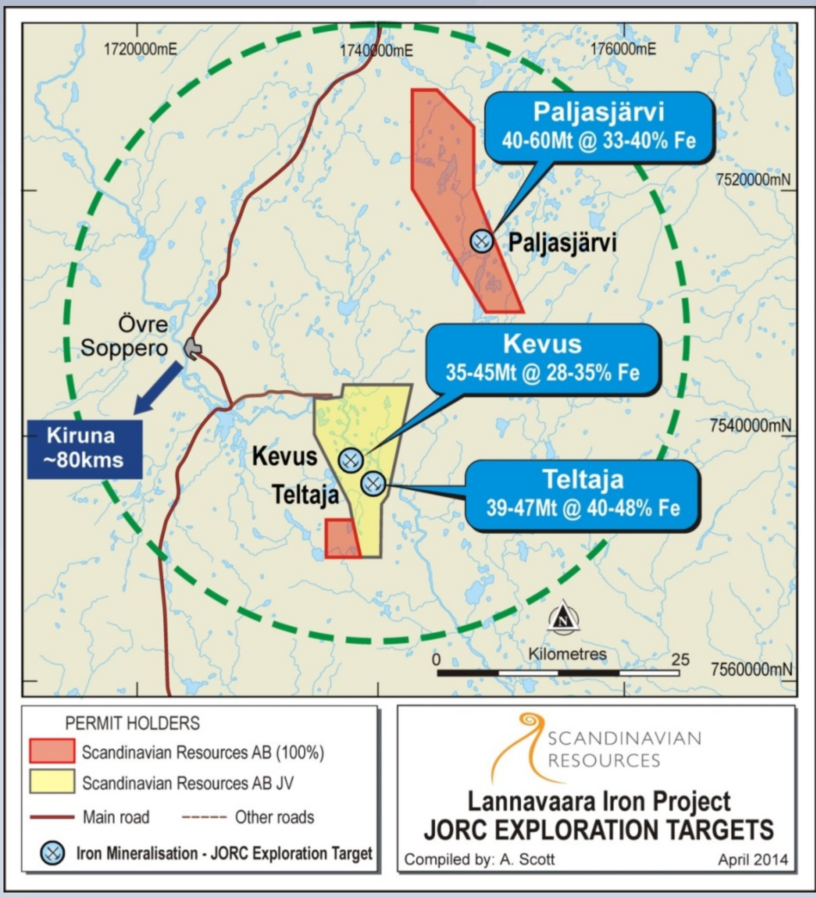
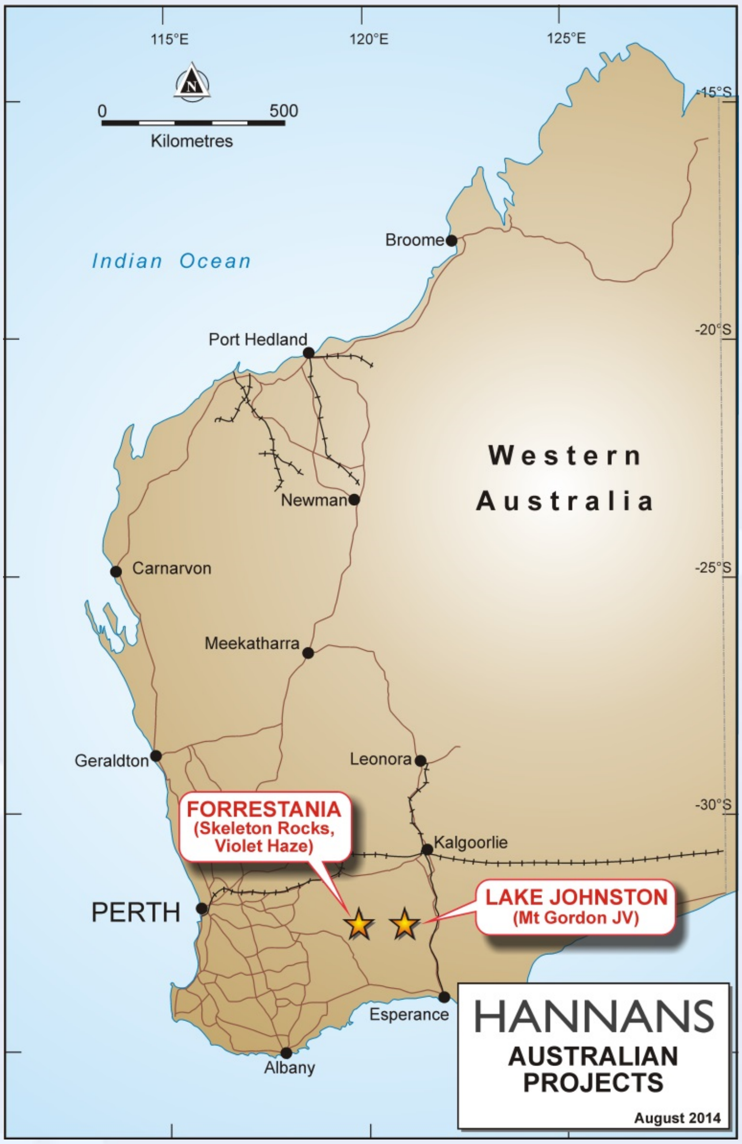


Figure 5: JORC Exploration Targets, Lannavaara Iron Project.



Lake Johnston Nickel Sulphide Project

Hannans entered into an agreement with Reed Resources Ltd (ASX:RDR) (Reed Resources) with 20% free carried interest through to completion of a Bankable Feasibility Study over its Lake Johnston nickel sulphide project, located west of Norseman in Western Australia in mid-2014.

EXPLORATION

Hannans made significant progress exploring for nickel sulphide mineralisation at Lake Johnston and Reed Resources can now add to that knowledge. In 2012 Hannans intersected (please refer ASX Announcement 30 August 2012) nickel sulphide mineralisation in a single reverse circulation drillhole (MGRC059) it drilled to test the coincident copper-nickel auger geochemistry anomaly at Mt Gordon; significant drillhole intercepts (lower cut-off grade of 0.25% Ni) included:

Hole ID	MGA East	MGA North	Dip	Azi	Total Depth	From (m)	To (m)	Interval (m)	Ni Grade (%)
MGRC059	290825	6400803	-60	090	174	16	64	48	0.30
						96	98	2	0.56
						118	134	16	0.26
						140	168	28	0.28

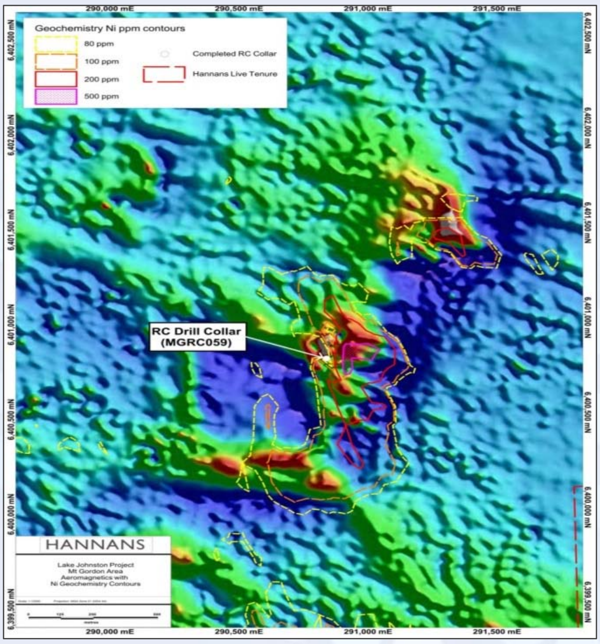
Table 1: Mt Gordon Ni RC Drilling Summary Table (previously reported).

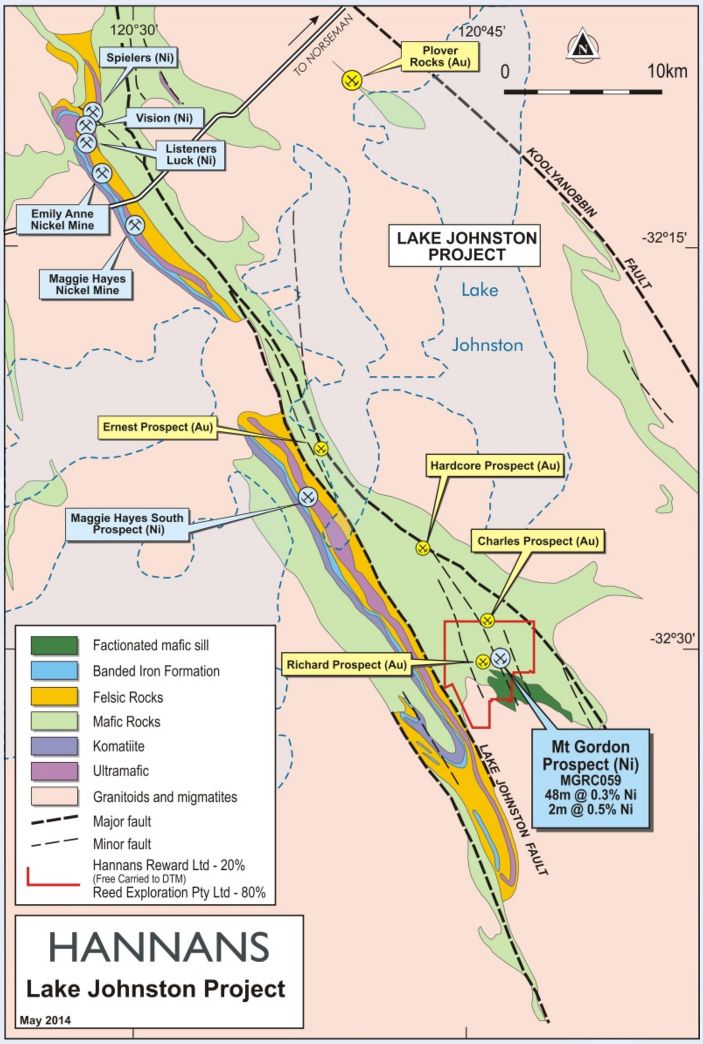
In 2013 a geochemical analysis of drill samples from MGRC059 completed by Dr Nigel Brand confirmed the presence of "a fertile, high-MgO reduced komatiite with the potential to host high tenor nickel sulphides". Petrographical analysis of the same drill samples completed by Dr Craig Rugless confirmed the presence of pentlandite and violarite (after pentlandite).

Lake Johnston Nickel Sulphide Project (cont'd)

As part of its due diligence process Reed Resources has completed additional petrography on samples from MGRC059 which confirmed trace amounts of slightly supergene altered (violarite) pentlandite plus accessory pyrrhotite and chalcopyrite coincident with the end of hole sample that returned approximately 1% sulphur plus subgrade nickel.

Recent work by Reed Resources has included a 3D magnetic inversion and subsequent modelling and interpretation which has indicated that the Mt Gordon magnetic anomalies are likely associated with the Medcalf Layered Igneous Complex located to the south of Mt Gordon. A maiden diamond drilling programs has been planned to follow up the initial intercept (MGRC059) and to test conceptual targets generated through the geophysical modelling. An auger geochemical program has also been planned to cover the area to the southeast of Mt Gordon towards the Medcalf Layered Igneous Complex.





ANNUAL RESOURCE STATEMENTS (JULY 2013 – JUNE 2014)

Kiruna Iron Project

The global resource estimate for the Kiruna Iron Project currently stands at 395.5Mt @ 40.1%Fe; this is the same as the figure reported in Hannans' 2013 Annual Report.

JORC Compliant **Indicated** Mineral Resource Table

Prospect	Mt	Fe (%)	P (%)	S (%)
Sautusvaara South	32.0	37.4	0.06	1.63
Sautusvaara North	11.4	39.7	0.09	0.44
Ekströmsberg	30.4	52.0	Unavailable	Unavailable
TOTAL	73.8	43.0	–	–

JORC Compliant **Inferred** Mineral Resource Table

Prospect	Mt	Fe (%)	P (%)	S (%)
Rakkurijärvi	69.6	28.5	0.07	0.93
Rakkurijoki	74.5	39.7	0.28	0.89
Sautusvaara South	6.8	26.6	0.09	1.82
Sautusvaara North	1.0	44.8	0.05	0.46
Vieto	14.0	35.7	0.14	1.46
Puoltsa	19.1	30.2	Unavailable	Unavailable
Renhagen	26.3	32.1	0.21	0.03
Harrejaure	16.2	43.4	0.04	0.01
Ekströmsberg	41.6	52.0	Unavailable	Unavailable
Tjårrojåkka	52.6	51.0	Unavailable	Unavailable
TOTAL	321.7	39.3	–	–

TOTAL	Mt	Fe (%)
Indicated & Inferred	395.5	40.1

The global Exploration Target for both the Kiruna Hub and Lannavaara Hub stands at 188-250Mt @ 32.8-40.4% Fe; this is a decrease from the figure reported in 2013. The reduction is due to the surrender of permits containing the Åkosjegge and Leppäjoki prospects.

JORC Compliant **Exploration Target**[2] Tables

Hub 1 – Kiruna Hub

Prospect	Tonnage Range (Mt)	Grade Range (Fe%)
Altavaara	55-60	26-29
Laukkujärvi	4-8	30-35
Tjåorika	15-30	45-55
Total Hub 1	74-98	33.6-39.6

Hub 2 – Lannavaara Hub

Prospect	Tonnage Range (Mt)	Grade Range (Fe%)
Kevus	35-45	28-35
Paljasjärvi	40-60	30-40
Teltaja	39-47	40-48
Total Hub 2	114-152	32-41

TOTAL	Mt	Fe (%)
Hub 1 & 2	188-250	32.8-40.3

[2] The JORC Exploration Targets have been subjected to diamond drill testing, ground geophysics and interpretation by the Geological Survey of Sweden, reviewed by Mr Thomas Lindholm, of GeoVista AB. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient interpretation to define a JORC Mineral Resource and it is uncertain if further interpretation will result in the determination of a JORC Mineral Resource.

