



HANNANS REWARD

Exploring for Gold and Base Metals

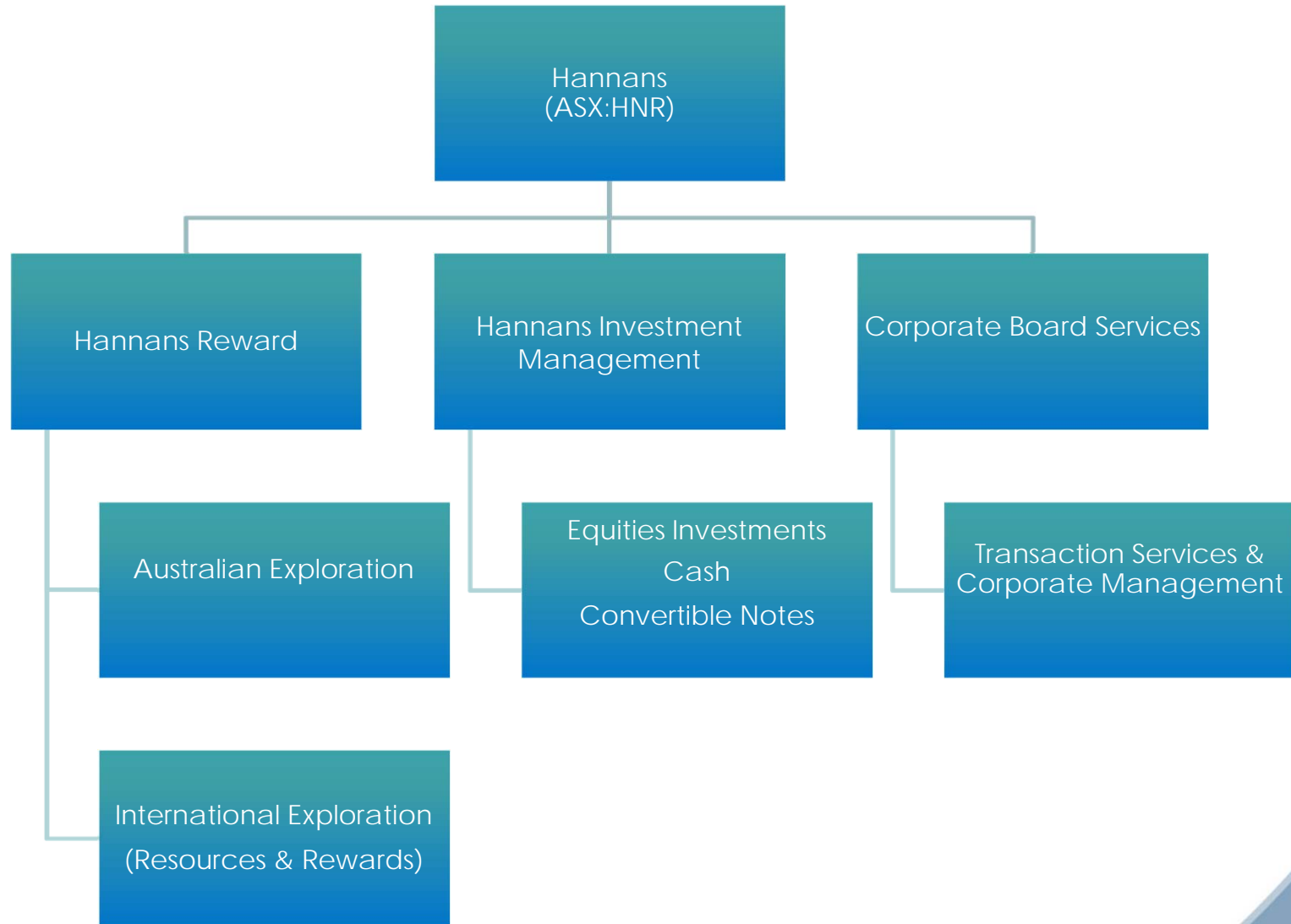
# Hannans Snapshot

accompanying

## 3rd Quarter 2010/2011 Reports

29 April 2011

# Hannans Group Structure



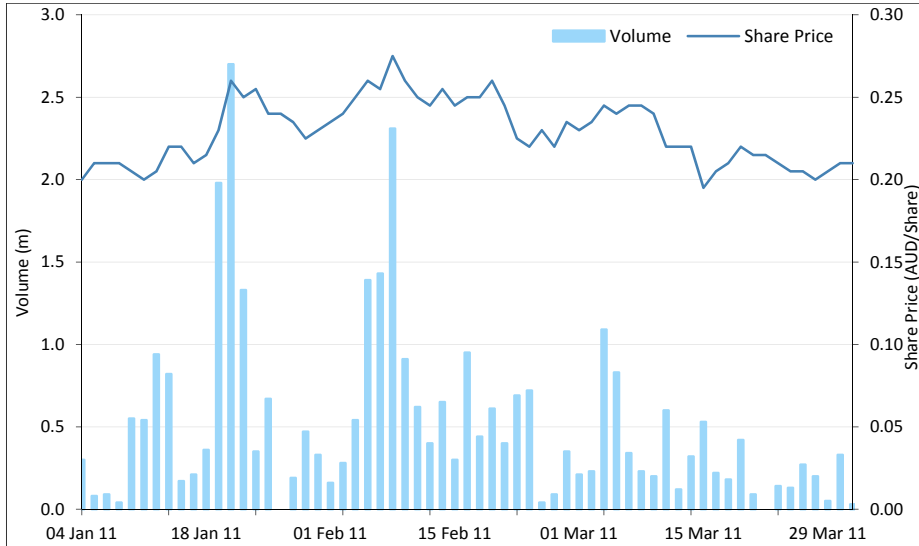
# Hannans Top 20 Shareholders

(1 April 2010 as compared to 31 March 2011)

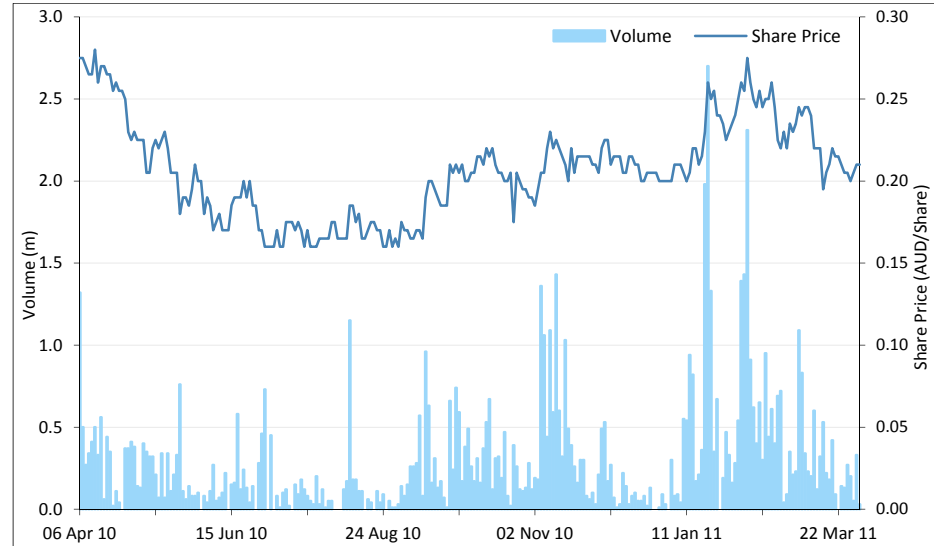
Rank	Name	Units At 1 Apr 2010	% Of Units	Rank	Name	Units At 31 Mar 2011	% Of Units
1.	Craton Capital Funds	11,115,140	8.67	1.	Craton Capital Funds	11,190,523	8.50
2.	Marfield Pty Limited	8,724,543	6.81	2.	Marfield Pty Limited	8,724,543	6.63
3.	Aust Global Resources Pty Ltd	3,636,363	2.84	3.	Aust Global Resources Pty Ltd	3,636,363	2.76
4.	Susern Holdings Pty Ltd	2,600,000	2.03	4.	Acacia Investments Pty Ltd	3,554,697	2.70
5.	Mr Terrence Ronald Grammer	2,460,000	1.92	5.	Mossisberg Pty Ltd	2,296,296	1.74
6.	Hsbc Custody Nominees (Australia) Limited	2,300,000	1.79	6.	Dixon International Pty Ltd	2,075,720	1.58
7.	Mossisberg Pty Ltd	2,296,296	1.79	7.	Hsbc Custody Nominees (Australia) Ltd	1,748,200	1.33
8.	Acacia Investments Pty Ltd	2,054,697	1.60	8.	Hsbc Custody Nominees (Australia) Ltd	1,705,498	1.30
9.	Mr Lafras Luitingh	2,046,296	1.60	9.	Eric Preston Pty Ltd	1,700,000	1.29
10.	Dixon International Pty Ltd	2,005,720	1.57	10.	Kanaslex Pty Limited	1,548,296	1.18
11.	Jigalong Community Inc/C	2,000,000	1.56	11.	Mr Terrence Ronald Grammer	1,540,000	1.17
12.	Mandies Meats Pty Ltd	1,797,000	1.40	12.	Ms Susan Eileen Dechow	1,500,001	1.14
13.	Kanaslex Pty Limited	1,548,296	1.21	13.	Bonord Pty Ltd	1,500,000	1.14
14.	National Nominees Limited	1,500,000	1.17	14.	Mr Terrence Ronald Grammer	1,500,000	1.14
15.	Bonord Pty Ltd	1,300,000	1.01	15.	Susern Holdings Pty Ltd	1,500,000	1.14
16.	Rbc Dexia Investor Services Australia Nom	1,170,751	0.91	16.	Rbc Dexia Investor Services Australia	1,438,989	1.09
17.	Mr James Laurence Berry	1,170,000	0.91	17.	Jigalong Community Inc/C	1,306,500	0.99
18.	Forty Traders Limited	1,125,201	0.88	18.	Ms Mara Jane Rudd	1,200,000	0.91
19.	Mr Francesco Rizzo + Mrs Francesca Rizzo	1,034,931	0.81	19.	Mandies Meats Pty Ltd	1,197,000	0.91
20.	Passio Pty Ltd	1,000,000	0.78	20.	Mr James Laurence Berry	1,170,000	0.89
Totals: Top 20 Holders Of ORDINARY SHARES		52,885,234	41.2	Totals: Top 20 Holders Of ORDINARY SHARES		52,032,626	39.5
Total Remaining Holders Balance		75,263,481	58.7	Total Remaining Holders Balance		79,616,089	60.4

