

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

HANNANS REWARD LTD

ABN

52 099 862 129

Quarter ended ("current quarter")

30 SEPTEMBER 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	–	–
1.2 Payments for		
(a) exploration & evaluation	11 ^a	11
(b) development	–	–
(c) production	–	–
(d) administration	(101)	(101)
1.3 Dividends received	–	–
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	–	–
1.6 Income taxes paid	–	–
1.7 Other (provide details if material)	–	–
Net Operating Cash Flows	(89)	(89)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	–	–
(b) equity investments	–	–
(c) other fixed assets	–	–
1.9 Proceeds from sale of:		
(a) prospects	–	–
(b) equity investments	5	5
(c) other fixed assets	–	–
1.10 Loans to other entities	–	–
1.11 Loans repaid by other entities	–	–
1.12 Other (Director Loan)	–	–
Net investing cash flows	5	5
1.13 Total operating and investing cash flows (carried forward)	(84)	(84)

^a Hannans relinquished 16 Swedish tenements and therefore received a refund of \$77,000 from the Mining Inspectorate of Sweden.

1.13	Total operating and investing cash flows (brought forward)	(84)	(84)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	–	–
1.15	Proceeds from sale of forfeited shares	–	–
1.16	Proceeds from borrowings	–	–
1.17	Repayment of borrowings	(1)	(1)
1.18	Dividends paid	–	–
1.19	Other (provide details if material)	–	–
	Net financing cash flows	(1)	(1)
	Net increase (decrease) in cash held	(85)	(85)
1.20	Cash at beginning of quarter/year to date	475	475
1.21	Exchange rate adjustments to item 1.20	22	22
1.22	Cash at end of quarter	412 ^b	412

^b \$240,000 was expected to be received in the Jul-Sep 2015 quarter from Mine Builder Pty Ltd but it is now uncertain when this will be received. Refer to ASX announcements lodged on 12 March 2015 and 31 July 2015 for further details.

Payments to directors of the entity, associates of the directors, payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	28
1.24	Aggregate amount of loans to the parties included in item 1.12	–
1.25	Explanation necessary for an understanding of the transactions	
1.23	<p>Payment of Managing Director's salary, superannuation and taxes.</p> <p>To assist the Company with managing its cash flow the Managing Director agreed to defer part of his remuneration from April 2013 to March 2015 (2 years) and the Non-Executive directors agreed to defer their remuneration from January 2014. The Managing Director's deferred salary portion from 1 April 2013 to 31 March 2015 totalled to \$212,460 as of 30 September 2015 while the Non-executive directors deferred fees from 1 January 2014 to 30 September 2015 totalled to \$174,113.</p>	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	N/A
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	250,000 ^c	–
3.2 Credit standby arrangements	–	–

^c On 22 October 2015 Hannans signed a binding Terms Sheet for a working capital facility of \$250,000 with an unrelated third party on normal commercial terms. No funds have been drawn down to date.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	140
4.2 Development	–
4.3 Production	–
4.4 Administration	187
Total	327

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	412	412
5.2 Deposits at call	–	–
5.3 Bank overdraft	–	–
5.4 Other (provide details)	–	–
Total: cash at end of quarter (item 1.22)	412^d	412

^d In addition to the cash at bank Hannans has a working capital facility of \$250,000 (nil funds drawn down to date), is currently owed a total of \$480,000 by MineBuilder Pty Ltd and a further \$320,000 is due from MineBuilder Pty Ltd during December 2015. Hannans holds a personal guarantee from the sole director for the total amount owing.

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Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			
	<u>SWEDEN</u>			
	Lainio nr 1	Relinquished	100%	0%
	Lannavaara nr 101	Relinquished	100%	0%
	Lannavaara nr 102	Relinquished	100%	0%
	Lannavaara nr 103	Relinquished	100%	0%
	Lannavaara nr 104	Relinquished	100%	0%
	Lumivaara nr 1	Relinquished	100%	0%
	Lumivaara nr 2	Relinquished	100%	0%
	Naakajärvi nr 1	Relinquished	100%	0%
	Naakajärvi nr 2	Relinquished	100%	0%
	Naakajärvi nr 3	Relinquished	100%	0%
	Merasjärvi nr 1	Relinquished	100%	0%
	Merasjoki nr 3	Relinquished	100%	0%
	Parkajoki nr 2	Relinquished	100%	0%
	Tuoreroiva nr 2	Relinquished	100%	0%
	Tuoreroiva nr 3	Relinquished	100%	0%
	Vätmyrberget nr 6	Relinquished	100%	0%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference ⁺ securities (description)	–	–	–
7.2	Changes during quarter			
	(a) Increases through issues	–	–	–
	(b) Decreases through returns of capital, buy-backs, redemptions	–	–	–
7.3	⁺ Ordinary securities	721,966,133	–	–
7.4	Changes during quarter			
	(a) Increases through issues	–	–	–
	(b) Decreases through returns of capital, buy-backs	–	–	–
7.5	⁺ Convertible debt securities (description)	–	–	–

+ See chapter 19 for defined terms.

7.6	Changes during quarter				
	(a) Increases through issues	–	–	–	–
	(b) Decreases through securities matured, converted	–	–	–	–
7.7	Options <i>(description and conversion factor)</i>	12,016,668		Exercise price 0.8 cents	Expiry date 20 November 2017
		12,016,668		VWAP* for 10 trading days after 20 Nov 2015 PLUS a premium of 50%	20 November 2018
		12,016,664		VWAP* for 10 trading days after 20 Nov 2016 PLUS a premium of 50%	20 November 2019
7.8	Issued during quarter	–	–	–	–
7.9	Exercised during quarter	–	–	–	–
7.10	Expired during quarter	–	–	–	–
7.11	Debentures <i>(totals only)</i>	–	–		
7.12	Unsecured notes <i>(totals only)</i>	–	–		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Damian Hicks
Managing Director
30 October 2015

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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