Kiruna Iron Project (cont'd)

Competent Person's Statements-Kiruna Iron Project

- The mineral resource estimate for Rakkurijoki and Rakkurijärvi is effective from 13th January 2012 and has been prepared by Mr Thomas Lindholm, MSc of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a Fellow of the Australasian Institute of Mining and Metallurgy (Membership No. 230476). Mineral resources for Rakkurijoki and Rakkurijärvi have been prepared and categorised for reporting purposes by Mr Lindholm, following the guidelines of the JORC Code. Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.
- The mineral resource estimate for Puoltsa is effective from 13 January 2012 and has been prepared by Mr Thomas Lindholm, MSc of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a Fellow of the Australasian Institute of Mining and Metallurgy (Membership No. 230476). Mineral resources of Puoltsa has been prepared and categorised for reporting purposes by Mr Lindholm, following the guidelines of the JORC Code. Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.
- The mineral resource estimate for Ekströmsberg and Tjårrojåkka is effective from 22 July 2011 and has been prepared by Dr Christopher Wheatley of Behre Dolbear International Ltd, UK, acting as an independent "Competent Person". Dr Wheatley is a member of the Institute of Materials Minerals and Mining (Membership No. 450553). Mineral resources of Ekströmsberg and Tjårrojåkka have been prepared and categorised for reporting purposes by Dr Wheatley, following the guidelines of the JORC Code. Dr Wheatley is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Dr Wheatley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.
- The mineral resource estimate for Vieto and Sautusvaara is effective from 26 July 2011 and has been prepared by Mr Geoffrey Reed of Minarco-MineConsult acting as an independent "Competent Person". Mr Geoffrey Reed is a Member of the Australasian Institute of Mining and Metallurgy (CP) (Membership No. 205422). Mineral resources of Vieto and Sautusvaara have been prepared and categorised for reporting purposes by Mr Reed, following the guidelines of the JORC Code. Mr Reed is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Reed consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.
- The mineral resource estimate for Renhagen and Harrejaure is effective from 13 January 2012 and has been prepared by Mr Geoffrey Reed of Minarco-MineConsult acting as an independent "Competent Person". Mr Geoffrey Reed is a Member of the Australasian Institute of Mining and Metallurgy (CP) (Membership No. 205422). Mineral resources of Renhagen and Harrejaure have been prepared and categorised for reporting purposes by Mr Reed, following the guidelines of the JORC Code. Mr Reed is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Reed consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.
- The information in this document that relates to JORC Exploration Targets is based on information reviewed by Mr Thomas Lindholm of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a member of the Australasian Institute of Mining and Metallurgy (Membership No. 230476). Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.
- The information in this document that relates to exploration results for the Kiruna Iron Project is based on information compiled by Amanda Scott, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (Membership No. 990895). Amanda Scott is a full-time employee of Hannans Reward Ltd. Amanda Scott has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Amanda Scott consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.
- Note all Kiruna Iron Project Resource Estimates and Exploration Target Estimates have been prepared and reported under the 2004 JORC Code. The company confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

Pahtohavare Cooper-Gold Project

The Pahtohavare Inferred Mineral Resource and Exploration Target Estimate figures are the same as those reported in 2013. Please refer to the ASX Announcement dated 31 January 2014, titled "Re-Release of Maiden JORC Resource for Pahtohavare" for a comprehensive summary of the estimates and technical information including Table 2 (2012 JORC Code-Sections 18 & 19).

Area	Resource Category	Mt	Cu (%)	Au (g/t)	Cu Eq (%)	Mining Scenario	Material
Central	Inferred	1.4	1.8	0.6	2.4	Open Cut	Oxide
Southeast	Inferred	0.8	1.7	0.5	2.1	Open Cut + Underground	Sulphide
South	Inferred	0.1	1.3	0.6	1.9	Underground	Sulphide
COMBINED	Inferred	2.3	1.7	0.6	2.3		

Table 2. JORC Inferred Resource-Pahtohavare Project. (Open pit resources calculated using a Whittle optimised cut-off grade of 0.56% CuEq[3] for oxide material and 0.43% CuEq[3] for sulphide material. Underground resources calculated using a 1.48% CuEq[3]).

[3] Copper equivalent (CuEq) has been calculated using metal selling prices of USD3.56 / lb for Cu and USD1,510 / Oz for Au, along with metal recoveries of 90% for Au and 65% for Cu in sulphide material and 80% for Au and 50% of Cu in oxide material. The following equations were used:

- Oxide: CuEq = (1.12 x Au (ppm) grade) + (0.98 x Cu% grade)
- Sulphide: CuEq = (0.97 x Au (ppm) grade) + (0.99 x Cu% grade)

Pahtohavare Cooper-Gold Project (cont'd)

JORC Compliant **Exploration Target** Tables

Area	Category	Mt	Cu (%)
Eastern	JORC Exploration Target	2-4	0.3-0.7

Table 3: JORC Exploration Target for Eastern Zone, Pahtohavare

Accompanying Statements: JORC Inferred Resource-Pahtohavare

1. The effective date of the Mineral Resource is 12 July 2013.
2. Mineral Resources are reported in relation to a conceptual pit shell. Mineral Resources are not Ore Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate.
3. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated or Measured Mineral Resource; and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
4. Copper equivalent (CuEq) grades were calculated using metal prices of USD3.56 per pound of copper (Cu), and USD1,510 per troy ounce of gold (Au), along with metal recoveries of 90% for Au and 65% for Cu in sulphide material and 80% for Au and 50% of Cu in oxide material.
5. Open pit Mineral Resources are reported above the Whittle pit shell and above a cut-off grade of 0.56% CuEq for oxide material and 0.43% CuEq for sulphide material.
6. Underground Mineral Resources are reported below the Whittle pit shell, and above a cut-off grade of 1.48% CuEq for sulphide material.
7. Mineral Resources for the Pahtohavare project has been classified according to the JORC Code (2012) by Ben Parsons (MAusIMM (CP)), an independent Competent Person as defined by JORC.
8. The Mineral Resource estimate has not been affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

Accompanying Statement JORC Exploration Target-Pahtohavare

1. The Eastern area of Pahtohavare has not been classified as a Mineral Resource, but is considered by SRK Consulting to be an Exploration Target. This is a result of the historic drilling being on a sparse and variable grid, and due to lack of historic drill core re-assaying.
2. SRK Consulting estimated grades and tonnages to provide an analysis of the potential. As a result, SRK Consulting has delineated an Exploration Target of between 2–4 Mt of material grading between 0.3–0.7% Cu (with negligible Au grades) for the Eastern area, based on blocks within the digitised mineralisation wireframes, but not reported above a cut-off grade.
3. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.
4. Based on the copper equivalent cut-off grades used to report the Resources in the Resource statement, only a minor portion of the currently outlined Eastern area would be above the cut-off grade used for Resource reporting. However, this material may have elevated Zn and Pb grades, which were not taken into account during the Resource estimation process.

Competent Person's Statements-Pahtohavare

∂ The information in this document that relates to exploration results for the Pahtohavare Project is based on information compiled by Amanda Scott, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (Membership No. 990895). Amanda Scott is a full-time employee of Hannans Reward Ltd. Amanda Scott has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Amanda Scott consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

∂ The information in this document that relates to the Pahtohavare Mineral Resource and Exploration Target is based on information compiled by Mr Benjamin Parsons, a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy (Membership No. 222568). Benjamin Parsons is a full time employee of SRK Consulting, and has no interest in, and is entirely independent of Hannans Reward Limited. Benjamin Parsons has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in JORC 2012. Benjamin Parsons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

∂ The information in this document that relates to the Pahtohavare Mineral Resource and Exploration Target is based on information compiled by Mr Johan Bradley, a Competent Person who is a Chartered Geologist with the Geological Society of London (Membership No. 1014008), and a European Geologist (EurGeol). Johan Bradley is a full time employee of SRK Consulting, and has no interest in, and is entirely independent of Hannans Reward Limited. Johan Bradley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in JORC 2012. Johan Bradley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

∂ Note all Resource Estimates, Exploration Target Estimates and Exploration Results within this report pertaining to the Pahtohavare Project have been prepared and reported under the 2012 JORC Code. The company confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

DIRECTORS

The names and particulars of the Directors of the Company during the financial year and until the date of the report are:

Mr Damian Hicks, Managing Director (Appointed 11 March 2002)

Mr Hicks was a founding Director of Hannans Reward Ltd and appointed to the position of Managing Director on 5 April 2007. He formerly held the position of Executive Director and Company Secretary. Mr Hicks is also Managing Director of the Group's subsidiary companies.

Mr Hicks holds a Bachelor of Commerce (Accounting and Finance) from the University of Western Australia, is admitted as a Barrister and Solicitor of the Supreme Court of Western Australia, holds a Graduate Diploma in Applied Finance & Investment from FINSIA, a Graduate Diploma in Company Secretarial Practice from Chartered Secretaries Australia and is a Graduate Member of the Australian Institute of Company Directors.

Mr Hicks is a Non-Executive Director of funds management company, Growth Equities Pty Ltd.

During the past 3 years Mr Hicks was a Director of Scandinavian Resources Ltd from 19 April 2010 to the date the company ceased to be a listed public company on 12 June 2013.

Mr Jonathan Murray, Non-Executive Director (Appointed 22 January 2010)

Mr Murray is a partner at law firm Steinepreis Paganin, based in Perth, Western Australia. Since joining the firm in 1997, he has gained significant experience in advising on initial public offers and secondary market capital raisings, all forms of commercial acquisitions and divestments and providing general corporate and strategic advice.

Mr Murray graduated from Murdoch University in 1996 with a Bachelor of Laws and Commerce (majoring in Accounting). He is also a member of FINSIA (formerly the Securities Institute of Australia).

During the past 3 years Mr Murray has also served as a director of the following other listed companies:
* Denotes current directorship

- Peak Resources Limited* (appointed 22 February 2011)
- Lemur Resources Limited (appointed 6 November 2013; resigned 29 May 2014)
- Highfield Resources Ltd (appointed 25 October 2011; resigned 14 August 2013)
- Laguna Resources Ltd (appointed 16 October 2009; resigned 20 February 2012)
- Kalgoorlie Mining Company Ltd (appointed 4 June 2010; resigned 5 October 2012) *previously US Nickel Ltd*

Mr Markus Bachmann, Non-Executive Director (Appointed 2 August 2012)

Mr Bachmann graduated with Honours ("cum laude") from the University of Berne, Switzerland and began his corporate finance career in 1993.

In 2001, Mr Bachmann was Senior Portfolio Manager with Coronation Fund Managers in Cape Town when it was awarded the Standard & Poor's Award for Manager of the Best Performing Large Cap Equity Unit Trust in South Africa.

In 2003, Mr Bachmann was founding partner of Craton Capital and is the Chief Executive Officer. Craton Capital was awarded Fund Manager of the Year at the Mining Journal's "Outstanding Achievement Awards" announced in London during December 2010 for the Craton Capital Precious Metal Fund. The award is the most prestigious fund award in the mining industry.

Craton Capital has offices in Johannesburg, South Africa and in Zurich, Switzerland.

Mr Bachmann brings an extensive network of contacts in Europe and Africa to the Board which will assist with rapidly growing the Company's minerals portfolio including its flagship Kiruna Iron Project.

During the past 3 years Mr Bachmann was a Director of Scandinavian Resources Ltd from 19 January 2011 to the date the company ceased to be a listed public company on 12 June 2013.

Mr Olof Forslund, Non-Executive Director (Appointed 2 August 2012)

Mr Forslund is a geophysicist and has extensive international experience in the mineral exploration industry, particularly in the development and application of geophysical instruments and radar technology. His assignments have covered activities in Sweden, Japan, South Korea, Germany, Belgium, Italy, France, Canada and the USA.

Mr Forslund commenced with SGU in 1966 and during the period 2003 – 2007 Mr Forslund was Regional Manager of the Geological Survey of Sweden's Mineral Resources Information Office in Mala, Sweden (www.sgu.se). SGU's branch office Mala serves as a 'one-stop' information office for all those conducting exploration in Sweden.

Mr Forslund was a founding shareholder and President of MALÅ GeoScience (www.malags.com) between 1994 and 1998. MALÅ is currently the global leader in the design and manufacture of Ground Penetrating Radar (GPR) systems.

DIRECTORS (cont'd)

From 1999-2003 Mr Forslund was also project manager for Georange (www.georange.se), a non-profit organization whose main task is to expand the concept of "development" in the mining and minerals industry in Sweden. Georange has today about 50 members from municipalities, organizations, universities and private companies. Whilst involved with the Georange project, Mr Forslund was responsible for the raising of approximately SEK100 million from various organisation and governments including the European Union to fund Georange activities.

Mr Forslund has an extensive network of contacts through Scandinavia covering geophysicists, geologists, drilling companies, government and industry. He was responsible for the Sweden Geological Survey's active participation at the Prospectors and Developer's Conference (otherwise known as PDAC) in Toronto, Canada.

During the past 3 years Mr Forslund was a Director of Scandinavian Resources Ltd from 19 April 2010 to the date the company ceased to be a listed public company on 12 June 2013.

At the date of this report the following table sets out the current Directors' relevant interests in shares and options of Hannans Reward Ltd and the changes since 30 June 2014.

Director	Ordinary Shares		Options over Ordinary Shares	
	Current Holding	Net Increase/ (decrease)	Current Holding	Net Increase/ (decrease)
Damian Hicks	6,000,001	–	–	–
Jonathan Murray	5,249,129	–	–	–
Markus Bachmann (i)	58,582,353	–	–	–
Olof Forslund	–	–	–	–

(i) These shares are held by Craton Capital Funds of which Mr Bachmann is a founding partner and Chief Executive Officer.

During and since the end of the financial year no share options were granted to directors as part of their remuneration by Hannans.