# Hannans Share Price Performance

3<sup>rd</sup> Quarter 2010/2011

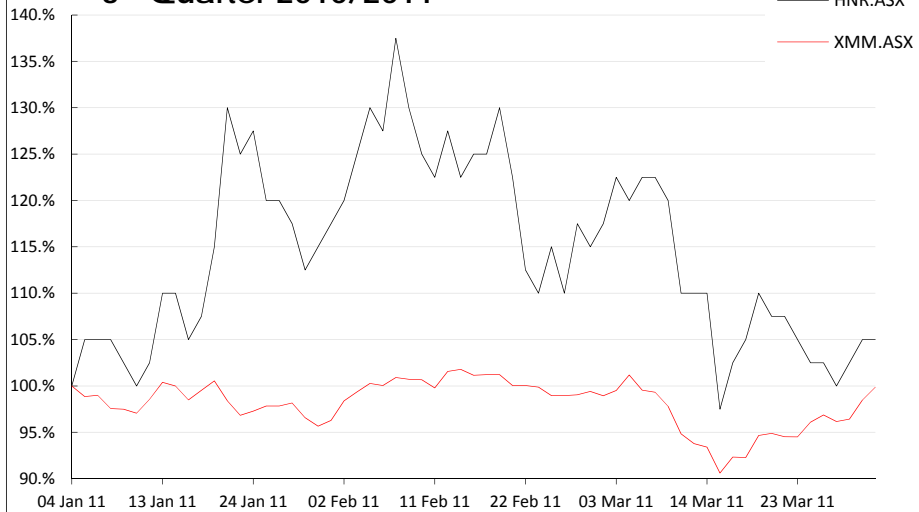


12 Months to 31 March 2011

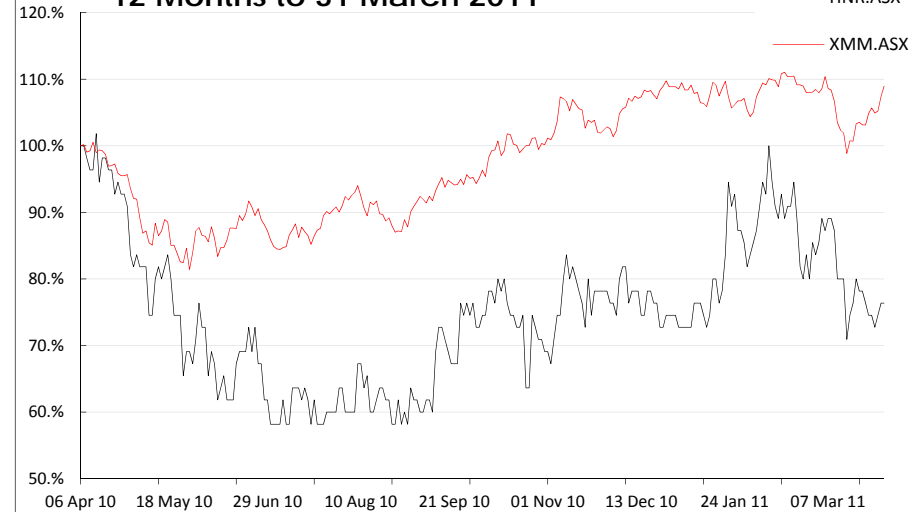


## Hannans Performance Relative to ASX 300 Metals & Mining Index (XMM)

3<sup>rd</sup> Quarter 2010/2011

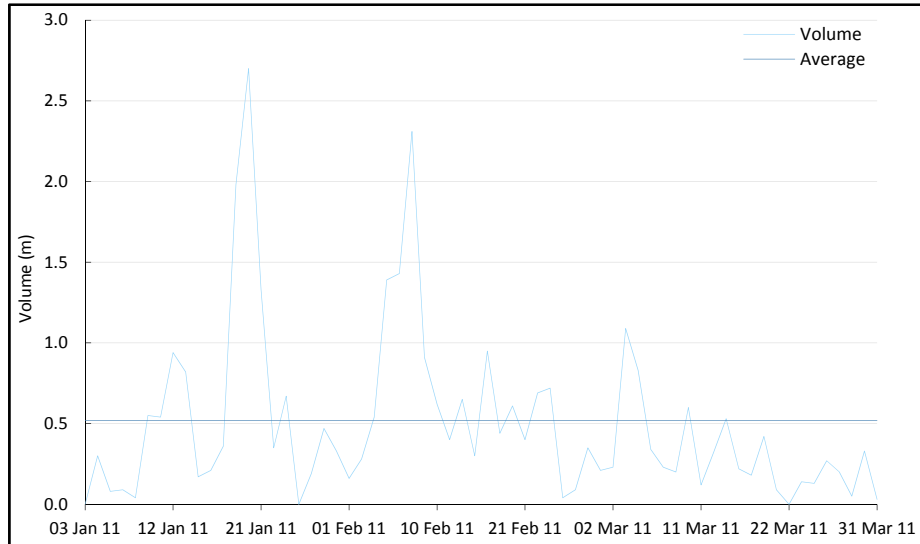


12 Months to 31 March 2011

