

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

HANNANS REWARD LTD

ABN

52 099 862 129

Quarter ended ("current quarter")

30 SEPTEMBER 2010

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 | (1,121) | (1,121) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (234) | (234) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 48 | 48 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (reimbursement of shared office expenses) | 47 | 47 |
| Net Operating Cash Flows | (1,260) | (1,260) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | (4) | (4) |
| (c) other fixed assets | (107) | (107) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | 1,368 | 1,368 |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | 1,257 | 1,257 |
| 1.13 Total operating and investing cash flows (carried forward) | (3) | (3) |

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|------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (3) | (3) |
| | 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 | 113 | 113 |
| 1.17 | Repayment of borrowings | (3) | (3) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Net financing cash flows | 110 | 110 |
| | Net increase (decrease) in cash held | 107 | 107 |
| 1.20 | Cash at beginning of quarter/year to date | 4,788 | 4,788 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 4,895 | 4,895 |

Payments to directors of the entity and 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 | 88 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

1.23 – Payment of executive and non-executive director's fees.

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 | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 800 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 235 |
| Total | 1,035 |

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 | 4,895 | 4,788 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 4,895 | 4,788 |

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Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter | |
|-----|---|---|--|--|--|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | E52/2528 E52/2541 | Withdrawal Withdrawal | 0% 0% | 0% 0% |
| | 6.2 | Interests in mining tenements acquired or increased | E15/1225 E15/1226 E15/1234 E63/1429 E63/1449 E45/3747 E77/1846 E77/1866 E77/1867 P16/2690 P16/2691 P16/2692 P77/4036 E63/1354 E77/1568 E77/1695 E77/1696 E77/1705 E77/1715 E77/1718 E77/1719 E77/1724 E77/1725 P63/1800 | Application Application Application Application Application Application Application Application Application Application Application Application Application Granted Granted Granted Granted Granted Granted Granted Granted Granted Granted Granted | 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% |

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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 <i>(description)</i> | - | - | - | - |
| 7.2 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 +Ordinary securities | 131,648,715 | 131,648,715 | - | - |
| 7.4 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through returns of capital, buy-backs | - | - | - | - |
| 7.5 +Convertible debt securities <i>(description)</i> | - | - | - | - |
| 7.6 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through securities matured, converted | - | - | - | - |
| 7.7 Options <i>(description and conversion factor)</i> | 500,000 | | <i>Exercise price</i> 50 cents | <i>Expiry date</i> 31 December 2010 |
| | 1,717,687 | | 40 cents | 31 December 2010 |
| | 2,250,000 | | 80 cents | 30 June 2011 |
| | 2,000,000 | | 20 cents | 31 July 2011 |
| | 1,000,000 | | 80 cents | 30 June 2012 |
| | 100,000 | | 40 cents | 30 June 2012 |
| | 1,000,000 | | 80 cents | 30 June 2013 |
| | 300,000 | | 20 cents | 20 July 2013 |
| | 300,000 | | 75 cents | 20 July 2013 |
| | 300,000 | | 100 cents | 20 July 2013 |

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| 7.8 | Issued during quarter | 300,000 300,000 300,000 | - | <i>Exercise price</i> 20 cents 75 cents 100 cents | <i>Expiry date</i> 20 July 2013 20 July 2013 20 July 2013 |
| 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 2001.
- 2 This statement does give a true and fair view of the matters disclosed.



Michael Craig
 Company Secretary
 29 October 2010

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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