COMPANY SECRETARIES

Mr Ian Gregory (Appointed 5 April 2007)

Mr Gregory holds a Bachelor of Business from Curtin University. Prior to founding his own business in 2005 Mr Gregory was the Company Secretary of Iluka Resources Ltd (6 years), IBJ Australia Bank Ltd Group (12 years) and the Griffin Group of Companies (4 years). Mr Gregory is a past Chairman of the Western Australian branch of the Chartered Secretaries Australia.

KEY MANAGEMENT PERSONNEL

Ms Amanda Scott (Appointed 29 March 2014)

Ms Scott was appointed a director of Scandinavian Resources AB, Kiruna Iron AB and Scandinavian Iron AB in 2014 and has been the exploration manager for Hannans Reward Ltd and its subsidiary companies since 2008. Ms Scott played an integral role in the development of the Company's nickel, gold, iron and manganese portfolio and is credited with the discovery of high grade iron mineralisation at the Jigalong Project. She also holds a Bachelor of Science (Geology) from Victoria University of Wellington, and is a Member of the Australian Institute of Mining & Metallurgy. Ms Scott was a key person responsible for developing the Kiruna Iron Project.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Share–based compensation

E. Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

The whole Board forms the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific long term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives is as follows:

∂ The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

∂ The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

∂ The Managing Director and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% of base salary and do not receive any other retirement benefits.

∂ All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black–Scholes methodology.

∂ The Board policy is to remunerate non–executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non–executive directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required, no independent external advise was sought during the year. The maximum aggregate amount of fees that can be paid to Non–Executive Directors is subject to approval by shareholders at the Annual General Meeting. The approved maximum aggregate amount that may be paid to Non-Executive Directors as remuneration for each financial year is set at $250,000 which may be divided among the Non-Executive Directors in the manner determined by the Board and Company from time to time. Fees for Non–Executive Directors are not linked to the performance of the Company. The 2013 remuneration report was approved at the last Annual General Meeting held on 21 November 2013.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executive performance. The Company facilitates this through the issue of options from time to time to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Company currently has no performance based remuneration component built into director and executive remuneration packages.

The Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of directors' remuneration. Refer below for a summary of the Group's earnings and the Company's market performance for the past 5 years.

Summary of 5 Years earnings and market performance as at 30 June

	2014	2013	2012	2011	2010
Profit/(Loss) ($)	(1,015,324)	(2,544,386)	(627,640)	(1,845,727)	1,683,821
Share price ($)	0.005	0.015	0.038	0.17	0.16
Market capitalisation (Undiluted) ($)	3,609,831	10,604,492	18,231,367	22,380,282	21,063,794

REMUNERATION REPORT (AUDITED) (cont'd)

B. Details of remuneration

Details of remuneration of the Directors and key management personnel (as defined in *AASB 124 Related Party Disclosures)* of Hannans are set out in the table below.

The key management personnel of Hannans and the Group are the Directors and the joint company secretary as listed on page 19 and 20.

Given the size and nature of operations of Hannans, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

	Short Term				Post-employment		Equity			
2014	Salary & fees $	Bonus $	Other benefits (i) $	D&O insu-rance (ii)	Super-annua-tion $	Other benefits (iii) $	Options $	Long term benefits (iv) $	Other benefits (v) $	Total $
Directors										
Damian Hicks (vi)	258,648	–	22,868	3,075	23,925	17,677	–	2,495	33	328,721
Jonathan Murray (vii)	38,850	–	–	3,075	–	–	–	–	–	41,925
Markus Bachmann (vii)	38,850	–	–	3,075	–	–	–	–	–	41,925
Olof Forslund (vi)	38,850	–	–	3,075	–	–	–	–	–	41,925
Executives										
Amanda Scott (vii) (Director of subsidiaries)	157,709	–	19,319	1,010	34,158	49,552	–	–	–	261,748
Total	532,907	–	42,187	13,310	58,083	67,229	–	2,495	33	716,244

	Short Term				Post-employment		Equity			
2013	Salary & fees $	Bonus $	Other benefits (i) $	D&O insu-rance (ii)	Super-annua-tion $	Other benefits (iii) $	Options $	Long term benefits (iv) $	Other benefits (v) $	Total $
Directors										
Damian Hicks	258,648	–	8,475	2,393	23,278	–	–	4,769	–	297,563
Jonathan Murray	35,613	–	–	2,393	–	–	–	–	–	38,006
Markus Bachmann	35,613	–	–	2,182	–	–	–	–	–	37,795
Olof Forslund	35,613	–	–	2,182	–	–	–	–	–	37,795
Richard Scallan (ix)	14,851	–	–	944	–	–	–	–	–	15,795
William Hicks (x)	16,188	–	–	944	–	–	–	–	–	17,132
Executives										
Michael Craig (xi) (Company Secretary)	157,069	–	13,240	2,393	15,378	–	–	–	–	188,080
Total	553,595	–	21,715	13,431	38,656	–	–	4,769	–	632,166

(i) Short Term Other benefits include increment for the year in unpaid annual leave of $6,865 for Damian Hicks and $19,319 for Amanda Scott (2013: $18,045). Damian Hicks and his family is located in Malå and are provided with personal accommodation amounting to $16,003 (2013: $3,670) for the year.

(ii) For accounting purposes Directors & Officers Indemnity Insurance is required to be recorded as remuneration. No director receives any cash benefits, simply the benefit of the insurance coverage for the financial year.

(iii) A company paying employees for work is required to pay Swedish Social Security Contribution (SSC) which is a framework of publicly funded social provision, ranging from pensions and healthcare to parental allowances and employment-related insurance. SSC is calculated on the basis of paid salaries and issued benefits. No employee receives any cash benefit, simply the benefit of social provision by the Swedish government. SSC benefit includes $17,677 for Damian Hicks and $49,552 for Amanda Scott (2013: $Nil).

(iv) Long term benefits include benefits increment for the year in unpaid long service leave of $2,495 (2013: $4,769).

(v) Other benefits consist of exchange gain/(loss) due to foreign currency translation from Swedish Krona to Australia Dollars on Mr Hicks' salary.

(vi) In an effort to assist the Company with managing its cash flow and to enable tax planning for the Group, Mr Hicks has deferred a part of his salary since 1 April 2013. The deferred payment for the year of $171,064 is included in the above remuneration.

(vii) In an effort to assist the Company with managing its cash flow, Mr Murray, Mr Bachmann and Mr Foslund have deferred their Non-Executive Director fee from 1 January 2014 to 30 June 2014.The deferred amount is $58,275 (equivalent of $19,425 per director).

(viii) Ms Scott was appointed as a Director of the Swedish subsidiaries on 29 March 2014 comprising of Scandinavian Resources AB, Kiruna Iron AB and Scandinavian Iron AB.

(ix) Mr Scallan retired as Independent Non-Executive Chairman on 21 November 2012.

(x) Mr Hicks retired as Non-Executive Director on 21 November 2012.

(xi) Mr Craig resigned as Company Secretary on 30 June 2013.

REMUNERATION REPORT (AUDITED) (cont'd)

C. Service agreements

Mr Hicks commenced employment with Hannans Reward on 3 December 2003.

Mr Hicks entered into an employment agreement as Managing Director of the Company on 21 December 2009. The remuneration package comprised $230,000 per annum (exclusive of statutory superannuation entitlements), reimbursement of work related expenses, provision of motor vehicle and provision for a performance based bonus as determined by the Board. Either party may terminate the arrangement with three months written notice and payment by the Company of all statutory annual and long service leave entitlement. Mr Hicks' salary was increased to $258,648 per annum from 1 July 2012.

The Board considered it prudent the Managing Director relocate to Malå, Västerbotten County, Sweden to fulfil the role of Managing Director. Mr Hicks and his family relocated to Malå on 10 March 2013 and have been provided with accommodation. Mr Hicks entered into an employment agreement with Hannans subsidiary Scandinavian Resources AB in accordance with visa requirements to work and reside in Sweden.

The Board has finalised the salary arrangement on the basis that Mr Hicks will receive the same (no less and no more) remuneration as if he had remained residing in Australia. Exchange difference will occur due to foreign currency translation from Swedish Krona to Australia Dollars but Mr Hicks' salary will remain at $258,648 per annum. As a consequence of Mr Hicks residing in Sweden Hannans will be liable for higher employment tax obligations including Swedish social security contribution than if Mr Hicks remained in Australia.

In an effort to assist the Company with managing its cash flow and to enable tax planning for the Group, Mr Hicks has deferred a part of his salary since 1 April 2013. The deferred payment for the year of $171,064 is included in note 15 on page 60.

Mr Hicks has a total accrued annual leave of $72,161 (2013: $65,296) and a total accrued long service leave of $47,205 (2013: $44,710) as at 30 June 2014.

Mr Hicks was provided with a loan to purchase Hannans shares on 31 March 2010. Refer to note 26(d) on page 65.

D. Share–based compensation

No options were granted to directors or executives, or expired, or were exercised or vested during the year.

E. Additional information

Performance income as a proportion of total compensation

No performance based bonuses have been paid to directors or executives during the financial year.

Key management personnel equity holdings

Fully paid ordinary shares of Hannans Reward Ltd

Key management personnel	Balance at 1 July No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.
2014					
Damian Hicks	3,000,001			3,000,000	6,000,001
Jonathan Murray	2,749,129	–	–	2,500,000	5,249,129
Markus Bachmann	47,700,000	–	–	10,882,353	58,582,353
Olof Forslund	–	–	–	–	–
Amanda Scott (i)	260,001	–	–	–	260,001
	53,709,131	–	–	16,382,353	70,091,484

REMUNERATION REPORT (AUDITED) (cont'd)

E. Additional information (cont'd)

Key management personnel	Balance at 1 July	Granted as remuneration	Received on exercise of options	Net other change	Balance at 30 June
	No.	No.	No.	No.	No.
2013					
Damian Hicks	1,000,001	–	–	2,000,000	3,000,001
Jonathan Murray	1,866,776	–	–	882,353	2,749,129
Markus Bachmann (ii)	–	–	–	47,700,000	47,700,000
Olof Forslund (ii)	–	–	–	–	–
Richard Scallan(iii)	–	–	–	–	N/A
William Hicks (iv)	18,436,788	–	–	(18,436,788)	N/A
Michael Craig (v)	390,131	–	–	58,824	448,955
	21,693,696	–	–	32,204,389	53,898,085

(i) Ms Scott was appointed as a Director of the Swedish subsidiaries on 29 March 2014.

(ii) Mr Bachmann and Mr Forslund were appointed as Non-Executive Directors on 2 August 2012.

(iii) Mr Scallan retired as Independent Non-Executive Chairman on 21 November 2012. Mr Scallan ceased to be a KMP during the year due to his retirement. No end of year balance has therefore been recorded.

(iv) Mr Hicks retired as Non-Executive Director on 21 November 2012. Mr Hicks ceased to be a KMP during the year due to his retirement. No end of year balance has therefore been recorded.

(v) Mr Craig resigned as Company Secretary on 30 June 2013.

End of Remuneration Report

Directors Meetings

The following tables set information in relation to Board meetings held during the financial year.

Board Member	Board Meetings		Circular Resolutions Passed	Total
	Held while Director	Attended		
Damian Hicks	5	5	2	7
Jonathan Murray	5	4	2	6
Markus Bachmann	5	5	2	7
Olof Forslund	5	5	2	7

PROJECTS

The Projects are constituted by the following tenements:

Tenement Number	Tenement Interest %	Note
SWEDEN		
Project: Kiruna Iron		
Kiruna North Prospect		
Altavaara	100	
Altavaara Norra	100	
Sautusvaara nr 1	75	1
Kiruna Central Prospect		
Årosjokk nr 1	100	
Gäddmyr nr 1	100	
Gäddmyr nr 2	100	
Gäddmyr nr 3	100	
Laukujärvi nr 3	75	1
Pahtohavare nr 2	100	
Pahtohavare nr 4	100	
Piedjastjåkko nr 1	100	
Puoltsa nr 4	100	
Rakkurijärvi nr 2	100	

Tenement Number	Tenement Interest %	Note
Project: Kiruna Iron		
Kiruna Central Prospect		
Vieto nr 1	75	1
Kiruna South Prospect		
Ekströmsberg nr 4	100	
Ekströmsberg nr 5	100	
Harrejaure nr 1	75	1
Kajpak nr 1	100	
Luppovare nr 1	100	
Piedjastjokko nr 4	100	
Piedjastjokko nr 5	100	
Piedjastjokko nr 6	100	
Ratek nr 1	100	
Tjårrojåkka nr 104	100	
Project: Iron other		
Eustiljåkk nr 1	100	

Tenement Number	Tenement Interest %	Note
Project: Lannavaara		
Lannavaara nr 8	100	
Lannavaara nr 101	100	
Lannavaara nr 102	100	
Lannavaara nr 103	100	
Lannavaara nr 104	100	
Lannavaara nr 1002	100	2
Paljasjärvi nr 2	100	
Project: Daningen		
Daningen nr 2	100	
Project: Korpilombolo		
Korpilombolo nr 1	100	
Project: Särksjön		
Särksjön nr 2	100	
Project: Våtmyrberget		
Våtmyrberget nr 6	100	

Tenement Number	Tenement Interest %	Note
AUSTRALIA		
Project: Lake Johnston		
E63/1365	20	3
Project: Forrestania		
Skeleton Rocks Prospect		
E77/1719	100	
E77/1784	100	
E77/1785	100	
Project: Forrestania		
Stormbreaker Prospect		
M77/544	Nil	4
M77/693	100	5
M77/812-I	100	5
P77/4012	100	
P77/4013	100	

NOTE:

1 Kiruna Iron AB holds 75% interest and Tasman Metals AB holds 25% interest.

2 Scandinavian Resources AB 100% iron rights only; Boliden Minerals AB holds 100% of all other mineral rights.

3 Hannans Reward Ltd holds 20% interest, Reed Resources Pty Ltd holds 80% interest.

4 Hannans Reward Ltd holds 80% gold rights, Cullen Resources Ltd holds 20% gold rights. Western Areas Ltd holds 100% of all other mineral rights.