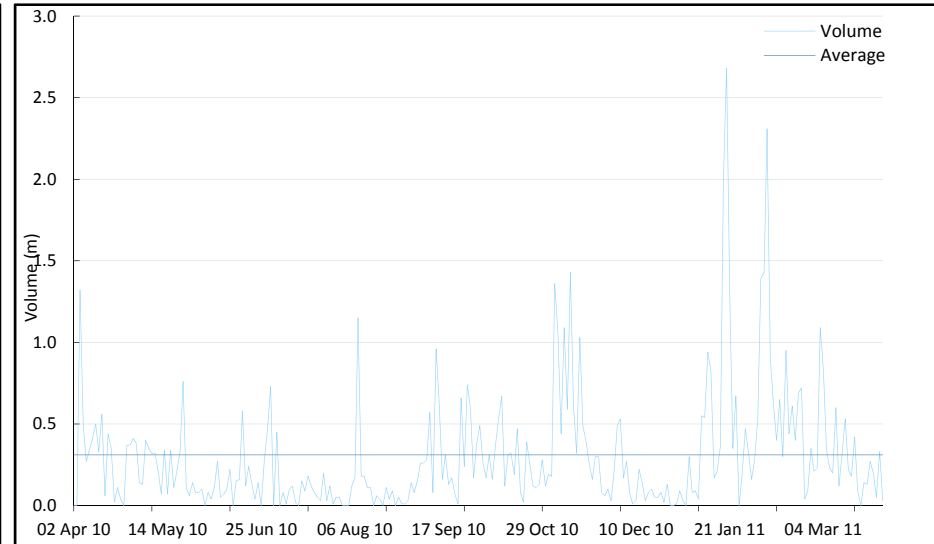


# Hannans Liquidity & Broker Trading

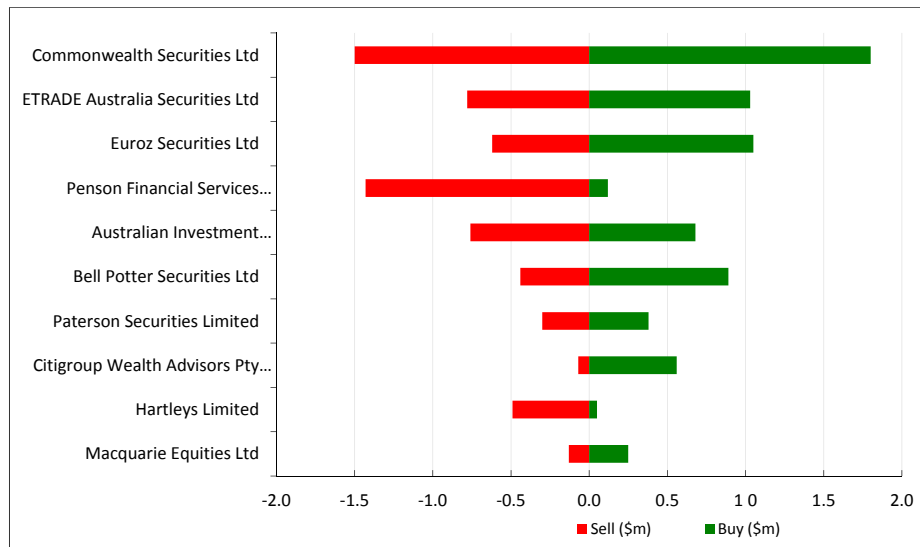
3<sup>rd</sup> Quarter 2010/2011



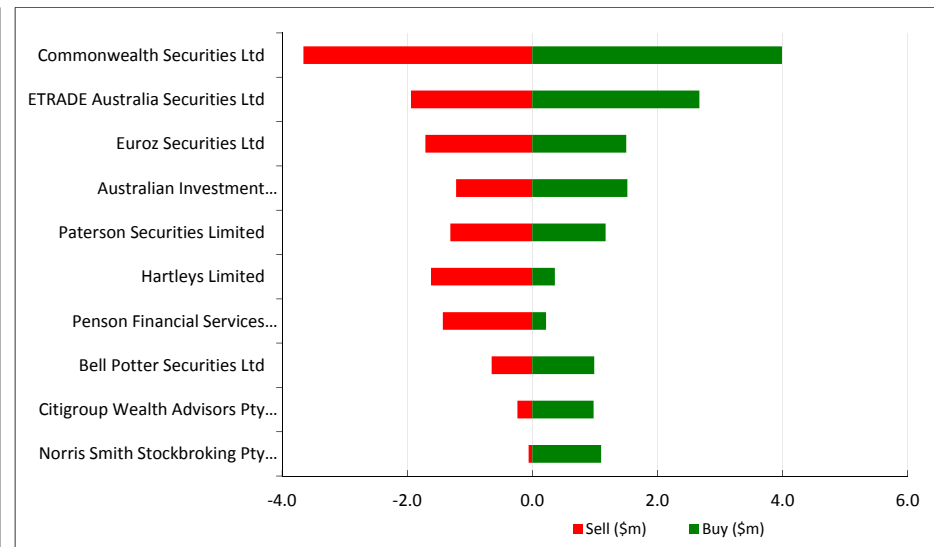
12 Months to 31 March 2011



3<sup>rd</sup> Quarter 2010/2011

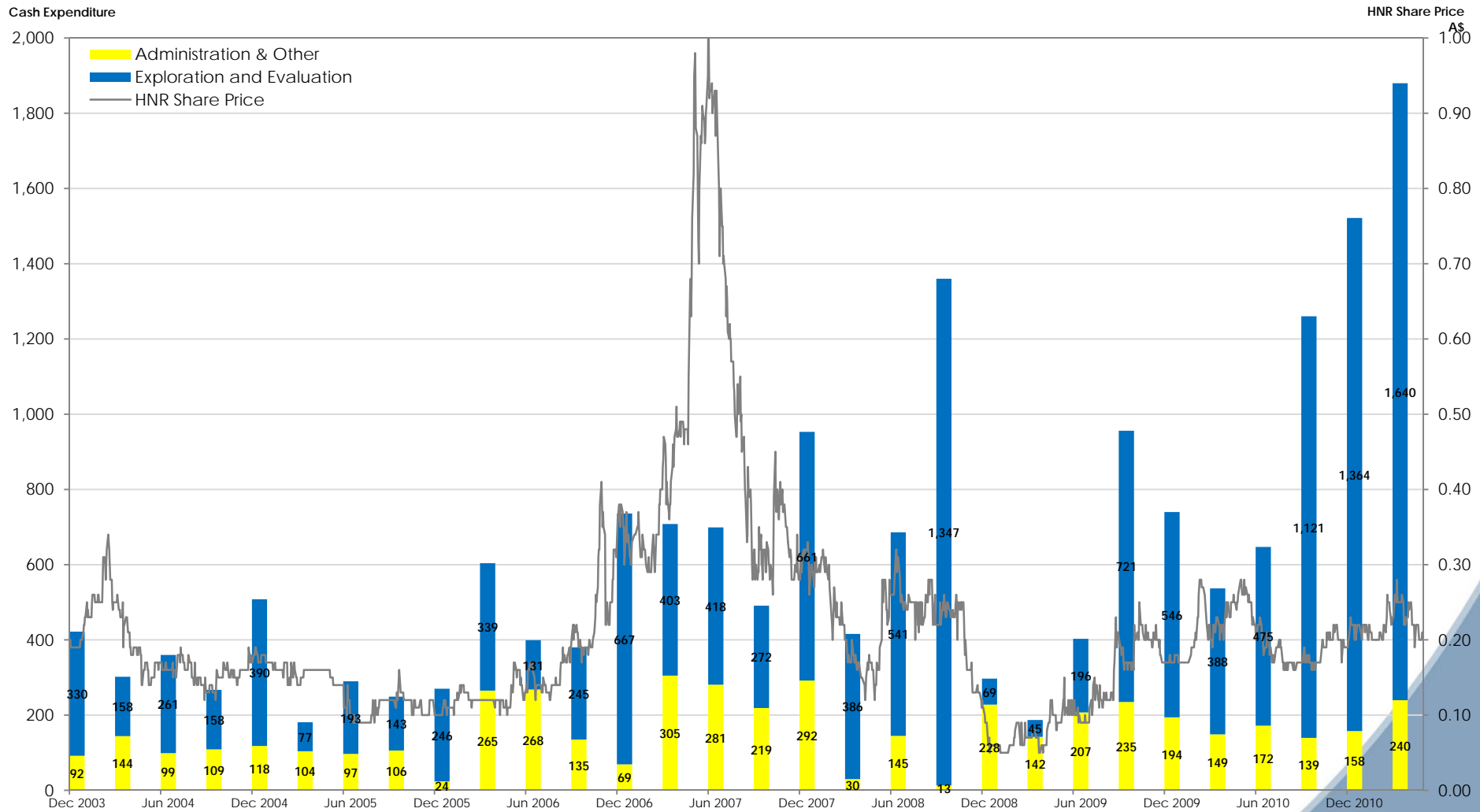


12 Months to 31 March 2011



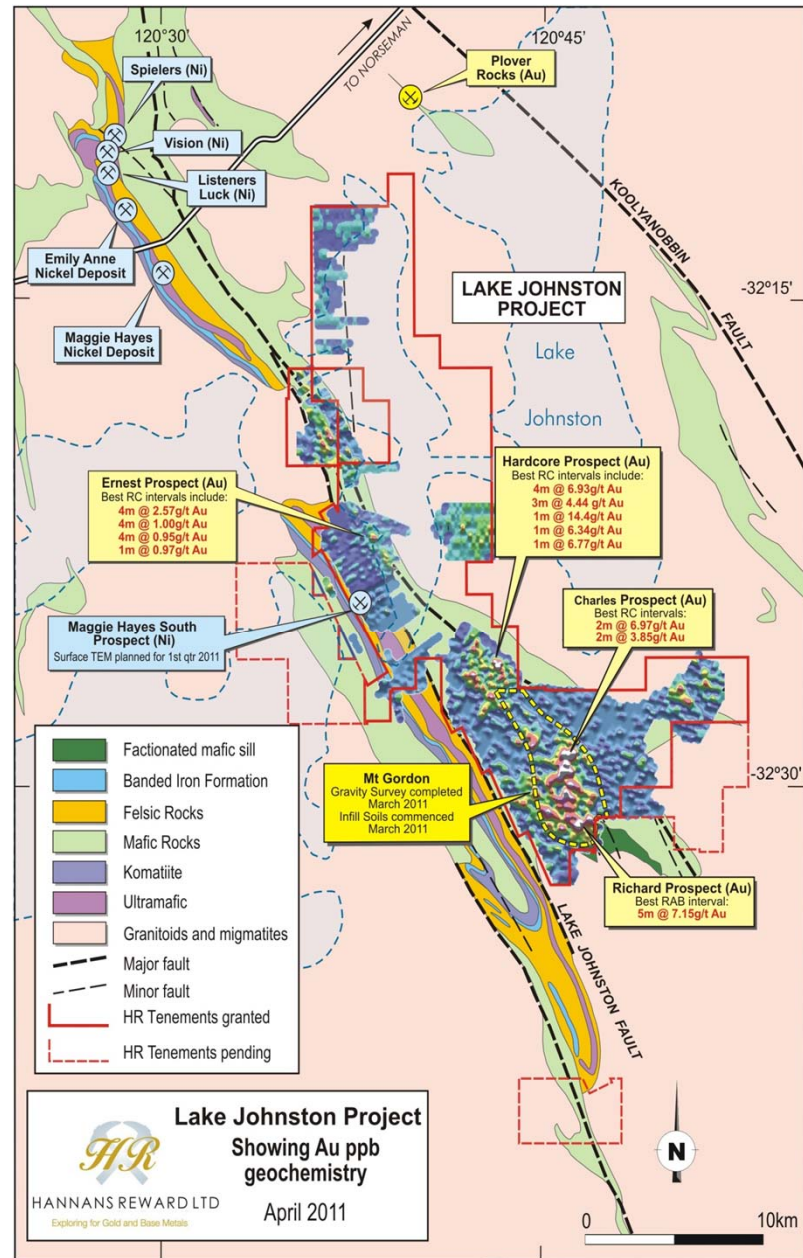