5 The tenements are in the process of being surrender. HR Forrestania Pty Ltd currently holds 100% of all mineral rights excluding gold.

I Tenement approved for iron exploration.

TENEMENTS UNDER APPLICATION

No applications for tenements have been submitted.

CAPITAL

The Hannans Reward Ltd issued capital is as follows:

Ordinary Fully Paid Shares

At the date of this report there are the following number of Ordinary fully paid shares

	Number of shares
Ordinary fully paid shares	721,966,133

Shares Under Option

At the date of this report there are no unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	300,000
Movements of share options during the year and to the date of this report	
Expired at 7 cents, 15 September 2013	(300,000)
Total number of options outstanding at the date of this report	–

Substantial Shareholders

Hannans Reward Ltd has the following substantial shareholders as at 3 September 2014:

Name	Number of shares	Percentage of issued capital
Equity & Royalty Investments Ltd	120,000,003	16.62
JP Morgan Nominees Australia Limited	64,275,221	8.90

Range of Shares as at 3 September 2014

Range	Total Holders	Units	% Issued Capital
1 – 1,000	82	26,663	0.00
1,001 – 5,000	241	832,302	0.12
5,001 – 10,000	225	1,898,650	0.26
10,001 – 100,000	794	35,269,073	4.89
100,001 – 9,999,999	553	683,939,445	94.73
Total	1,895	721,966,133	100.00

CAPITAL (cont'd)

Unmarketable Parcels as at 3 September 2014

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.007 per unit	71,429	1,176	22,993,072

Top 20 holders of Ordinary Shares as at 3 September 2014

Rank	Name	Units	% of Issued Capital
1	Equity & Royalty Investments Ltd	120,000,003	16.62
2	JP Morgan Nominees Australia Limited	64,275,221	8.90
3	Mr Bruce Drummond + Mrs Judith Drummond <Drummond Super Fund A/C>	22,000,000	3.05
4	Jetosea Pty Ltd	20,708,717	2.87
5	Errawarra Pty Ltd	16,000,000	2.22
6	Mossisberg Pty Ltd	10,892,939	1.51
7	Marfield Pty Limited	10,155,600	1.41
8	Allua Holdings Pty Ltd <Rizon Super Fund A/C>	10,000,000	1.39
9	HSBC Custody Nominees (Australia) Limited - A/C 2	8,453,484	1.17
10	Sassey Pty Ltd <Sassey A/C>	7,600,000	1.05
11	Eaglesham Nominees Pty Ltd <Eaglesham Noms P/L S/F A/C>	7,500,000	1.04
12	Anglo American Exploration BV	7,389,162	1.02
13	Acacia Investments Pty Ltd	7,157,168	0.99
14	PSG Holdings (WA) Pty Ltd <Saunders Super Fund A/C>	6,500,000	0.90
15	Zoric & Co Pty Ltd	5,925,696	0.82
16	Gazel Pty Ltd <Pietroniro Family S/F A/C>	5,000,000	0.69
17	Kobia Holdings Pty Ltd	5,000,000	0.69
18	Mr Daryl Ponsford	4,930,000	0.68
19	Mr Mark John Bahen + Mrs Margaret Patricia Bahen <Superannuation Account>	4,779,000	0.66
20	Mossisberg Pty Ltd <Hicks Group Super Fund A/C>	4,751,296	0.66
Total of Top 20 Holders of ORDINARY SHARES		349,018,286	48.34

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the exploration and evaluation of mining tenements with the objectives of identifying economic mineral deposits.

FINANCIAL REVIEW

The Group began the financial year with cash reserves of $1,809,204.

During the year total exploration expenditure expensed by the Group amounted to $534,311 (2013: $2,896,893). The exploration expenditures relate to non JORC compliant mineral resource projects and this has been expensed in accordance with the Group's accounting policy. In addition, exploration expenditure relating to expenditure on JORC compliant mineral resource project amounted to $577,164 (2013: $837,196) was capitalised in accordance with the Group's accounting policy. Net administration expenditure incurred amounted to $1,664,755 (2013: $2,287,061). This has resulted in an operating loss after income tax for the year ended 30 June 2014 of $1,015,324 (2013: $2,544,386 loss).

The substantial decrease in exploration expenditure is a direct result of a decrease in exploration activities due to the Company's decision that its Australian portfolio of exploration licences and mining leases were best advanced by way of either a joint venture or sale and a reduced level of exploration in Sweden and relinquishment of all permits in Norway.

Hannans also achieved notable savings in administration expenses following a review of all corporate and operating costs during the year which saw the Group securing fixed cost arrangements to reduce the office rent.

As at 30 June 2014 cash and cash equivalents totalled $695,163.

Summary of 5 Year Financial Information as at 30 June

	2014	2013	2012	2011	2010
Cash and cash equivalents ($)	695,163	1,809,204	167,740	570,840	4,584,746
Net assets/equity ($)	29,189,786	30,363,102	32,071,828	25,103,565	20,790,825
Exploration expenditure expensed ($)	(534,311)	(2,896,893)	(5,355,852)	(4,432,070)	(3,009,739)
Exploration and evaluation expenditure capitalised ($)	(577,164)	(837,196)	–	–	–
No of issued shares No of options	721,966,133 Nil	706,966,133 300,000	479,772,810 31,210,017	131,648,715 5,000,000	131,648,715 8,567,867
Share price ($)	0.005	0.015	0.038	0.17	0.16
Market capitalisation (Undiluted) ($)	3,609,831	10,604,492	18,231,367	22,380,282	21,063,794

Summary of Share Price Movement for Year ended 30 June 2014

	Price	Date
Highest	$0.015	1, 2, 16 July 2013
Lowest	$0.003	10, 13, 17 January 2014 21 January – 6 February 2014 13 – 26 February 2014
Latest	$0.007	3 September 2014

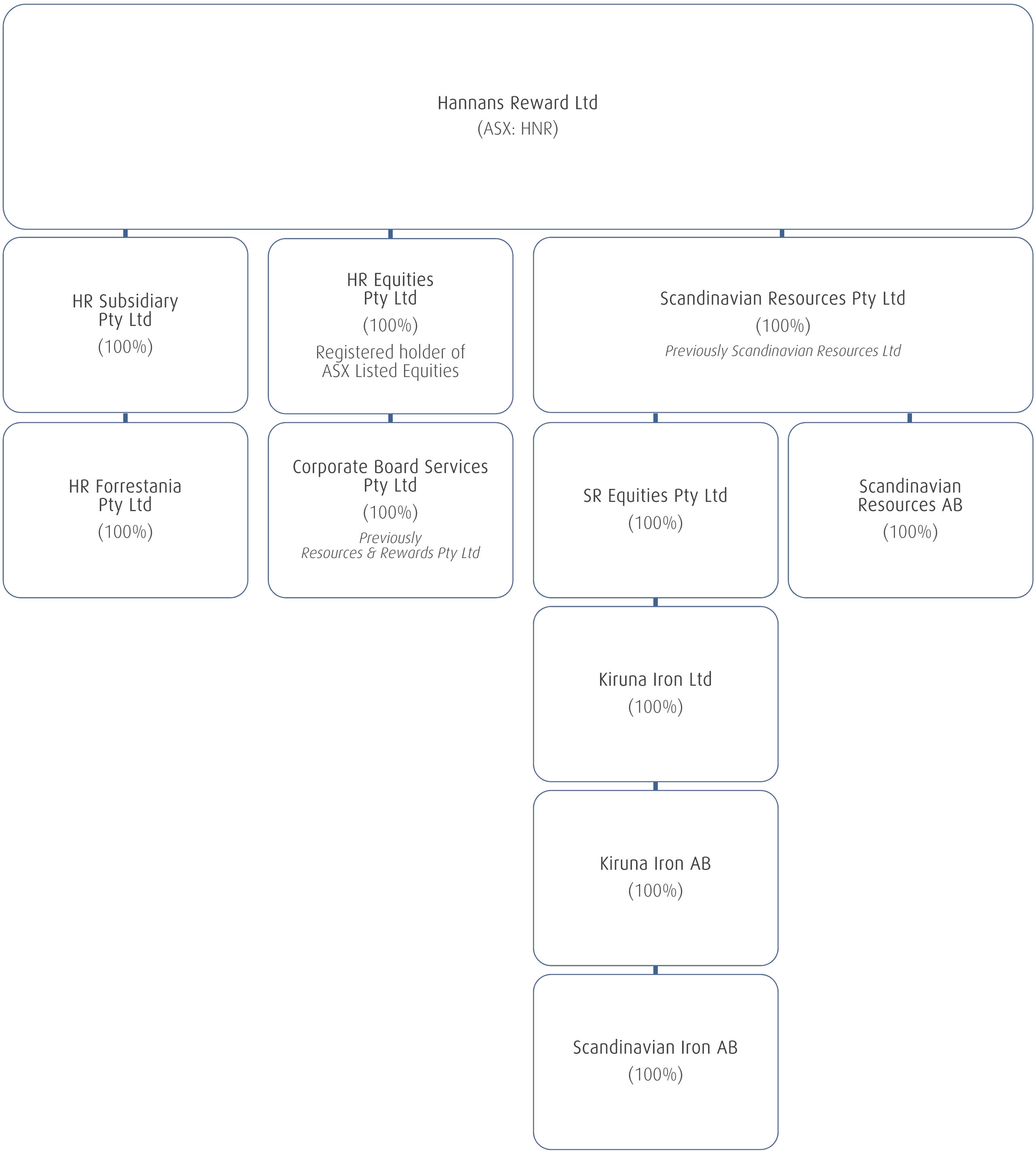
ANNOUNCEMENTS

ASX Announcements for the year

Date	Announcement Title
02-09-2014	Second USD500,000 Received for Rakkuri Iron Project
31-07-2014	4th Quarter Cashflow Report
31-07-2014	4th Quarter Activities Report
01-07-2014	Lannavaara Iron Project
24-06-2014	Joint Venture at Lake Johnston Nickel Project
01-05-2014	3rd Quarter Cashflow Report
01-05-2014	3rd Quarter Activities Report
17-03-2014	USD500,000 Received for Rakkuri Iron Project
14-03-2014	Financial Report for Half Year
27-02-2014	USD1Million Signing Bonus for Rakkuri Iron Project
03-02-2014	2nd Quarter Activities Report
03-02-2014	2nd Quarter Cashflow Report
03-02-2014	Re-release of Maiden JORC Resource at Pahtohavare
21-11-2013	Results from Annual General Meeting
21-11-2013	2013 AGM Presentation
20-11-2013	Change in Director's Interest Notice
31-10-2013	1st Quarter Activities Report
31-10-2013	1st Quarter Cashflow Report
16-10-2013	Notice of Annual General Meeting
08-10-2013	$1m received from Avalon
01-10-2013	Update on Formal Demand Issued to Avalon
27-09-2013	2013 Annual Report
17-09-2013	57m Copper-Gold Intersection
16-09-2013	Updated Capital Structure
20-08-2013	Maiden JORC Resources at Pahtohavare
15-08-2013	High Grade Copper-Gold Split Assays
13-08-2013	Change in substantial holding
01-08-2013	4th Quarter Activities Report
01-08-2013	4th Quarter Cashflow Report
17-07-2013	High Grade Copper-Gold Assays
10-07-2013	Pahtohavare Copper-Gold Update
04-07-2013	Amended Appendix 3B
04-07-2013	Visible Copper Mineralisation Intersected
04-07-2013	Formal Demand Issued to Avalon
04-07-2013	Updated Capital Structure
01-07-2013	Management Change

CORPORATE STRUCTURE

The corporate structure of Hannans Reward Limited group is as follows:



CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The ASX document '*Corporate Governance Principles and Recommendations 2nd Edition*' published by the ASX Corporate Governance Council applies to listed entities with the aim of enhancing the credibility and transparency of Australia's capital markets. The Principles and Recommendations can be viewed at www.asx.com.au.

The Board has assessed the Group's current practice against the Principles and Recommendations and other than the matters specified below under *"If Not, Why Not" Disclosure*, all the best practice recommendations of the ASX Corporate Governance Council have been applied.

In relation to departures by the Company from the best practice recommendations, Hannans makes the following comments:

Principle 1: Lay solid foundations for management and oversight

1.2 *Companies should disclose the process for evaluating the performance of senior executives*

Evaluation of the Board and Managing Director is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it.

Principle 2: Structure the Board to add value

2.1 *The majority of the Board should be independent directors*

The Board consists of three Non–Executive Directors and a Managing Director. The Board considers that the composition of the existing Board is appropriate given the scope and size of the Group's operations and the skills matrix of the existing Board members.

2.4 *The Board should establish a nomination committee*

Given the Company's size and the complexity of its affairs, it is not considered necessary to have a separate Nomination Committee. The Board as a whole will identify candidates and assess their skills in deciding whether an individual has the potential to add value to the Company. The Board may also seek independent advice to assist with the identification process.

2.5 *Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors*

Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it.

Principle 3: Promote ethical and responsible decision-making

3.2 *Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them*

The Company's diversity policy does not include measurable objectives for achieving gender diversity as the Board believes that the Company will not be able to successfully meet these given the size and stage of development of the Company.

3.3 *Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them*

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The proportion of women within the whole organisation as at 30 June 2014 was as follows:

Women employees in the whole organisation	29%
Women in senior management positions	14%
Women in the Board of Directors	0%

The Board acknowledges the absence of female participation on the Board of Directors. However, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Company has not set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Principle 4: Safeguard integrity of financial reporting

4.1 *The Board should establish an Audit Committee*

4.2 *The audit committee should be structured so that it: consists of only non–executive directors, consists of a majority of independent directors, is chaired by an independent chair who is not chair of the Board and has at least three members*

4.3 *The audit committee should have a formal charter*

The Board considers that due to the size and complexity of the Group's affairs it does not merit the establishment of a separate audit committee. Until the situation changes the Board of Hannans will carry out any necessary audit committee functions.

Principle 8: Remunerate fairly and responsibly

8.2 *The Board should establish a remuneration committee*

The Board considers that due to the size and complexity of the Group's affairs it does not merit the establishment of a separate remuneration committee. Until the situation changes the Board of Hannans will carry out any necessary remuneration committee functions.

Independent Professional Advice

Directors of the Company are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman may, at the Group's expense obtain independent professional advice to properly discharge their responsibilities.

Board Composition

The Board consists of three Non–Executive Directors and a Managing Director. Details of their skills, experience and expertise and the period of office held by each Director have been included in the Directors' Report. The number of Board meetings and the attendance of the Directors are set out in the Directors' Report.

The Board will decide on the choice of any new director upon the creation of any new Board position and if any casual vacancy arises. Decisions to appoint new directors will be minuted. The Board considers that due to the size and complexity of the Group's affairs it does not merit the establishment of a separate nomination committee. Until the situation changes the Board of Hannans will carry out any necessary nomination committee functions.

Share Trading Policy

Directors, officers and employees are prohibited from dealing in Hannans shares when they possess inside information or during a restricted trading period. The Board is to be notified promptly of any trading of shares in the Company by any Director or officer of the Company.

COMPLIANCE

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure management's objectives and activities are aligned by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and Board monitoring of the progress against budgets.

Significant Changes in State of Affairs

Other than those disclosed in this annual report no significant changes in the state of affairs of the Group occurred during the financial year.

COMPLIANCE (cont'd)

Significant Events after the Balance Date

As announced to ASX on 27 February 2014 Hannans' wholly owned subsidiary company Kiruna Iron AB (Kiruna Iron) granted a Third Party the exclusive right to complete due diligence on its Rakkuri Iron Project (Rakkuri), located 5 kilometres south of Kiruna, a full service mining town in northern Sweden. In consideration for the grant of the exclusive right, the Third Party agreed to pay Kiruna Iron a non-refundable signing bonus of USD1,000,000. Half of the signing bonus was received on the 15 March 2014 and the balance was received after the balance date on 1 September 2014. The Third Party has requested additional time to complete its due diligence and accordingly Hannans has extended the period of the exclusive right. It has been agreed in writing that the due diligence will be completed in October and, if the Third Party decides to enter into a transaction with regards to Rakkuri, a legally binding Term Sheet will be executed in November 2014.

No other matters or circumstances besides those disclosed in note 27, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

Likely developments and Expected Results

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

Environmental Regulation and Performance

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it's aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the year under review.

Insurance of Directors and Officers

During or since the end of the financial year, the Company has paid premiums insuring all the Directors of Hannans Reward Ltd against costs incurred in defending conduct involving:

(a) A wilful breach of duty, and

(b) A contravention of sections 182 or 183 of the *Corporations Act 2001,*

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is $13,310.

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

Non–Audit Services

During the year Ernst & Young or any of its associated entities, the Group auditor, has performed other non-audit services in addition to its statutory duties. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young or any of its associated entities received or are due to receive $19,770 for the provision of tax compliance services.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 34.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Damian Hicks

Damian Hicks
Managing Director
Malå, Sweden this 5th day of September 2014

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Auditor's Independence Declaration to the Directors of Hannans Reward Limited

In relation to our audit of the financial report of Hannans Reward Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
5 September 2014

GB:EH:HNR:024

The Directors declare that:

(a) in the Directors' opinion, subject to achieving the matters set out in note 2 to the financial report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 2 to the financial report and giving a true and fair view of the financial position and performance of the Group for the financial year ended 30 June 2014;

(c) the audited remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Act and Regulations 2001*; and

(d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Damian Hicks
Managing Director
Malå, Sweden this 5th day of September 2014

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Independent auditor's report to the members of Hannans Reward Limited

Report on the financial report

We have audited the accompanying financial report of Hannans Reward Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

GB:EH:HNR:023

EY
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Opinion

In our opinion:

a. the financial report of Hannans Reward Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in pages 21 to 24 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Hannans Reward Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
5 September 2014

GB:EH:HNR:023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2014

	Note	2014 $	2013 $
Revenue	5(a)	150,925	169,365
Other income			
Other income	5(b)	901,348	89,348
Gain on disposal of shares	5(c)	9,750	4,088,415
Employee and contractors expenses	5(f)	(547,809)	(1,091,881)
Depreciation expense	5(d)	(36,026)	(77,051)
Consultants expenses		(213,992)	(272,271)
Interest expense		(3,000)	(81,592)
Occupancy expenses	5(e)	(616,789)	(300,584)
Marketing expenses		(11,700)	(59,647)
Exploration and evaluation expenses		(534,311)	(2,896,893)
Other expenses		(235,439)	(404,035)
Loss from continuing operations before income tax expense		**(1,137,043)**	**(836,826)**
Income tax benefit/(expense)	6	121,719	(1,707,560)
Loss from continuing operations attributable to members of the parent entity		**(1,015,324)**	**(2,544,386)**
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	19	(148,619)	238,041
Net change in fair value of available-for-sale financial assets		895	(1,180,658)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		(7,800)	(2,506,996)
Total items that may be reclassified subsequently to profit or loss		**(155,524)**	**(3,449,613)**
Items that will not be reclassified to profit or loss		–	–
Total other comprehensive loss for the year		**(155,524)**	**(3,449,613)**
Total comprehensive loss for the year		**(1,170,848)**	**(5,993,999)**
Net loss attributable to the parent entity		**(1,015,324)**	**(2,544,386)**
Total comprehensive loss attributable to the parent entity		**(1,170,848)**	**(5,993,999)**
Loss per share:			
Basic (cents per share)	21	(0.14)	(0.44)
Diluted (cents per share)	21	(0.14)	(0.44)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Note	2014 $	2013 $
Current assets			
Cash and cash equivalents	28(a)	695,163	1,809,204
Trade and other receivables	10	708,297	179,570
Other financial assets	11	3,191	20,096
Total current assets		1,406,651	2,008,870
Non–current assets			
Other receivables	12	236,852	268,737
Property, plant and equipment	13	59,693	99,395
Other financial assets	11	255,728	221,052
Exploration and evaluation expenditure	14	29,688,557	29,201,181
Total non–current assets		30,240,830	29,790,365
TOTAL ASSETS		31,647,481	31,799,235
Current liabilities			
Trade and other payables	15	1,975,709	978,872
Provisions	16	186,077	173,147
Income tax payable		625	126,141
Other financial liabilities	17	4,596	105,786
Total current liabilities		2,167,007	1,383,946
Non–current liabilities			
Provisions	16	287,806	44,710
Other financial liabilities	17	2,882	7,477
Total non–current liabilities		290,688	52,187
TOTAL LIABILITIES		2,457,695	1,436,133
NET ASSETS		29,189,786	30,363,102
Equity			
Issued capital	18	44,577,512	44,579,980
Reserves	19	(242,150)	1,282,183
Accumulated losses	20	(15,145,576)	(15,499,061)
TOTAL EQUITY		29,189,786	30,363,102

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2014

		Attributable to equity holders					
For the year ended 30 June 2014	Note	Ordinary Shares $	Option Reserves $	Revaluation Reserves $	Foreign Currency Translation Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2013	19	44,579,980	1,368,809	(22,305)	(64,321)	(15,499,061)	30,363,102
Total comprehensive income							
Loss for the period	20	–	–	–	–	(1,015,324)	(1,015,324)
Other comprehensive loss for the period		–	(1,368,809)	(6,905)	(148,619)	1,368,809	(155,524)
Total comprehensive loss for the period		–	(1,368,809)	(6,905)	(148,619)	353,485	(1,170,848)
Transactions with owners recorded direct to equity							
Issue of shares		–	–	–	–	–	
Share issue expense		(2,468)	–	–	–	–	(2,468)
Total transactions with owners		(2,468)	–	–	–	–	(2,468)
Balance as at 30 June 2014	19	44,577,512	–	(29,210)	(212,940)	(15,145,576)	29,189,786

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2013

		Attributable to equity holders					
For the year ended 30 June 2014	Note	Ordinary Shares $	Option Reserves $	Revaluation Reserves $	Foreign Currency Translation Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2012		40,294,707	1,368,809	3,665,349	(302,362)	(12,954,675)	32,071,828
Total comprehensive income							
Loss for the period		–	–	–	–	(2,544,386)	(2,544,386)
Other comprehensive loss for the period		–	–	(3,687,654)	238,041	–	(3,449,613)
Total comprehensive loss for the period		–	–	(3,687,654)	238,041	(2,544,386)	(5,993,999)
Transactions with owners recorded direct to equity							
Issue of shares		4,241,288	–	–	–	–	4,241,288
Equity pending issue of shares (i)		300,000	–	–	–	–	300,000
Share issue expense		(256,015)	–	–	–	–	(256,015)
Total transactions with owners		4,285,273	–	–	–	–	4,285,273
Balance as at 30 June 2013	19	44,579,980	1,368,809	(22,305)	(64,321)	(15,499,061)	30,363,102

(i) On 28 June 2013 equity funds of $300,000 were received from Hannans' Directors and employees for a share placement. In compliance with the Company's policy, issue of shares are processed upon funds cleared in the bank. As of 30 June 2013, the funds were not cleared and therefore no ordinary shares were issued. The issue of the placement shares were completed on 4 July 2013.

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		287,678	127,437
Payments for exploration and evaluation		(1,017,376)	(3,219,097)
Payments to suppliers and employees		(1,271,572)	(2,267,093)
Interest received		38,134	56,344
Interest on loan paid		(4,205)	(79,407)
Income tax paid		(4,422)	–
Net cash used in operating activities	28(b)	(1,971,763)	(5,381,816)
Cash flows from investing activities			
Payments for exploration and evaluation		(577,164)	(837,196)
Proceeds on sale of investment securities		19,689	6,076,897
Proceeds on sale of fixed assets		4,270	67,726
Amounts (advanced to)/received from related parties		(29,444)	154,500
Amounts (advanced to)/received from outside entities		(5,232)	(81,512)
Payment for property, plant and equipment		(197)	(14,006)
Repayment of loans to outside entities		–	(477,415)
Release of security bonds		23,794	–
Receipt of payment for first tranche for the sale of Discovery Zone exploration concession (note 23)		1,000,000	–
Receipt of exclusive due diligence fee		529,438	–
Net cash provided by investing activities		965,154	4,888,994
Cash flows from financing activities			
Proceeds from issues of equity securities		–	4,541,288
Payment for share issue costs		(2,468)	(256,015)
Proceeds from borrowings		–	1,800,000
Repayment of borrowings/finance leases		(104,231)	(3,955,099)
Net cash (used in)/provided by financing activities		(106,699)	2,130,174
Net increase/(decrease) in cash and cash equivalents		(1,113,308)	1,637,352
Cash and cash equivalents at the beginning of the financial year		1,809,204	167,740
Effects of exchange rate fluctuations on cash held		(733)	4,112
Cash and cash equivalents at the end of the financial year	28(a)	695,163	1,809,204

The accompanying notes form part of the financial statements.

1. General Information

The consolidated financial statements of Hannans Reward Ltd (the Company or Hannans) and its subsidiaries (collectively, the Group) for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors on 5 September 2014.

Hannans Reward Ltd is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are mineral exploration and project development which is further described in the Directors' Report. Information on other related party relationships is provided in note 26.

2. Summary of significant accounting policies

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report includes the financial statements of the Hannans Reward Ltd and its subsidiaries.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except for certain financial assets and liabilities which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Separate financial statements for Hannans Reward Ltd as an individual entity are no longer presented as the consequence of a change to the *Corporations Act 2001*, however, required financial information for Hannans Reward Ltd as an individual entity is included in note 31.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented in these financial statements for the year ended 30 June 2013.

<u>Going concern basis of preparation</u>

The Group recorded a loss of $1,015,324 (2013: loss $2,544,386) for the year ended 30 June 2014 and had a cash outflow from operating and investing activities of $1,006,609 (2013: $492,822 outflow) during the twelve month period. The Group had cash and cash equivalents at 30 June 2014 of $695,163 (2013: $1,809,204) and has a working capital deficit of $760,356 (30 June 2013: $624,924 surplus), due to the $1 million received from Avalon Minerals Limited ('Avalon') being accounted for as a current liability as under certain circumstances, the $1 million is repayable to Avalon. Cash on hand at 3 September 2014 was $981,692.

The Group's cashflow forecast for the period ended 31 December 2015 reflects that the Group will need to raise additional working capital during the quarter ending 31 March 2015 to enable it to continue to meet its current committed administration and exploration expenditure.

The Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position the Directors have considered the following pertinent matters:

- Subsequent to period end and as part of the agreement entered into with a third party providing them with an exclusive right to undertake due diligence on the Rakkuri deposits, the Company has received the remaining USD500,000 on 1 September 2014. The Third Party has requested additional time to complete its due diligence and accordingly Hannans has extended the period of the exclusive right. It has been agreed in writing that the due diligence will be completed in October and, if the Third Party decides to enter into a transaction with regards to Rakkuri, a legally binding Term Sheet will be executed in November 2014. The USD500,000 received on 1 September 2014 has been reflected in the above cash balance of $981,692 at 3 September 2014.
- The Directors have a reasonable expectation that the grant of the Discovery Zone Prospect to Avalon will be approved by the Mining Inspectorate of Sweden in due course, which will result in an additional $3 million being receivable from Avalon and remove the liability for the Group to potentially repay the $1 million already received from Avalon.
- The Directors are satisfied that they will be able to raise additional funds by either selling existing assets, implementation of strategic joint ventures or via a form of equity raising.

In the event that the Group is unable to raise additional funds to meet the Group's ongoing working capital requirements when required, there is a significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2. Statement of significant accounting policies (cont'd)

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods

New standards, interpretations and amendments adopted by the Group during the financial year

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2013, except for the adoption of new standards and interpretations effective as of 1 July 2013 as detailed below:

- AASB 119 (Revised 2011) Employee Benefits;
- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interest in Other Entities; and
- AASB 13 Fair Value Measurement

The nature and the impact of each new standard or amendment is described below:

- *AASB 119 (Revised 2011) Employee Benefits*

  The revised standard changes the definition of short term employee benefit. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

  The change in distinction between short-term and other long-term employee benefits did not have any impact on the Group.