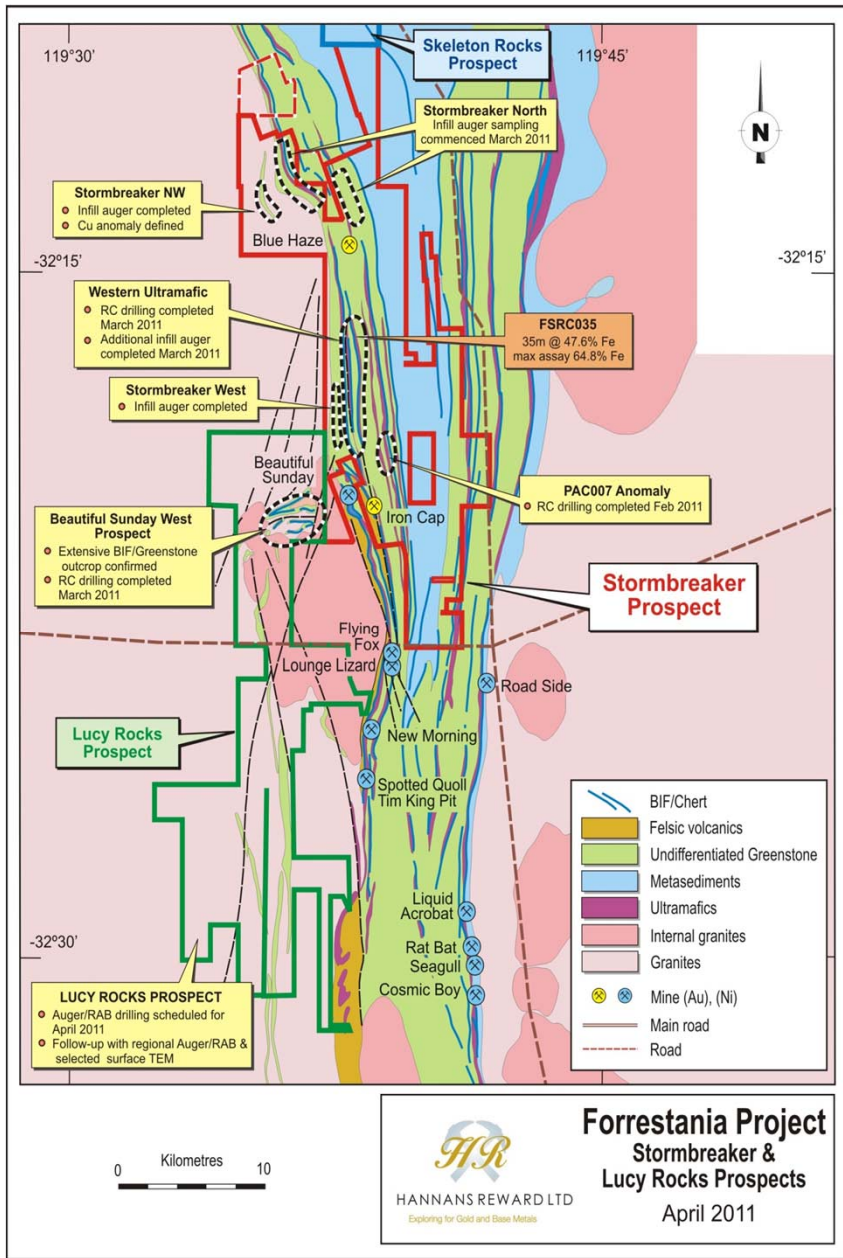
# Hannans Cash Expenditure & Share Price

(All Quarters since ASX Listing)



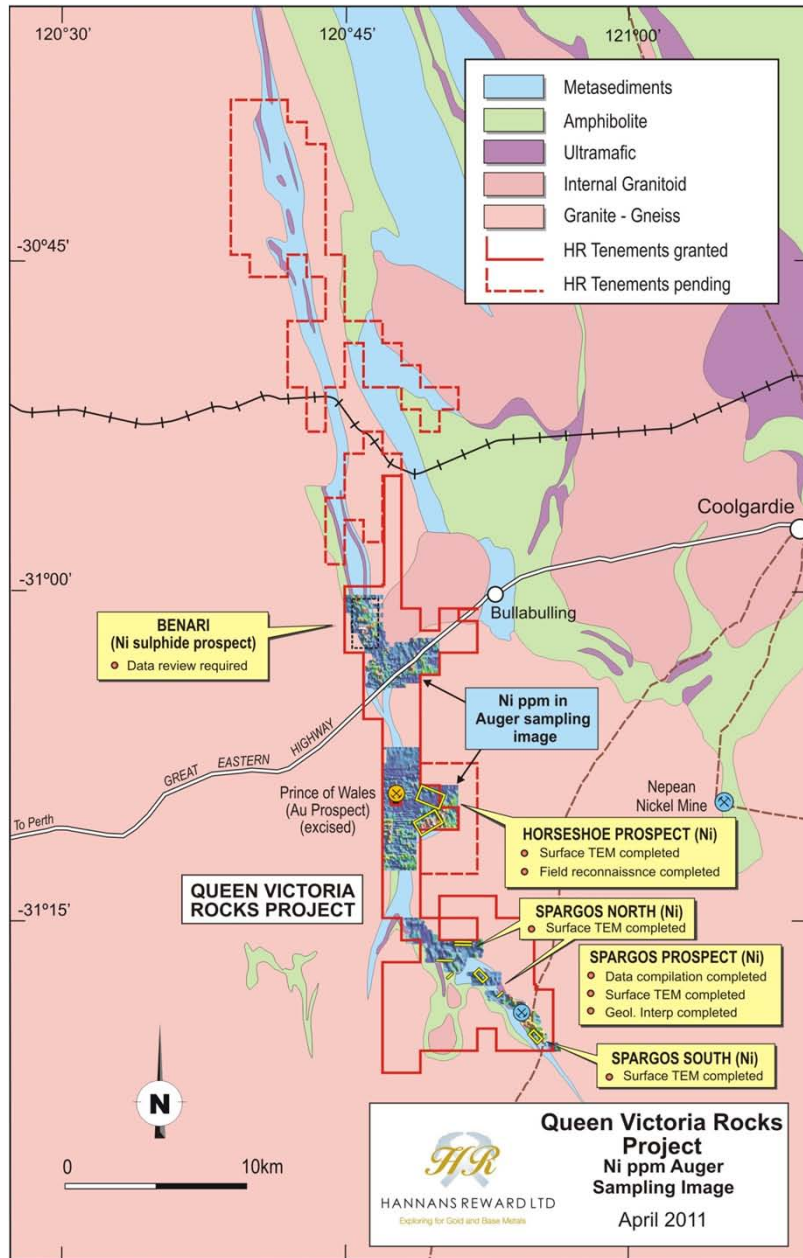
# Hannans Reward

# Australian Exploration

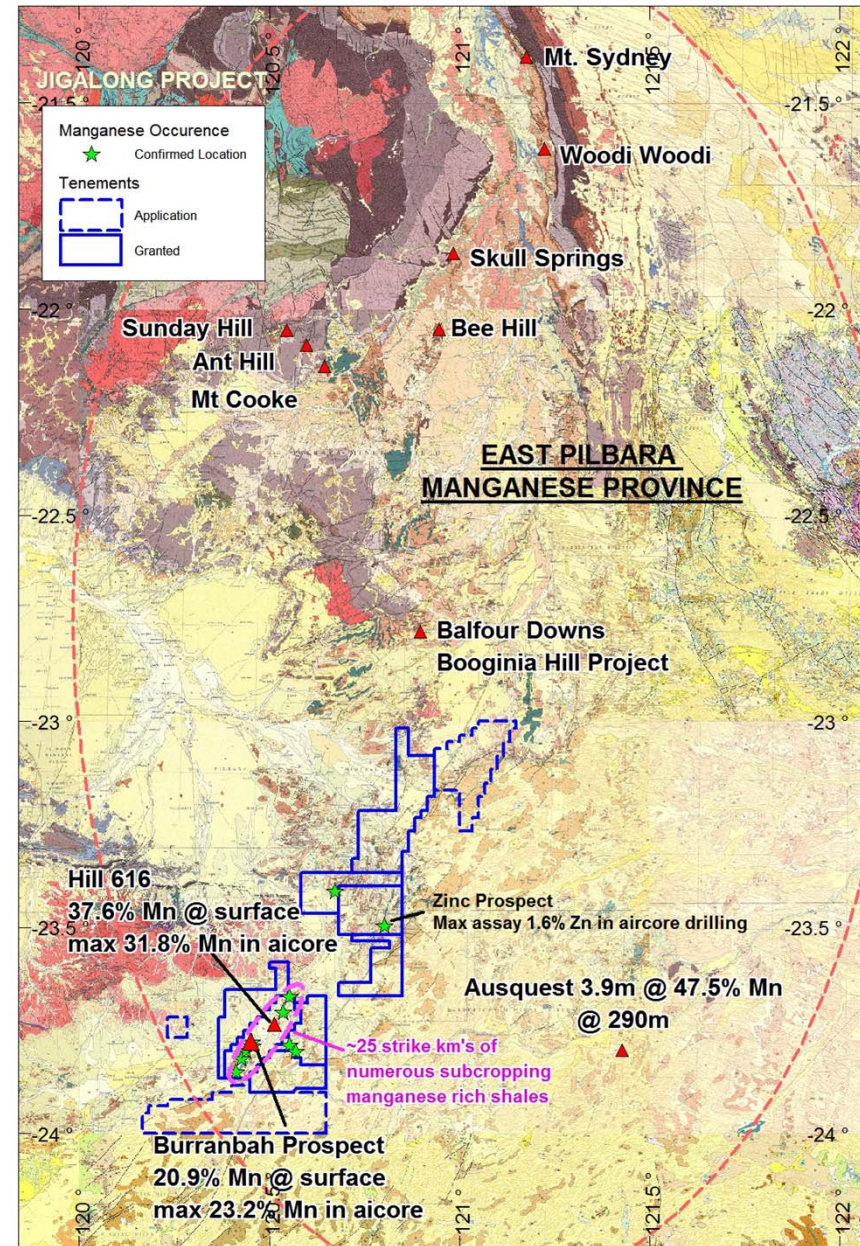


The attached 3rd Quarter Activities Report details exploration activities and outcomes during the Q