- *AASB 10 Consolidated Financial Statements*

  AASB 10 establishes a single control model that applies to all entities including special purpose entities. AASB 10 replaces the parts of previously existing AASB 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. AASB 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in AASB 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

  AASB 10 had no impact on the consolidation of investments held by the Group.

- *AASB 11 Joint Arrangements*

  AASB 11 replaces AASB 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method.

  Adoption of AASB 11 did not impact the Group financial statements.

- *AASB 12 Disclosure of Interests in Other Entities*

  AASB 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable to the Group. AASB 12 did not impact the Group financial statements.

- *AASB 13 Fair Value Measurement*

  AASB 13 establishes a single source of guidance under AASB for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASB when fair value is required or permitted. AASB 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments: Disclosures.

  AASB 13 did not have a significant impact as the Group does not have significant assets or liabilities carried at fair value. Additional disclosure requirements are detailed in note 30 to the financial statements.

New standards issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective and have not been early adopted by the Group for the period ended 30 June 2014:

2. Statement of significant accounting policies (cont'd)

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

Reference / Title	Summary	Application date of standard	Application date for Group
AASB 2012-3 Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21 *Levies*	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 9 *Financial Instruments*	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:	1 January 2018	1 July 2018

2. Statement of significant accounting policies (cont'd)

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

Reference / Title	Summary	Application date of standard	Application date for Group
AASB 9 (cont'd) *Financial Instruments*	• The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.		
AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2014-1 Part A – Annual Improvements 2010-2012 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: • AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. • AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. • AASB 108 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. • AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 July 2014
AASB 2014-1 Amendments to Australian Accounting Standards Part A	This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.	1 July 2014	1 July 2014

2. Statement of significant accounting policies (cont'd)

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

Reference / Title	Summary	Application date of standard	Application date for Group
AASB 2014-1 (cont'd) Amendments to Australian Accounting Standards Part A	The following items are addressed by this standard: • AASB 13 - Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. • AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.		
AASB 1031 *Materiality*	The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	1 July 2014
AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	Part A – Already effective Part B – periods beginning on or after 1 January 2014 Part C – reporting periods beginning on or after 1 January 2015	Part A – Already effective Part B – period beginning 1 July 2014 Part C – period beginning 1 July 2015
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
IFRS 15 (not yet adopted by AASB) Revenue from Contracts with Customers	IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 supersedes: (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services	1 January 2017	1 July 2017

2. Statement of significant accounting policies (cont'd)

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

Reference / Title	Summary	Application date of standard	Application date for Group
IFRS 15 (cont'd) (not yet adopted by AASB) Revenue from Contracts with Customers	The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.		

Impact of the above standards is yet to be determined.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments with original maturity of less than 3 months, net of outstanding bank overdrafts.

(d) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

(e) Financial assets

Financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'available–for–sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

The Group classifies certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Available–for–sale financial assets

Shares and options held by the Group are classified as being available–for–sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available–for–sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available–for–sale revaluation reserve is included in profit or loss for the period.

Loans and receivables

Subsequent to initial recognition, trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest rate method less impairment.

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

2. Statement of significant accounting policies (cont'd)

(f) Financial instruments issued by the Company

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash–generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash–generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the full liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2. Statement of significant accounting policies (cont'd)

(i) Tax (cont'd)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation on 1 July 2008 with Hannans Reward Ltd as the head entity.

(j) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is expensed immediately to the profit and loss where the applicable area of interest does not contain a JORC compliant mineral resource. Where the area of interest contains a JORC compliant mineral resource exploration and evaluation expenditure is capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

i. such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

ii. exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

(k) Joint arrangements

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

2. Statement of significant accounting policies (cont'd)

(k) Joint ventures (cont'd)

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint operations

The Group's recognises its interest in joint operations by recognising its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

(l) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars, which is Hannans Reward Ltd's functional and presentation currency.

Transactions and balance

Transactions in foreign currencies are initially recorded in the functional currency (Australian Dollars (AUD), Swedish Krona (SEK), Norwegian Krona (NOK) and Great Britain Pound (GBP)) by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(n) Principles of consolidation

The consolidated financial statements comprise the financial statements of Hannans Reward Ltd and its subsidiaries as at and for the period ended 30 June 2014 (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

2. Statement of significant accounting policies (cont'd)

(n) Principles of consolidation (cont'd)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A list of subsidiaries appears in note 4 to the financial statements.

(o) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate (%)
• Office furniture	10.00 – 20.00
• Building	2.50
• Office equipment	7.50 – 66.67
• Motor vehicles	16.67 – 25.00

(p) Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as a result of a past event at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) Revenue recognition

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

2. Statement of significant accounting policies (cont'd)

(q) Revenue recognition (cont'd)

Service fee

Revenue from service fee is recognised when the service has been rendered in proportion to the stage of completion. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and the cost incurred or to be incurred cannot be reliably measured.

(r) Share–based payments

Equity–settled share–based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black and Scholes model or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non–transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity–settled share–based payments is expensed on a straight–line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash–settled share–based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(s) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(t) Segment reporting policy

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position.

3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key estimates — impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. No impairment has been recognised in respect of exploration and evaluation for the year ended 30 June 2014. Exploration, evaluation and development expenditure incurred may either be expensed immediately to the profit and loss or be accumulated in respect of each identifiable area of interest.

Key estimates — share–based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model.

4. Subsidiaries

The consolidated financial statements of the Group include:

Name of entity	Principal Activities	Country of incorporation	% Ownership interest 2014	% Ownership interest 2013
Parent entity:				
Hannans Reward Ltd (i)	Exploration	Australia		
Subsidiaries:				
HR Subsidiary Pty Ltd	Holding company	Australia	100	100
HR Forrestania Pty Ltd (ii)	Exploration	Australia	100	100
HR Equities Pty Ltd (iii)	Equities holding	Australia	100	100
Scandinavian Resources Pty Ltd *(previously Scandinavian Resources Ltd)*	Exploration	Australia	100	100
SR Equities Pty Ltd (iv)	Holding company	Australia	100	100
Corporate Board Services Pty Ltd (v) *(previously Resources & Rewards Pty Ltd)*	Service provider	Australia	100	100
Kiruna Iron Ltd (vi) *(previously Kiruna Iron Plc)*	Holding company	United Kingdom	100	100
Kiruna Iron AB (vii)	Exploration	Sweden	100	100
Scandinavian Iron AB (viii)	Exploration	Sweden	100	100
Scandinavian Resources AB (ix)	Exploration	Sweden	100	100
Scandinavian Resources (Norge) AS (x)	Exploration	Norway	0	100

(i) Hannans Reward Ltd is the ultimate parent entity. All the companies are members of the group.
(ii) The 100% interest in HR Forrestania Pty Ltd is held via HR Subsidiary Pty Ltd.
(iii) The 100% interest in HR Equities Pty Ltd is held by the parent entity.
(iv) The 100% interest in SR Equities Pty Ltd is held via Scandinavian Resources Pty Ltd.
(v) The 100% interest in Corporate Board Services is held via HR Equities Pty Ltd. The holding was held via HR Equities Pty Ltd (50%) and SR Equities Pty Ltd (50%) in 2013.
(vi) The 100% interest in Kiruna Iron Ltd is held via SR Equities Pty Ltd.
(vii) The 100% interest in Kiruna Iron AB is held via Kiruna Iron Ltd.
(viii) The 100% interest in Scandinavian Iron AB is held via Kiruna Iron AB.
(ix) The 100% interest in Scandinavian Resources AB is held via Scandinavian Resources Pty Ltd.
(x) The 100% interest in Scandinavian Resources (Norge) AS is held via Scandinavian Resources AB. Application for closure of Scandinavian Resources (Norge) AS (SRAS) was submitted on 24 January 2014 to the Government of Norway. SRAS does not have any outstanding obligation and liabilities at the date of application. The Government of Norway has published a notice of the closing for 6 weeks and no objections were submitted during the period. The final annual return and tax return were submitted on 16 June 2014.

Refer to page 30 for the Corporate Structure.

5. Income/(expenses) from operations

	2014 $	2013 $
(a) Revenue		
Interest revenue		
Bank	35,525	45,043
Loans	–	11,148
Service fees	115,400	113,174
Total revenue	150,925	169,365
(b) Other Income		
Prospect transaction fees	717,899	–
Other	183,449	89,348
Total other income	901,348	89,348

	2014 $	2013 $
5. Income/(expenses) from operations (cont'd)		
(c) Gain on disposal of shares		
Proceeds on disposal of shares (net of broker fees)	19,689	6,064,744
Less: Carrying fair value of shares disposed	(16,439)	(7,247,726)
Transfer from fair value reserve of shares sold	6,500	5,271,397
Total gain on disposal of shares	9,750	4,088,415
(d) Depreciation of non-current assets	36,026	77,051
(e) Operating lease rental expenses:		
Minimum lease payments	300,967	300,584
Rent provision (refer note 16)	315,822	–
Total operating lease rental expenses	616,789	300,584
(f) Employee benefits expense		
Post employment benefits:		
Defined contribution plans	34,042	259,752
Share-based payments:		
Equity settled share-based payments	–	–
Total employee benefits expense	34,042	259,752

6. Income taxes

	2014 $	2013 $
Income tax recognised in profit or loss		
Current income tax		
Current income tax charge	–	(126,141)
Overprovision of current tax in prior year	121,719	–
Deferred tax		
Release of deferred tax assets previously recognised to offset a deferred tax liability arising on unrealised gains on available-for-sale investments	–	(1,581,419)
Total tax benefit/(expense)	121,719	(1,707,560)

The prima facie income tax benefit/(expense) on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2014 $	2013 $
Loss from operations	(1,137,043)	(836,826)
Income tax benefit calculated at 30%	(341,113)	(251,048)
Effect of tax rates in foreign jurisdictions	105,994	55,562
Effect of expenses that are not deductible in determining taxable profit	3,803	600,859
Effect of unused tax losses and tax offsets recognised as deferred tax assets	–	(531,514)
Effect of net deferred tax asset not recognised	231,316	–
Overprovision of current tax in prior year	121,719	–
Release of deferred tax assets previously recognised to offset a deferred tax liability arising on the group available-for-sale investments	–	(1,581,419)
Income tax benefit/(expense) attributable to operating loss	121,719	(1,707,560)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	2014 $	2013 $
6. Income taxes (cont'd)		
Deferred tax related to items charged or credited directly to Other Comprehensive Income during the year:		
Unrealised loss on available-for-sale investments	–	(1,581,419)
	–	(1,581,419)

	Statement of Financial Position 2014 $	Statement of Financial Position 2013 $	Statement of Comprehensive Income 2014 $	Statement of Comprehensive Income 2013 $
Deferred Income Tax				
Deferred income tax at 30 June relates to the following				
Deferred tax liabilities				
Prepayments	(6,477)	(8,860)	2,383	(15,548)
Unearned income	(1,925)	(2,708)	783	(326)
Deferred tax assets				
Accruals	74,136	73,143	993	(110,804)
Provision for employee entitlements	38,045	40,671	(2,626)	(26,758)
Provision – other	94,747	–	94,747	(8,968)
Capital raising costs	105,319	80,990	24,329	38,775
Revenue tax losses	611,632	–	611,632	(585,921)
Deferred tax assets not brought to account as realisation is not probable	(915,477)	(183,236)		
	–	–		
Deferred tax assets not recognised			(732,241)	709,550
Deferred tax (income)/expense			–	–

Tax consolidation

Relevance of tax consolidation to the Group

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation.

7. Key management personnel disclosures

(a) Details of key management personnel

The Directors and Executives of Hannans Reward Ltd during the year were:

Directors
- Damian Hicks
- Jonathan Murray
- Markus Bachmann
- Olof Forslund

Executives
- Amanda Scott
  (Director of Sweden subsidiaries)
  (Appointed 29 March 2014)

	2014 $	2013 $

7. Key management personnel disclosures (cont'd)

(b) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company and the Group is set out below.

	2014 $	2013 $
Short–term employee benefits	588,404	588,741
Long–term employee benefits	2,495	4,769
Post–employment benefits	125,312	38,656
Other benefits	33	–
Total key management personnel compensation	716,244	632,166

The compensation of each member of the key management personnel of the Group is set out in the Directors Remuneration report on pages 21 to 24.

8. Share–based payments

The Company has an ownership–based compensation arrangement for employees of the Group.

Each option issued under the arrangement converts into one ordinary share of Hannans Reward Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is at the sole discretion of the Directors.

Incentive options issued to Directors (executive and non–executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

The following share–based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price $
15 September 2013	300,000	29 June 2012	15 September 2013	0.07

No options over ordinary shares in the Company were provided as remuneration to Hannans' directors and employees during the year. Further information on remuneration to Hannans' directors are set out in note 26.

The following reconciles the outstanding share options granted at the beginning and end of the financial year:

	2014		2013	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	300,000	0.07	31,210,017	0.12
Granted during the financial year	–	–	–	–
Expired during the financial year (i)	(300,000)	(0.07)	(30,910,017)	0.12
Cancelled during the financial year	–	–	–	–
Balance at end of the financial year (ii)	–	–	300,000	0.07
Exercisable at end of the financial year	–	–	300,000	0.07

(i) Expired during the financial year

During the year a total of 300,000 options over ordinary shares expired, comprised of 300,000 7 cent options expired on 15 September 2013.

(ii) Balance at end of the financial year

There are no share options outstanding at the end of the financial year (2013 weighted average exercise price: $0.07 and 2013 weighted average remaining contractual: 0.21 years). No options were exercised in the current year.