# Hannans Reward



# Australian Exploration



The attached 3rd Quarter Activities Report details exploration activities and outcomes during the Q



Project	Prospect	Work completed last Q	Positive Results	Proposed Activities	Schedule
<b>Forrestania</b> (1,153 km <sup>2</sup> )	Skeleton Rocks Prospect (Ni + Au)	Field reconnaissance, rock chip sampling and XRF readings taken from selected Fe target areas.  Samples collected from interpreted ultramafic unit in northern part of prospect area.	A number of haematitic iron rich ridges over lateritised BIF units identified.  XRF readings collected with values >50% Fe, max reading is 60% Fe.  XRF readings confirm ultramafic unit to the north on E77/1784.	Further field reconnaissance, mapping and sampling.  RC drilling proposal to be completed during the coming quarter.  Auger sampling over ultramafic unit.	RC percussion drilling 1 <sup>st</sup> Q 2011/12.  Auger sampling over ultramafic unit 1 <sup>st</sup> Q 2011/12
	Stormbreaker Prospect (Ni)	RC percussion drilling completed (11 holes for 2,670 metres).  Infill auger sampling completed at Stormbreaker West and Stormbreaker NW.  Auger sampling commenced at Stormbreaker North.  Field reconnaissance, rock chip sampling and XRF readings taken from selected Fe target areas.	RC drilling intersected komatiitic lithologies.  FSRC035 intersected 35m @ 47.6% Fe highlighting the potential for haematite rich iron ore material in the area.  Historical TEM anomaly has been identified for drill testing at Stormbreaker West.  Auger sampling has identified additional komatiitic lithologies at Stormbreaker West.  Auger sampling at Stormbreaker NW has identified a robust Cu anomaly.	RC Percussion drilling targeting TEM anomaly, magnetic high features and komatiitic lithologies at Stormbreaker West.  Additional auger sampling at Stormbreaker NW to better define the Cu anomaly.  Further mapping of BIF corridors to assess the potential for haematite rich iron ore and RC dill targets.	RC drilling at Stormbreaker West to commence this current Q or 1 <sup>st</sup> Q 2011/12.  Infill auger sampling at Stormbreaker NW to commence this current Q.
	Lucy Rocks Prospect (Ni)	RC drilling completed at Beautiful Sunday West (5 holes for 1,054 metres).  POW application for RAB drilling submitted to DMP and DEC.	BIF intersected in a number of holes confirming the presence of greenstone lithologies at depth.  Approval for RAB drilling received from the DEC.	RAB drilling.  Additional RC drilling to test greenstones at Beautiful Sunday West.	RAB drilling to commence April/May 2011.  RC drilling to commence this current Q or 1 <sup>st</sup> Q 2011/12.

Project	Prospect	Work completed last Q	Positive Results	Proposed Activities	Schedule
<b><u>Queen Victoria Rocks</u></b> (395 km <sup>2</sup> )	Benari Prospect (Ni)	Nil	Nil	Geological interpretation. Aircore drilling to define geochemical anomalies.	Geological interpretation to be completed this current Q. Aircore drilling to commence 2 <sup>nd</sup> Q 2011/12.
	Horseshoe Prospect (Ni)	Surface TEM completed. Field checking of geochemical anomalies completed.	Komatiitic lithologies confirmed in the prospect area.	Nil	Nil
	Spargos North (Ni)	Surface TEM completed over selected VTEM anomalies. Surface TEM and geochemical anomalies field checked.	Surface TEM has confirmed a number of VTEM anomalies.	Further field checking of TEM and geochemical anomalies required.	Field checking and mapping to be completed during this current Q.
	Spargos Prospect (Ni)	Review of drilling and geochemical data completed. Geological interpretation completed. Preliminary inspection of historical diamond drill core. Field reconnaissance completed.	Basal contact confirmed from historical diamond drilling, interpreted lava channel has a strike length of ~1km. Disseminated Ni sulphides confirmed in drill hole QVD010 on basal contact. Three DHEM anomalies confirmed close to basal contact position. Disseminated Type II nickel sulphides confirmed internal to ultramafic unit in hole QVD008.	Re-logging of historical diamond drill core. Selected surface TEM surveys. Plan diamond drilling program.	Re-logging to be completed this current Q. Surface TEM to be completed this current Q. Diamond drilling to commence 1 <sup>st</sup> Q 2011/2012
	Spargos South (Ni)	Surface TEM completed over the ultramafic unit.	No significant anomalies generated from the survey.	Nil	Nil

Project	Prospect	Work completed last Q	Positive Results	Proposed Activities	Schedule
<b>Lake Johnston</b> (380 km <sup>2</sup> )	Ernest Prospect (Au)	Nil	Nil	Orientation geochemical surveys to the east of the Ernest prospect to assess the large gravity feature.	Geochemical sampling to be completed this current Q.
	Hardcore Prospect (Au)	RC percussion drilling completed (4 holes for 1,110 metres).	High grade gold intervals intersected in holes HCRC005 (1m @ 14.4 g/t Au) and HCRC009 (4m @ 6.93 g/t Au).	Data review and detailed geological interpretation.	Final geological interpretation to be completed this current Q.
	Mt Gordon Prospect (Au)	Gravity survey completed over the Mt Gordon Prospect area. Infill soil sampling commenced.	Gravity survey shows a strong correlation between gold anomalies and gravity lows, which possibly represent small internal granitoid bodies. Gravity lows off-set by NW trending structures.	Geological Interpretation. Infill soil sampling to be completed. RC percussion drilling.	Geological interpretation to be completed this current Q. RC drilling during 1 <sup>st</sup> Q 2011/12.
	Maggie Hayes South Prospect (Ni + Au)	Nil	Nil	Surface TEM over the southern portion of the ultramafic unit. Geological interpretation. Field reconnaissance to assess Au anomalies.	Surface TEM to commence this current Q.
<b>Jigalong</b> (2,589 km <sup>2</sup> )	Hill 616 Prospect (Mn) Marumaru (Mn) Zebra Bore (Mn)	Consultant engaged to help progress the regional manganese exploration. Preliminary Zinc endowment review.	Potential remains for McArthur River style zinc mineralisation in the region.	Plan and implement drilling at Hill 616. Field mapping of selected manganese target areas. Zinc exploration strategy to be completed.	Field mapping to be completed this current Q. Drilling at Hill 616 to be completed 1 <sup>st</sup> Q 2011/12.

# Hannans Reward

## Exploration Expenditure 2010/2011

	1st Quarter		2nd Quarter		3rd Quarter		Year-to-date	
Geological activities	176,695	23.60%	231,981	16.60%	201,922	15.70%	610,599	17.80%
Geochemical activities	100,910	13.50%	193,321	13.80%	143,428	11.20%	437,659	12.80%
Geophysical activities	203,381	27.20%	65,909	4.70%	105,478	8.20%	374,769	10.90%
Drilling	3,120	0.40%	571,986	41.00%	712,728	55.60%	1,287,834	37.60%
Field Supplies	41,390	5.50%	152,301	10.90%	32,733	2.60%	226,424	6.60%
Field camp and travel	43,907	5.90%	43,592	3.10%	29,644	2.30%	117,143	3.40%
Environmental	4,200	0.60%	51,158	3.70%	2,640	0.20%	57,998	1.70%
Rehabilitation	3,759	0.50%	15,889	1.10%	7,970	0.60%	27,618	0.80%
Annual tenement rent	31,036	4.20%	30,583	2.20%	17,074	1.30%	78,693	2.30%
Annual tenement rates	69,868	9.30%	18,547	1.30%	2,228	0.20%	90,644	2.60%
Tenement administration	34,771	4.70%	12,242	0.90%	6,377	0.50%	53,390	1.60%
Tenement application fees	34,477	4.60%	8,317	0.60%	8,595	0.70%	51,388	1.50%
Penalty & exemption fees	-	0.00%	-	0.00%	11,806	0.90%	11,806	0.30%
<b>Total</b>	<b>747,513</b>	<b>100.00%</b>	<b>1,395,826</b>	<b>100.00%</b>	<b>1,282,625</b>	<b>100.00%</b>	<b>3,425,963</b>	<b>100.00%</b>
Cash Basis (Appendix 5B)	1121000		1,364,000		1,640,000		4,125,000	
Timing Difference	-373,487		31,826		-357,375		-699,037	