	2014 $	2013 $
9. Remuneration of auditors		
The auditor of Hannans Reward Ltd is Ernst & Young.		
Audit or review of the financial report of the Group	37,278	111,760
Tax compliance services in relation to the Group	19,770	23,116
	57,048	134,876

10. Current trade and other receivables

	2014 $	2013 $
Accounts receivable (i)	99,042	101,384
Net goods and services tax (GST) receivable	13,699	28,559
Other (ii)	595,556	49,627
	708,297	179,570

(i) As of 30 June 2014, current trade and other receivables of $91,676 were past due but not impaired.

(ii) Hannans entered into an agreement for a non-refundable USD1 million signing fee with a third party providing them with an exclusive right to undertake due diligence on the Rakkuri deposits. The first USD500,000 was received on 17 March 2014 while the remaining USD500,000 which is receivable no later than 1 September 2014 is included in the above amount. On 1 September 2014, the Company received the remaining half of the non-refundable signing bonus of USD500,000.

11. Other financial assets

	2014 $	2013 $
Current		
Available-for-sale investments		
Quoted equity shares (i)	3,190	20,095
Unquoted equity shares (ii)	1	1
Total available-for-sale investments	3,191	20,096

(i) Investments in listed entities include the following:
   (a) 20,000 ordinary fully paid shares in Brighton Mining Group Ltd;
   (b) 20,000 ordinary fully paid shares in Lithex Resources Ltd; and
   (c) 125,000 ordinary fully paid shares in Naracoota Resources Ltd.

(ii) HR Subsidiary Pty Ltd (a wholly owned subsidiary of Hannans Reward Ltd) holds 1 share at $1 in Equity & Royalty Investments Ltd. Equity & Royalty Investments Ltd has 100 million ordinary shares on issue. The principal activity of the Company is the investment in equity and royalties in other companies with the objective of realising gains through equity and generating an income stream through the royalties.

	2014 $	2013 $
Non-current		
Loans to director (i)	168,985	139,541
Loan to outside entity (ii)	86,743	81,511
Total non-current other financial assets	255,728	221,052

(i) Details of the loan are provided in note 26(d).

(ii) The loan arose on the deconsolidation of Errawarra Pty Ltd (Errawarra). The loan is unsecured, non-interest bearing and has no fixed terms of repayment.

12. Non–current other receivables

	2014 $	2013 $
Other receivables – bonds	236,852	268,737
	236,852	268,737

13. Property, plant and equipment

	Motor Vehicles at cost $	Office furniture and equipment at cost $	Building at cost $	Total $
Cost				
Balance at 1 July 2012	156,314	276,014	12,428	444,756
Additions	–	14,006	–	14,006
Disposals	(103,866)	(2,580)	–	(106,446)
Exchange differences	8,791	13,000	–	21,791
Balance at 1 July 2013	61,239	300,440	12,428	374,107
Additions	–	196	–	196
Disposals	–	(5,103)	–	(5,103)
Exchange differences	(2,179)	(3,683)	–	(5,862)
Balance at 30 June 2014	59,060	291,850	12,428	363,338
Accumulated depreciation and impairment				
Balance at 1 July 2012	54,762	178,437	647	233,846
Depreciation expense	22,574	45,906	8,571	77,051
Disposals on deconsolidation	(48,489)	(2,305)	–	(50,794)
Exchange differences	4,124	10,485	–	14,609
Balance at 1 July 2013	32,971	232,523	9,218	274,712
Depreciation expense	12,529	23,417	80	36,026
Disposals	–	(1,793)	–	(1,793)
Exchange differences	(1,887)	(3,413)	–	(5,300)
Balance at 30 June 2014	43,613	250,734	9,298	303,645
Net book value				
As at 30 June 2013	28,268	67,917	3,210	99,395
As at 30 June 2014	15,447	41,116	3,130	59,693

	2014 $	2013 $
Aggregate depreciation allocated during the year:		
Motor vehicles	12,529	22,574
Office furniture and equipment	23,417	45,906
Building	80	8,571
	36,026	77,051

Office equipment is pledged as security for related finance lease liabilities as disclosed in note 17.

14. Exploration and evaluation expenditure

	2014	2013
Balance at beginning of financial year	29,201,181	28,275,372
Exploration expenditure during the period	577,164	837,196
Foreign currency translation movement during the period	(89,788)	88,613
Balance at end of financial year	29,688,557	29,201,181

The recoverability of the carrying amount of the capitalised acquisition costs and the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

	2014 $	2013 $
15. Current trade and other payables		
Trade payables (i)	101,469	428,631
Accruals (ii)	535,746	550,241
Other payable (iii)	1,338,494	–
	1,975,709	978,872

(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of invoice. Thereafter, interest is charged at various penalty rates. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) Mr Damian Hicks' total deferred salary entitlement from 1 April 2013 to 30 June 2014 of $171,064 and the Non-Executive Director's fee entitlement from 1 January 2014 to 30 June 2014 of $58,275 are included in the above amount.

(iii) Hannans received the first payment of $1 million from Avalon on 8 October 2013. If the Discovery Zone exploration concession is not granted or not granted within 2 years of the first payment date (being 1 October 2015) or a later date agreed by the parties, Hannans is required to refund the first $1 million received from Avalon.

Hannans entered into an agreement for a non-refundable USD1 million signing fee with a third party providing them with an exclusive right to undertake due diligence on the Rakkuri deposits over a six months period. The signing fee has been amortised over the exclusive rights period and the remaining balance of USD333,333 will be fully amortised by 31 August 2014 as deferred income.

16. Provisions

	2014 $	2013 $
Current		
Employee benefits	110,856	173,147
Rent – unoccupied space (i)	75,221	–
	186,077	173,147
Non-current		
Employee benefits	47,205	44,710
Rent – unoccupied space (i)	240,601	–
	287,806	44,710

(i) The provision was recognised on the basis that Hannans currently occupies and subleases part of its Perth office premises as a portion of the space is surplus to the requirements of the Group. The provision for the unoccupied space is calculated based on the difference between the Company's full operating office lease commitment to the end of the lease term on 14 December 2016 and the current occupied and subleased space discounted to present value as of 30 June 2014.

17. Other financial liabilities

	2014 $	2013 $
Current		
Convertible notes (i)		
Amounts outstanding – beginning of financial year	101,589	799,364
Amounts repaid	(101,624)	(765,318)
Accrued and imputed interest	35	67,543
Carrying amount of liability at 30 June	–	101,589
Finance lease liabilities	4,596	4,197
	4,596	105,786

	2014 $	2013 $
17. Other financial liabilities (cont'd)		
Non-current		
Finance lease liabilities	2,882	7,477
	2,882	7,477

(i) In 2009 a convertible note was entered in to between Scandinavian Resources Ltd (SCR) and Mathew Walker (lender) which allows $1.25 million to be drawn down as and when required with interest payable at the rate of 12.5% per annum. The lender has a second mortgage over the assets of SCR. The lender may at its election at any time convert the amount drawn down into fully paid ordinary shares at a rate of 3 shares for every dollar drawn down. The lender was issued with options in SCR as a fee for the loan. The options were replaced by options in Hannans Reward Ltd on 29 June 2012. The balance of the convertible note and interest of $101,624 (2013: $765,318) were fully repaid on 1 July 2013.

18. Issued capital

	2014 $	2013 $
721,966,133 fully paid ordinary shares (2013: 706,966,133)	44,577,512	44,279,980
Equity pending issue of shares of 15 million ordinary shares	–	300,000
	44,577,512	44,579,980

	2014		2013	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	706,966,133	44,579,980	479,772,810	40,294,707
Issue of shares – 2 November 2012 (i)	–	–	100,858,920	1,714,600
Issue of shares – 3 April 2013 (ii)	–	–	126,334,403	2,526,688
Issue of shares – 4 July 2013 (iii)	15,000,000	–	–	–
Equity pending issue of shares (iii)	–	–	–	300,000
Share issue costs	–	(2,468)	–	(256,015)
Balance at end of financial year	721,966,133	44,577,512	706,966,133	44,579,980

(i) On 2 November 2012 Hannans completed a $1.72 million capital raising comprised of $1.46 million through a Share Purchase Plan and $0.26 million through a placement to sophisticated investors.

(ii) On 3 April 2013 Hannans raised approximately $2.8 million through the placement of 141 million shares at $0.02 each. The placement was made in two tranches. The first tranche of $2.5 million was issued to institutional and sophisticated investors and the second tranche of $0.3 million was issued to Directors and employees of Hannans following shareholder approval. A general meeting was called on 6 June 2013 where shareholders approved the placement to Directors. The placement to Directors (Tranche 2) was successfully completed on 4 July 2013 with 15,000,000 ordinary shares issued to raise $300,000.

(iii) On 28 June 2013 equity funds of $300,000 were received from Hannans' Directors and employees for Placement Tranche 2. In compliance with the Company's policy, issue of shares are processed only when funds are cleared in the bank. As of 30 June 2013, the funds were not cleared and therefore no ordinary shares were issued. The issue of the placement shares was completed on 4 July 2013.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2014 $	2013 $
19. Reserves		
Balance at the beginning of the financial year	1,282,183	4,731,796
Option reserve	(1,368,809)	–
Available for sale revaluation reserve	(6,905)	(3,687,654)
Foreign currency translation differences	(148,619)	238,041
Balance at the end of the financial year	(242,150)	1,282,183

	2014 $	2013 $

19. Reserves (cont'd)

	2014 $	2013 $
The balance of reserves is made up as follows:		
Option reserve	–	1,368,809
Revaluation reserve	(29,210)	(22,305)
Foreign currency translation reserve	(212,940)	(64,321)
	(242,150)	1,282,183

Nature and purpose of reserves

Option reserve

The option reserve recognises the fair value of options issued and valued using the Black-Scholes model. There were no options available as at 30 June 2014.

Revaluation reserve

The asset revaluation reserve is used to record increases and decreases in the fair value of ordinary shares held in listed entities to the extent that they offset one another.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share options

Share options are all unlisted, carry no rights to dividends and no voting rights. No options were exercised during the year.

There were no options available as at 30 June 2014.

20. Accumulated losses

	2014 $	2013 $
Balance at beginning of financial year	(15,499,061)	(12,954,675)
Loss attributable to members of the parent entity	(1,015,324)	(2,544,386)
Transfer of fair value of options expired from option reserves to accumulated losses	1,368,809	–
Balance at end of financial year	(15,145,576)	(15,499,061)

21. Loss per share

	2014 Cents per share	2013 Cents per share
Basic and diluted loss per share:	(0.14)	(0.44)

Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2014 $	2013 $
Loss for the year	(1,015,324)	(2,544,386)

	2014 No.	2013 No.
Weighted average number of ordinary shares for the purposes of basic loss per share	721,801,749	577,019,846

The rights of options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted loss per share as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights of options are non-dilutive as the exercise prices are higher than the Company's share price at 30 June 2014 and the Company has also incurred a loss for the year. There are no options as of 30 June 2014.

22. Commitments for expenditure

	2014 $	2013 $
Exploration, evaluation & development (expenditure commitments) (i)		
Not longer than 1 year	156,112	174,350
Longer than 1 year and not longer than 5 years (ii)	4,010,982	2,236,809
Longer than 5 years	–	–
	4,167,094	2,411,159
Future minimum rentals payable under non–cancellable operating leases as at 30 June 2014 are as follows: (iii)		
Not longer than 1 year	295,404	246,959
Longer than 1 year and not longer than 5 years	447,758	630,680
Longer than 5 years	–	–
	743,162	877,639

(i) In Sweden an exploration permit is valid for a period of three years from date of issue and following that may be extended for another maximum three year period if it can be shown suitable exploration has been carried out within the area. There are no minimum exploration commitments required to be spent on the permits, apart from permit renewal fees, by the Swedish authorities.

(ii) On 31 August 2011 Hannans' subsidiary, Kiruna Iron AB (KIAB), entered into a cooperation agreement with Boliden Mineral AB (Boliden) through which Boliden granted KIAB the right to explore the Lannavaara Permits in Sweden. In terms of the agreement, KIAB is required to spend a minimum of USD1.5 million in exploration expenditure within 5 years of the agreement date (i.e. by 30 August 2016). This expenditure commitment is included in the amount disclosed above. No expenditure has been spent as of 30 June 2014 (2013: nil).

(iii) The Group has a non–cancellable office lease, expiring within 2.5 years and with rent payable monthly in advance.

23. Contingent liabilities and contingent assets

(i) In May 2013, Hannans entered into a Heads of Agreement ('HOA') with Avalon Minerals Limited ('Avalon') for the sale of the Discovery Zone copper-iron prospect in Sweden for $4 million. On 10 May 2013, Hannans made an application with the Inspectorate to transfer the tenements to Avalon which was granted on 23 May 2013.

On 1 October 2013, Hannans reached an agreement with Avalon that varies the HOA. The variation deleted and replaced clause 3 of the original HOA with the following:

- $1 million upon successful completion of a rights issue by Avalon or no later than 31 October 2013; and
- $3 million when the Mining Inspectorate of Sweden has formally granted the Discovery Zone Exploitation Concession to Avalon.

On 8 October 2013 Hannans confirmed that Avalon has paid $1 million pursuant to the varied HOA.

If the Discovery Zone exploration concession is not granted or not granted within 2 years of the first payment date (being 1 October 2015) or a later date to be agreed by the parties, Hannans is required to refund the first $1 million received from Avalon and Avalon will be required to transfer title in the Discovery Zone back to Hannans.

If the Discovery Zone exploration concession is granted, Hannans will receive a further $3 million within five business days of the exploitation concession being granted. The $3 million receivable from Avalon has not been recognised in the financial report as it is subject to the satisfaction of a condition that cannot be regarded as virtually certain. When the realisation of the receivable is virtually certain, i.e. when the Discovery Zone exploration concession has been granted, the receivable will be recognised in the financial report.

(ii) The Office of State Revenue ('OSR') has informed the Company that it has raised a Duties Investigation regarding the restructure involving the Mineral Rights Deed between the Company and Errawarra Resources Ltd. OSR has requested preliminary supporting information to assess the duty on the transaction. The Company does not consider it probable a stamp duty liability will arise.