The amounts shown in the table above have been prepared on an Accruals Basis and are unaudited

# Hannans Investment Management

Valuation of Equities						
Company	Type	Number	Price	Value	Notes	
AGO	FPO	6,401,334	3.50	22,404,669		
SCR	FPO	1,835,001	0.62	1,137,701		
Other	FPO	20,000	0.22	4,400		
SCR	Options (ex. 20c)	1,250,001	0.46	580,750	1	
SCR	Options (ex. 40c)	500,000	0.38	187,700	2	
SCR	Con Note (33c)	2,535,000	0.62	1,571,700	3, 5	
Theoretical Value of Equities				25,886,920		
Cash at Bank				3,485,000		
Total Equities and Cash				29,371,920		
Hannans Reward Ltd Capital Structure						
Type	Number	Expiry				
FPO	131,648,715					
Options (ex. 80c)	2,250,000	30-Jun-11				
Options (ex. 20c)	2,000,000	31-Jul-11				
Options (ex. 80c)	1,000,000	30-Jun-12				
Options (ex. 40c)	100,000	30-Jun-12				
Options (ex. 80c)	1,000,000	30-Jun-13				
Options (ex. 20c)	300,000	20-Jul-13				
Options (ex. 75c)	300,000	20-Jul-13				
Options (ex. 100c)	300,000	20-Jul-13				
Fully diluted FPO	133,948,715					
NTA per share				0.22	4	
Notes						
1 - Theoretical value calculated using BSOPM with 4% risk free rate, 100% volatility & 551 days to maturity						
2 - Theoretical value calculated using BSOPM with 4% risk free rate, 100% volatility & 596 days to maturity						
3 - Assumes 100% of amount currently drawn, converted into SCR at 33c						
4 - Pre-tax (if payable) on a fully diluted basis						
5 - Refer Financial Report for the Half Year Ended 31 Dec 2010						



## Transaction Services & Corporate Management

- Wholly owned business unit of Hannans
- CBS revenue reduces Hannans' fixed costs
- CBS utilises expertise of Hannans corporate team to provide transaction services and corporate management services to listed and unlisted private and public companies
- CBS offering is complimentary to Hannans business model
- CBS currently provides on-going corporate management services to one ASX listed company (expected to increase to two during 4<sup>th</sup> Quarter)
- CBS played an important role in managing IPO process for Naracoota Resources Ltd which lodged a \$5m prospectus with ASIC during April 2011



## International Exploration

- Resources & Rewards Pty Ltd is a 50/50 joint venture with a wholly owned subsidiary of Scandinavian Resources Ltd (ASX:SCR)
- Concept based on the 'pooling' of highly competent Australian and Scandinavian geoscientists to identify opportunities to access economic deposits of minerals (ex-Australia and ex-Scandinavia) – all Australian opportunities go into ASX:HNR & all Scandinavian opportunities go into ASX:SCR
- Stage of development – advanced exploration for precious, base and bulk commodities
- Corporate strategy – co-fund acquisition/application, add value through field exploration, raise third-party funding to continue exploration that may lead to major economic minerals discovery & thereafter distribute benefits to Hannans shareholders
- Country and project assessments have taken place within South West Asia and the Pacific Rim; opportunities have been presented from within South East Asia

# Contacts

## Mr Damian Hicks, Managing Director

Mr Hicks was a founding Director of Hannans Reward Limited.

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 (formerly the Securities Institute of Australia), a Graduate Diploma in Company Secretarial Practice from Chartered Secretaries in Australia and is a Graduate Member of the Australian Institute of Company Directors.

During the past 3 years Mr Hicks has served as a Director of Scandinavian Resources Ltd. Mr Hicks is a non-executive Director of privately owned funds management Company, Growth Equities Pty Ltd.

[damianh@hannansreward.com](mailto:damianh@hannansreward.com) (E)  
+61 419930087 (Mb)



## Mr Michael Craig, Joint Company Secretary

Mr Craig holds a Bachelor of Commerce (Accounting & Information Systems), is a member of the Institute of Chartered Accountants in Australia and is currently completing a Graduate Diploma in Company Secretarial Practice from Chartered Secretaries in Australia.

Mr Craig was previously an accountant with Ord Group, joined Hannans Reward Ltd as Finance & Compliance Manager in 2008 and was appointed Joint Company Secretary in 2010.

[michaelc@hannansreward.com](mailto:michaelc@hannansreward.com) (E)  
+61 8 9324 3388 (W)



## Mr Don Huntly, Exploration Manager

Mr Huntly holds a Masters Degree in Science (Ore Deposit Geology and Evaluation) from the University of Western Australia, a Bachelor of Applied Science (Geology) and is a full member of Australian Institute of Geoscientists (MAIG) as well as a Registered Professional Geoscientist (RPGeo).

Mr Huntly is an experienced geologist having held senior exploration positions with major companies including Xstrata Nickel Australasia, Jubilee Mines NL, Goldfields of South Africa (Agnew Gold Operation) and WMC Resources Ltd (Leinster Nickel operation). Mr Huntly played a major role in the discovery of the Sinclair Nickel Deposit owned by Xstrata. He is a member of the Australian Institute of Geoscientists and is a Registered Professional Geoscientist.

[donh@hannansreward.com](mailto:donh@hannansreward.com) (E)  
+61 8 9324 3388 (W)



## Ms Mindy Ong, Executive Assistant

Ms Ong holds a Bachelor of Science in Computing from the University of Greenwich, United Kingdom and is currently completing the Certified Public Accountant course from CPA Australia.

Ms Ong has experiences in finance, compliance and administrative support across multiple environments including ASX listed companies and joined Hannans Reward Ltd in 2010.

[mindy0@hannansreward.com](mailto:mindy0@hannansreward.com) (E)



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## HANNANS REWARD

Exploring for Gold and Base Metals

### 3<sup>rd</sup> Quarter Activities Report 2010/2011

#### Summary and Highlights

*By Don Huntly, Exploration Manager*

##### Fast Facts

ASX Code: HNR

##### Capital Structure

Shares on issue: 131.6m

Options on issue: 7.25m (ex 20c to \$1)

Market cap: \$26.32m (at 20c)

##### Financial Position (at end of Quarter)

Cash on hand: \$3.85m

Value of  
Equity Positions: \$25.89m

##### Board of Directors

Richard Scallan Chairman

Damian Hicks Managing Director

William Hicks Non-Executive Director

Jonathan Murray Non-Executive Director

##### Projects (Western Australia)

Forrestania Nickel & Gold

QVR Nickel

Lake Johnston Nickel & Gold

Jigalong Manganese and base metals

Field based exploration activities during the quarter have been undertaken at the Forrestania, Queen Victoria Rocks, and Lake Johnston projects; and have included RC percussion drilling, gravity surveys, surface TEM surveys, auger sampling, mapping and rock chip sampling.

Hannans exploration activities are aimed at identifying an economic mineral deposit (i.e. stand alone operation) through the application of rigorous exploration processes and a multidisciplinary approach.

##### *Forrestania Project*

- RC drilling at Stormbreaker has been completed (11 holes for 2,614 metres), the drilling intersected ultramafic, mafic and BIF lithologies, no significant Ni or Au mineralisation was intersected in the drilling.
- One RC percussion hole at Stormbreaker intersected **35 metres @ 47.6% Fe (including 4m @ 63.1% Fe from 36m, 5m @ 62% Fe from 47m and 2m @ 61.6% Fe from 55m)**; the interval represents a haematitic rich regolith cap over a weathered BIF unit, similar in geological setting to the Cazaly Resource Ltd – Parker Range Iron Project (33.6Mt @ 56.1% Fe) ~65 km's to the north. Drilling over the two BIF units in the area remains very sparse.
- Reconnaissance mapping, sampling and XRF analysis was completed at Stormbreaker and Skeleton Rocks, the field work together with XRF analyses has confirmed the presence of a number of haematite rich iron targets, the XRF readings returned a number of samples in excess of 50% Fe, best XRF sample readings include **60% Fe** at Stormbreaker and **60% Fe** at Skeleton Rocks.
- RC percussion drilling was completed over the Beautiful Sunday West Prospect (5 holes for 1,054 metres), the drilling intersected magnetite rich BIF lithologies and has confirmed the presence of greenstone rock types at depth, no significant Ni or Au mineralisation was intersected in the drilling.



- Assays have been returned and the data interpreted for the auger sampling completed at Stormbreaker West, the sampling has identified untested komatiitic lithologies north of the Beautiful Sunday Ni deposit (Western Areas NL).
- Assays have been received and interpreted for the auger sampling completed at Stormbreaker NW; the sampling has detected komatiitic lithologies as well as robust Cu anomaly to the east.

### ***Lake Johnston Project***

- RC percussion drilling was completed at the Hardcore Prospect (4 holes for 1,110 metres), all assays have been received, best intervals include;
  - ***HCRC005 – 1m @ 14.4 g/t Au (239m)***
  - ***HCRC009 – 4m @ 6.93 g/t Au (215m)***  
***Including 1m @ 21.3 g/t Au (215m)***
  - ***HCRC009 – 1m @ 6.34 g/t Au (222m)***
  - ***HCRC009 – 3m @ 4.44 g/t Au (237m)***  
***Including 1m @ 11.4 g/t Au (237m)***
  - ***HCRC009 – 1m @ 6.77 g/t Au (261m)***
  - ***HCRC009 – 1m @ 4.61 g/t Au (286m)***
- A gravity survey was completed over the Mt Gordon Prospect area, the survey has shown a strong correlation between gravity lows and gold mineralisation.
- Infill soil sampling commenced over the Mt Gordon Prospect area, sampling will be completed during April 2011.