24. Segment reporting

The Group operates predominantly in the mineral exploration industry in Sweden. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Sweden and Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Revenue analysis by geographic area

	Revenue		Total revenue and other income	
	2014 $	2013 $	2014 $	2013 $
Australia	150,705	169,130	308,777	4,340,247
Sweden	220	235	753,246	6,881
Consolidated	150,925	169,365	1,062,023	4,347,128

	2014 $	2013 $
Result analysis by geographic area		
Australia	(1,117,425)	1,982,277
Sweden	(19,618)	(2,819,103)
	(1,137,043)	(836,826)
Loss before income tax benefit	(1,137,043)	(836,826)
Income tax benefit/(expense)	121,719	(1,707,560)
Loss for the year	(1,015,324)	(2,544,386)

Assets and liabilities analysis by geographic area

	Assets		Liabilities	
	2014 $	2013 $	2014 $	2013 $
Australia	1,032,688	562,668	796,431	753,088
Sweden	30,614,793	31,236,567	1,661,264	683,045
Consolidated	31,647,481	31,799,235	2,457,695	1,436,133

25. Joint operations

		Interest	
Name of project	Principal activity	2014 %	2013 %
Forrestania (i)	Exploration	–	80
Lake Johnston (ii)	Exploration	20	90
Tasman Metals JV (iii)	Exploration	75	75

The Group's interest in assets employed in the above joint operation is included in the consolidated financial statements but do not form part of the total assets as the expenditure exploration and evaluation is expensed.

(i) During the year the joint operation was mutually terminated by all parties and no further exploration work was carried out.

(ii) On 24 June 2014 Hannans Reward Ltd announced a joint operation with Reed Resources Ltd (ASX: RDR) over its Lake Johnston nickel sulphide project, located west of Norseman in Western Australia. Hannans has retained 20% interest, free carried through to a Decision to mine.

(iii) On the 28 June 2010 Scandinavian Resources Pty Ltd *(previously Scandinavian Resources Ltd)* announced a joint operation with Tasman Metals Ltd (TSXV: TAS) over four of its exploration claims in Northern Sweden. The terms of the joint operation are as follows:

25. Joint operations (cont'd)

Consideration:

- Initial payment of AU$33,333 and $100,000 in SCR shares. (Initial payment was made and 588,235 ordinary shares at $0.17 were issued on 28 June 2010).
- On renewal of the Sautusvaara permit, payment of AU$16,667 and $50,000 in SCR shares. (Payment was made and 294,118 ordinary shares at $0.17 were issued on 22 September 2010).
- Spend AU$175,000 within 12 months of the agreement.

Stage Funding:

(i) Stage 1 Spend AU$750,000 by 30 June 2013 to earn 51% in permits.

(ii) Stage 2 Spend AU$500,000 by 30 June 2014 to earn further 24% interest in permits.

(iii) Stage 3 Spend AU$400,000 by 30 June 2018 and fund feasibility study to earn further 15% in permits.

(iv) Stage 4 Completion of Stage 3 Tasman can contribute 10% of future funding or convert to 1.5% net royalty.

On 21 July 2011 Scandinavian Resources Ltd confirmed with Tasman Metals Ltd that it had met Stage 1 and Stage 2 of the stage funding requirements and has earned 75% interest in the permits.

Contingent liabilities and capital commitments

The capital commitments and contingent liabilities arising from the Group's interests in joint operations are disclosed in notes 22 and 23 respectively.

26. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 4 to the financial statements.

Equity interests in associates and joint operations

Details of interests in associates and joint operations are disclosed in note 25 to the financial statements.

(b) Key management personnel (KMP) remuneration

Details of key management personnel remuneration are disclosed in note 7 to the financial statements.

(c) Share options of Hannans Reward Ltd

Mr Damian Hicks, Mr Jonathan Murray, Mr Marcus Bachmann, Mr Olof Forslund and Ms Amanda Scott did not hold options in the Company in either 2014 or 2013.

(d) Loans to key management personnel and their related parties

Details regarding loans outstanding at the reporting date to key management personnel and their related parties at any time in the reporting period, are as follows:

	Balance 1 July 2013 $	Balance 30 June 2014 $	Interest charged $	Highest balance in period $
Director				
Damian Hicks (i)	139,541	168,985	–	168,985
	139,541	168,985	–	168,985

(i) The Board approved a loan for $300,000 at 6% per annum repayable on or before 31 March 2015. The loan funds were used to exercise 1,500,000 options in Hannans at an exercise price of $0.20 per option. The loan is unsecured and a salary sacrifice arrangement has been entered into whereby the interest portion of the loan is repaid monthly. The interest charged has been suspended while Mr Hicks' salary is being deferred, therefore the interest charged for the year amounted to Nil (2013:$ 11,292). Mr Hicks has repaid Nil (2013: $160,059) in principal from after tax income during 2014. Mr Hicks has withdrawn a further $29,444 for personal reasons.

The Company has agreed to suspend interest charged, principal repayments and interest payments until further notice. The loan repayment date has been extended by two (2) years to 31 March 2017.

26. Related party disclosures (cont'd)

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the Group to key management personnel and their related parties, and the number of individuals in each group, are as follows:

	Opening Balance $	Closing Balance $	Interest charged $	Number in group at 30 June
Total for key management personnel 2014	139,541	168,985	–	1
Total for key management personnel 2013	300,000	139,541	11,148	1
Total for other related parties 2014	29,888	–	–	–
Total for other related parties 2013	29,888	29,888	–	1
Total for key management personnel and their related parties 2014	169,429	168,985	–	1
Total for key management personnel and their related parties 2013	329,888	169,429	11,148	2

(f) Transactions with other related parties

Director transactions

Steinepreis Paganin, of which Mr Jonathan Murray is a partner, provided legal services amounting to $21,732 (2013: $58,981) to the Group during the year. The amounts paid were on arms length commercial terms. Mr Murray's director's fees are also paid to Steinepreis Paganin. At 30 June 2014 $19,425 was owing to Steinepreis Paganin.

(g) Parent entity

The ultimate parent entity in the Group is Hannans Reward Ltd.

27. Subsequent events

The following matters or circumstances have arisen since 30 June 2014 that may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

(a) Subsequent to period end and as part of the agreement entered into with a third party providing them with an exclusive right to undertake due diligence on the Rakkuri deposits, the Company has received the remaining USD500,000 receivable on 1 September 2014. The Third Party has requested additional time to complete its due diligence and accordingly Hannans has extended the period of the exclusive right. It has been agreed in writing that the due diligence will be completed in October and, if the Third Party decides to enter into a transaction with regards to Rakkuri, a legally binding Term Sheet will be executed in November 2014.

28. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2014 $	2013 $
Cash and cash at bank	482,453	602,342
Term deposit	212,710	1,206,862
	695,163	1,809,204

	2014 $	2013 $
28. Notes to the statement of cash flows (cont'd)		
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(1,015,324)	(2,544,386)
Depreciation of non–current assets	36,026	77,051
Gain on disposal of shares	(9,689)	(4,088,415)
Loss/(gain) on sale or disposal of assets	–	(6,167)
Income from prospect transaction fees	(717,899)	–
Interest on loan to related parties	–	5,959
Interest (paid)/incurred on borrowings	(1,589)	2,226
Finance charges on leased assets	35	994
Foreign exchange differences	(61,016)	140,061
Release of deferred tax assets previously recognised to offset a deferred tax liability arising on the sale of shares	–	1,581,419
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
Decrease in assets:		
Trade and other receivables	8,837	146,589
Decrease in liabilities:		
Trade and other payables and provisions	(85,628)	(697,147)
Income tax payable	(125,516)	–
Net cash from operating activities	(1,971,763)	(5,381,816)

Non–cash financing and investing activities

During the current year, the Group did not enter into the any non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows.

29. Financial risk management objectives and policies

(a) Financial risk management objectives

The Group manages the financial risks relating to the operations of the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes although it holds, at 30 June 2014, shares in various other listed mining companies. The use of financial derivatives is governed by the Group's Board of Directors.

The Group's activities expose it primarily to the financial risks of changes in interest rates, but at 30 June 2014 it is also exposed to market price risk. The Group does not enter into derivative financial instruments to manage its exposure to interest rate.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Foreign currency risk management

The Group is not exposed to any significant currency risk on receivable, payable or borrowings. All loans are denominated in the Group's functional currency.

29. Financial risk management objectives and policies (cont'd)

(d) Interest rate risk management

The Group is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate products which also facilitate access to money.

Cash flow sensitivity analysis for variable rate instruments

A change of 1 per cent in interest rates at the reporting date would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2013:

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
30 June 2014				
Variable rate instruments	6,949	(6,949)	6,949	(6,949)
Cash flow sensitivity	6,949	(6,949)	6,949	(6,949)
30 June 2013				
Variable rate instruments	18,092	(18,092)	18,092	(18,092)
Cash flow sensitivity	18,092	(18,092)	18,092	(18,092)

The following table details the Group's exposure to interest rate risk.

			Fixed maturity dates				
Consolidated	Weighted average effective interest rate %	Variable interest rate $	Less than 1 year $	1–5 years $	5+ years $	Non interest bearing $	Total $
2014							
Financial assets:							
Cash and cash equivalents	0.8%	694,956	–	–	–	207	695,163
Trade and other receivables	–	–	–	–	–	708,297	708,297
Other receivables – non-current	3.4%	216,000	–	–	–	20,852	236,852
Loans	–	–	–	255,728	–	–	255,728
		910,956	–	255,728	–	729,356	1,896,040
Financial liabilities:							
Trade and other payables	–	–	–	–	–	1,975,709	1,975,709
Borrowings	–	–	–	–	–	–	–
Other financial liabilities	21.2%	–	4,595	2,882	–	1	7,478
		–	4,595	2,882	–	1,975,710	1,983,187

29. Financial risk management objectives and policies(cont'd)

Consolidated	Weighted average effective interest rate %	Variable interest rate $	Fixed maturity dates Less than 1 year $	1–5 years $	5+ years $	Non interest bearing $	Total $
2013							
Financial assets:							
Cash and cash equivalents	2.2%	1,808,998	–	–	–	206	1,809,204
Trade and other receivables		–	–	–	–	179,570	179,570
Other receivables – non-current	4.4%	263,950	–	–	–	4,787	268,737
Loans	4.0%	–	–	221,052	–	–	221,052
		2,072,948	–	221,052	–	184,563	2,478,563
Financial liabilities:							
Trade and other payables		–	–	–	–	978,872	978,872
Borrowings	–%	–	–	–	–	–	–
Other financial liabilities	13.4%	–	101,589	11,673	–	–	113,262
		–	101,589	11,673	–	978,872	1,092,134

(e) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid, high security short term investments. The Group's liquidity needs can be met through a variety of sources, including cash generated from operations and issue of equity instruments.

The following table details the Group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows.

	Less than 6 months $	6 months to 12 months $	1 to 2 years $	Greater than 2 years $	Total $
2014					
Trade and other payables	629,087	8,128	1,000,000	–	1,637,215
Other financial liabilities	–	4,595	2,882	1	7,478
	629,087	12,723	1,002,882	1	1,644,693
2013					
Trade and other payables	978,872	126,141	–	–	1,105,013
Other financial liabilities	101,589	4,196	7,477	–	113,262
	1,080,461	130,337	7,477	–	1,218,275

29. Financial risk management objectives and policies(cont'd)

(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit–ratings assigned by international credit–rating agencies.

The Group currently doesn't have any material debtors apart from GST receivable which is claimed at the end of each quarter during the year.

It is a policy of the Group that creditors are paid within 30 days.

(g) Market price risk

Market risk is the potential for loss arising from adverse movements in the level and volatility of equity prices.

The Group's investments subject to price risk are listed on the Australian Securities Exchange as detailed in note 11. A 1 per cent increase at reporting date in the equity prices would increase the market value of the securities by $32 (2013: $201), and an equal change in the opposite direction would decrease the value by the same amount. The increase/decrease would be reflected in equity as these financial instruments are classified as available–for–sale. The increase/decrease net of deferred tax would be $23 (2013: $140).

30. Fair value measurement

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The table below analyses financial instruments carried at fair value by value measurement hierarchy.

Quantitative disclosures fair value measurement hierarchy as at 30 June	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
2014				
Assets measured at fair value				
Available-for-sale financial assets (note 11):				
Quoted equity shares (i)	3,190	3,190	–	–
Unquoted equity shares (ii)	1	–	–	1
2013				
Assets measured at fair value				
Available-for-sale financial assets:				
Quoted equity shares (i)	20,095	20,095	–	–
Unquoted equity shares (ii)	1	–	–	1

The management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

(i) Fair value of available-for-sale financial assets is derived from quoted market prices in active markets. Refer note 29(g) for market price risk impact.

(ii) The historical cost has been used to fair value unquoted ordinary shares. There is no market for the share and the value of the share does not warrant further discount or valuation.

31. Parent entity disclosures

The following details information related to the parent entity, Hannans Reward Ltd, at 30 June 2014.
The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2014 $	2013 $
Results of the parent entity		
Loss for the year	(1,063,073)	(2,275,962)
Other comprehensive income	1,368,809	–
Total comprehensive income/(loss) for the year	305,736	(2,275,962)
Financial position of parent entity at year end		
Current assets	378,385	1,786,167
Non-current assets	19,785,970	18,291,198
Total Assets	20,164,355	20,077,365
Current liabilities	1,541,875	625,350
Non-current liabilities	243,483	7,477
Total Liabilities	1,785,358	632,827
Total equity of the parent entity comprising of:		
Share capital	45,306,042	45,308,510
Reserves	–	1,368,809
Accumulated losses	(26,927,045)	(27,232,781)
Total Equity	18,378,997	19,444,538

(a) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had not entered into any guarantees in relation to the debts of its subsidiaries as at 30 June 2014 and 30 June 2013.

(b) Commitments for the acquisition of property, plant and equipment by the parent entity

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2014 and 30 June 2013.

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