### ***Queen Victoria Rocks Project***

- The Spargos prospect historical data review and geological interpretation has been finalised, a number of key findings were highlighted during the review;
  - The geological interpretation has highlighted a large lava channel and embayment in the ultramafic footwall (*Figure 8*). The channel is ~1 km along strike and remains poorly drill tested in a number of key locations (*Figure 9*).
  - Minor disseminated Ni sulphides confirmed in hole QVD010 the sulphides are located on an intact basal contact.
  - Type II disseminated Ni sulphides confirmed in hole QVD008.
  - The Spargos prospect has a number of Ni sulphide occurrences over a 2 km strike extent, the Ni sulphide occurrences together with favourable ultramafic lithologies and the interpreted lava channel are key criteria indicative of a fertile komatiitic hosted Ni sulphide environment.
  - DHEM anomalies from diamond holes QVD010 and DDH006 are located in favourable [positions relative to the basal contact and remain untested.
- Surface TEM was completed over the Horseshoe prospect; no significant anomalies were generated from the survey.
- Surface TEM was completed at Spargos North over selected VTEM anomalies, a number of the anomalies have been confirmed by the surface TEM surveys.
- Surface TEM was completed over the southern extension of the Spargos ultramafic, no significant anomalies were generated from the survey.

### ***Ongoing Exploration Activities***

- Infill soil sampling to be completed at Mt Gordon prospect – Lake Johnston Project during 2<sup>nd</sup> calendar quarter 2011.
- Plan and implement surface TEM at the Spargos prospect – QVR Project during the 2<sup>nd</sup> calendar quarter 2011.
- Auger drilling to start at the Lucy Rocks prospect – Forrestania Project during the 2<sup>nd</sup> calendar quarter 2011.
- Field mapping to commence at the Jigalong Project during the 2<sup>nd</sup> calendar quarter 2011.
- RC drilling to commence at Stormbreaker West – Forrestania Project during 2<sup>nd</sup> or 3<sup>rd</sup> calendar quarter 2011.
- Ongoing field mapping and targeting for iron at Forrestania to be completed during the 2<sup>nd</sup> calendar quarter 2011.
- Drilling at Hill 616 – Jigalong Project to commence during the 3<sup>rd</sup> calendar quarter 2011.
- RC drilling to commence at Mt Gordon – Lake Johnston Project during 3<sup>rd</sup> calendar quarter 2011.

### **Forrestania Project**

Known nickel sulphide mineralisation within the Forrestania Belt occurs in a variety of geological settings above and below BIF horizons, as well as on mafic (Digger Rocks and Cosmic Boy) and felsic (Flying Fox, Spotted Quoll, Beautiful Sunday) substrates.

Hannans tenement position is situated immediately along strike, to the north of, and also to the west of the Western Areas NL nickel sulphide deposits covering what is considered to be the most prospective stratigraphy proximal to known Ni sulphide deposits in the Forrestania Greenstone belt.

It is considered by Hannans that the stratigraphy within their tenement package has similar characteristics to areas that hosts nickel sulphide deposits and occurrences elsewhere within the Forrestania Greenstone Belt (*Figure 1*).

The stratigraphy within the Hannans tenement package is also considered prospective for iron deposits, which has now been confirmed by recent exploration activities.

The following table includes a summary of exploration activities completed for the Forrestania Project.

<b>Activity</b>	<b>Forrestania Summary</b>
RC Percussion Drilling	16 holes for 3,724 metres
Down-hole EM	nil
Surface EM	nil
Geochemical Sampling	1,883 auger samples 2 rock chip samples 54 portable XRF readings

### ***Stormbreaker Prospect Area***

Exploration activities for the quarter included RC percussion drilling, auger sampling, mapping and rock chip sampling (*Figure 1*).

A total of 11 RC percussion holes were drilled for 2,614 metres, 10 holes were drilled along the western ultramafic corridor targeting geochemical anomalies, and one hole was drilled on the central ultramafic targeting a coincident geochemical and TEM anomaly (PAC007). The drilling intersected mafic, ultramafic and BIF lithologies, all assays have been returned, with no Ni or Au mineralisation was intersected in the drilling (*Figure 2*).

RC percussion hole FSRC035 intersected a zone of regolith enriched, haematite rich iron material, the interval returned **35 metres at 47.6% Fe** from 23 metres down-hole (*Table 1*). The interval includes a number of smaller zones in excess of 60% Fe (**4m @ 63.1% Fe from 36m, 5m @ 62% Fe from 47m and 2m @ 61.6% Fe from 55m**), the broader iron rich zone represents the weathered portion of a magnetite rich BIF unit and has similar geological characteristics to other haematite rich iron deposits in the region such as the Cazaly Resources Parker Range Deposit approximately 65 km's to the north.

Field mapping and rock chip sampling was completed over the Stormbreaker area; the mapping has identified extensive zones of haematite rich material over weathered BIF units. A total of 24 portable XRF readings were taken over a strike extent of 4 km's, six of these samples returned readings in excess of 50% Fe (Max reading is 60% Fe).

Assays have been received for the additional auger sampling program completed over the Stormbreaker West area; the data has been interpreted and the sampling has identified additional komatiitic lithologies further to the west in an area with little or no exploration. A review of the surface TEM in the area has identified an anomaly coincident with an interpreted komatiitic unit; the anomaly remains to be drill tested (*Figure 2*).

Assays have been received for the auger sampling completed at Stormbreaker NW, the sampling has helped to delineate komatiitic lithologies as well as a robust Cu anomaly to the east of the survey, additional sampling is required to better define the Cu anomaly.

**Table 1.** Results from XRF analysis of samples from RC percussion hole FSRC035

HoleID	From	To	Fe%	MgO%	P%	S%	SiO2%	TiO2%	LOI
FSRC035	0	1	22.28	0.29	0.013	0.016	52.4	0.37	5.92
FSRC035	1	2	23.59	1.4	0.009	0.035	45.7	0.46	5.81
FSRC035	2	3	8.81	0.99	0.005	0.053	61.8	0.61	6.51
FSRC035	3	4	8.26	0.68	0.005	0.052	62.1	0.65	6.57
FSRC035	4	5	9.39	0.34	0.003	0.067	60.5	0.55	7.35
FSRC035	5	6	30.63	0.09	0.006	0.114	35.3	0.53	5.65
FSRC035	6	7	36.21	0.1	0.007	0.122	27.4	0.52	5.46
FSRC035	7	8	40.7	0.09	0.008	0.216	19.55	0.49	5.87
FSRC035	8	9	43.06	0.05	0.009	0.813	12.1	0.52	7.74
FSRC035	9	10	42.09	0.05	0.007	0.964	11.2	0.57	8.54
FSRC035	10	11	40.26	0.04	0.007	0.868	13.35	0.62	8.66
FSRC035	11	12	29.92	0.07	0.006	0.246	23.9	0.87	10.58
FSRC035	12	13	28.07	0.27	0.005	0.204	28.4	0.94	10
FSRC035	13	14	29.69	0.07	0.004	0.225	25.7	1.03	11.73
FSRC035	14	15	36.25	0.05	0.003	0.183	20.2	0.76	12.2
FSRC035	15	16	39.95	0.04	0.004	0.184	16.1	0.72	12.37
FSRC035	16	17	39.79	0.04	0.004	0.208	15.95	0.75	12.45
FSRC035	17	18	30.91	0.09	0.003	0.18	23.7	0.98	12.26
FSRC035	18	19	28.88	0.11	0.003	0.165	25.2	0.92	12.65
FSRC035	19	20	33.99	0.11	0.004	0.172	21.4	0.71	12.11
FSRC035	20	21	39.31	0.11	0.006	0.162	16.15	0.63	12.39
FSRC035	21	22	42.48	0.07	0.005	0.154	13.75	0.52	12.48
FSRC035	22	23	46	0.04	0.004	0.135	11.05	0.49	12.31
FSRC035	23	24	50.18	0.01	0.004	0.144	7.89	0.33	11.68
FSRC035	24	25	51	0.03	0.005	0.129	7.07	0.31	11.92
FSRC035	25	26	50.1	0.51	0.004	0.122	8.32	0.36	11.27
FSRC035	26	27	45.93	0.24	0.005	0.118	16.8	0.38	10.49
FSRC035	27	28	45.57	0.08	0.007	0.128	15.55	0.41	11.02

HoleID	From	To	Fe%	MgO%	P%	S%	SiO2%	TiO2%	LOI
FSRC035	28	29	51.14	0.02	0.015	0.144	8.38	0.28	11.95
FSRC035	29	30	56.31	0.01	0.009	0.163	3.63	0.13	12.09
FSRC035	30	31	57.21	<0.01	0.007	0.186	3.54	0.09	11.48
FSRC035	31	32	58.63	<0.01	0.007	0.165	2.75	0.07	10.88
FSRC035	32	33	55.08	0.01	0.015	0.126	6.22	0.19	11.28
FSRC035	33	34	31.33	<0.01	0.016	0.042	48.9	0.02	5.27
FSRC035	34	35	28.57	<0.01	0.01	0.02	55.3	0.01	3.31
FSRC035	35	36	42.59	0.01	0.015	0.026	32.3	0.04	5.71
FSRC035	36	37	61.04	0.1	0.008	0.023	4.69	0.16	4.54
FSRC035	37	38	64.82	0.08	0.008	0.01	1.53	0.06	4.1
FSRC035	38	39	63.25	0.06	0.011	0.012	2.16	0.14	5.57
FSRC035	39	40	63.45	0.04	0.01	0.02	1.49	0.04	6.45
FSRC035	40	41	41.28	0.01	0.004	0.024	34.1	0.02	4.99
FSRC035	41	42	44.91	<0.01	0.003	0.017	27.5	0.01	7.35
FSRC035	42	43	29.25	0.01	0.003	0.018	52.3	0.01	5.17
FSRC035	43	44	21.7	<0.01	0.002	0.014	64.5	<0.01	3.83
FSRC035	44	45	15.23	<0.01	0.003	0.015	74.6	0.01	2.84
FSRC035	45	46	23.38	<0.01	0.004	0.022	61.4	<0.01	4.51
FSRC035	46	47	38.72	0.01	0.006	0.04	34.5	<0.01	7.67
FSRC035	47	48	62.12	0.04	0.007	0.021	1.91	0.02	7.57
FSRC035	48	49	63.75	0.05	0.011	0.022	1.16	0.03	6.22
FSRC035	49	50	62.85	0.04	0.009	0.023	1.62	0.01	7.35
FSRC035	50	51	60.85	0.03	0.006	0.018	3.07	0.04	7.31
FSRC035	51	52	60.35	0.04	0.004	0.01	4.73	0.04	4.89
FSRC035	52	53	43.7	0.03	0.008	0.011	29.1	0.01	5.56
FSRC035	53	54	24.06	0.01	0.01	0.014	59.5	<0.01	4.76
FSRC035	54	55	22.96	0.02	0.006	0.012	62.5	<0.01	3.59
FSRC035	55	56	61.21	0.06	0.012	0.014	3.47	<0.01	7.08
FSRC035	56	57	61.94	0.08	0.016	0.013	2.94	0.02	6.59
FSRC035	57	58	52.09	0.11	0.015	0.02	13.75	0.12	7.04
FSRC035	58	59	29.62	0.1	0.007	0.025	45.6	0.13	6.56
FSRC035	59	60	22.47	0.07	0.011	0.025	57.4	0.05	5.57
FSRC035	60	61	36.58	0.1	0.037	0.03	34.8	0.19	8.18
FSRC035	61	62	38.09	0.09	0.044	0.027	33.4	0.13	7.72
FSRC035	62	63	22.52	0.07	0.022	0.017	59	0.12	4.8
FSRC035	63	64	4.85	0.04	0.006	0.01	87.9	0.11	1.94
FSRC035	64	65	4.96	0.04	0.006	0.011	88	0.09	1.94
FSRC035	65	66	7.7	0.05	0.015	0.015	83.2	0.09	2.49
FSRC035	66	67	23.87	0.1	0.031	0.027	52.9	0.16	6.48
FSRC035	67	68	45.22	0.08	0.05	0.021	20.8	0.15	10.08
FSRC035	68	69	51.75	0.06	0.05	0.019	11.8	0.13	11.06
FSRC035	69	70	52.52	0.07	0.048	0.02	11.25	0.08	10.98
FSRC035	70	71	30.73	0.16	0.037	0.031	41.5	0.18	7.82
FSRC035	71	72	33.09	0.6	0.049	0.041	31.3	0.39	9.04
FSRC035	72	73	24.63	3.1	0.049	0.89	37	0.46	8.21

### ***Lucy Rocks Prospect Area***

RC percussion drilling was completed at the Beautiful Sunday West prospect (5 holes for 1,054 metres), the drilling was targeting magnetic high features with the aim of intersecting greenstones and possible komatiitic lithologies (*Figure 2*).

The drilling intersected BIF and granitic lithologies, all assays have been received with no significant Ni or Au mineralisation intersected in the drilling.

### ***Skeleton Rocks Prospect Area***

The work completed at Skeleton Rocks by Hannans for the quarter has included field mapping and rock chip sampling. The mapping exercise was carried out to field check a number of iron targets over BIF units in the area. The mapping has confirmed haematite

rich regolith over BIF units at two locations (*Figure 3*), and XRF readings taken in the area have returned values in excess of 50% Fe (max reading is 60% Fe).

### ***Ongoing Exploration Activities***

- RC percussion drilling will be planned for Stormbreaker West to test the komatiite lithologies and the surface TEM anomaly.
- Further field reconnaissance, mapping and rock chip sampling to assist with drill collar locations over iron targets at Stormbreaker and Skeleton Rocks during 2<sup>nd</sup> calendar quarter of 2011.
- Regolith drilling at the Lucy Rocks prospect is scheduled for 2<sup>nd</sup> calendar quarter 2011 to confirm the geological interpretation and stratigraphy in the area.
- Additional infill auger sampling for Stormbreaker NW, planned for 2<sup>nd</sup> or 3<sup>rd</sup> calendar quarter to cover the Cu anomaly.
- Infill auger sampling at Stormbreaker North will be completed during 2<sup>nd</sup> calendar quarter 2011.

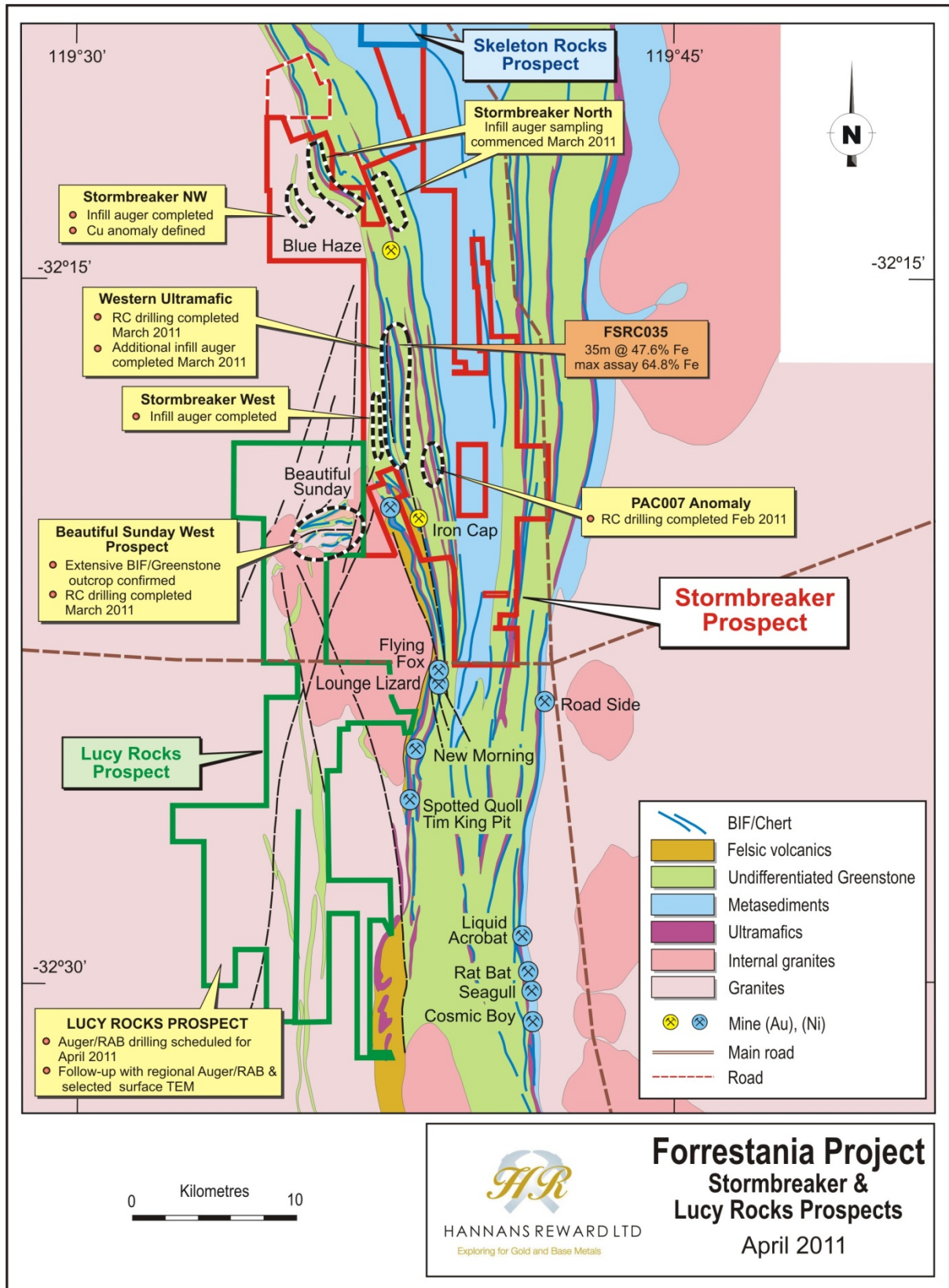


Figure 1. Leasing diagram showing the Stormbreaker and Lucy Rocks prospect areas.

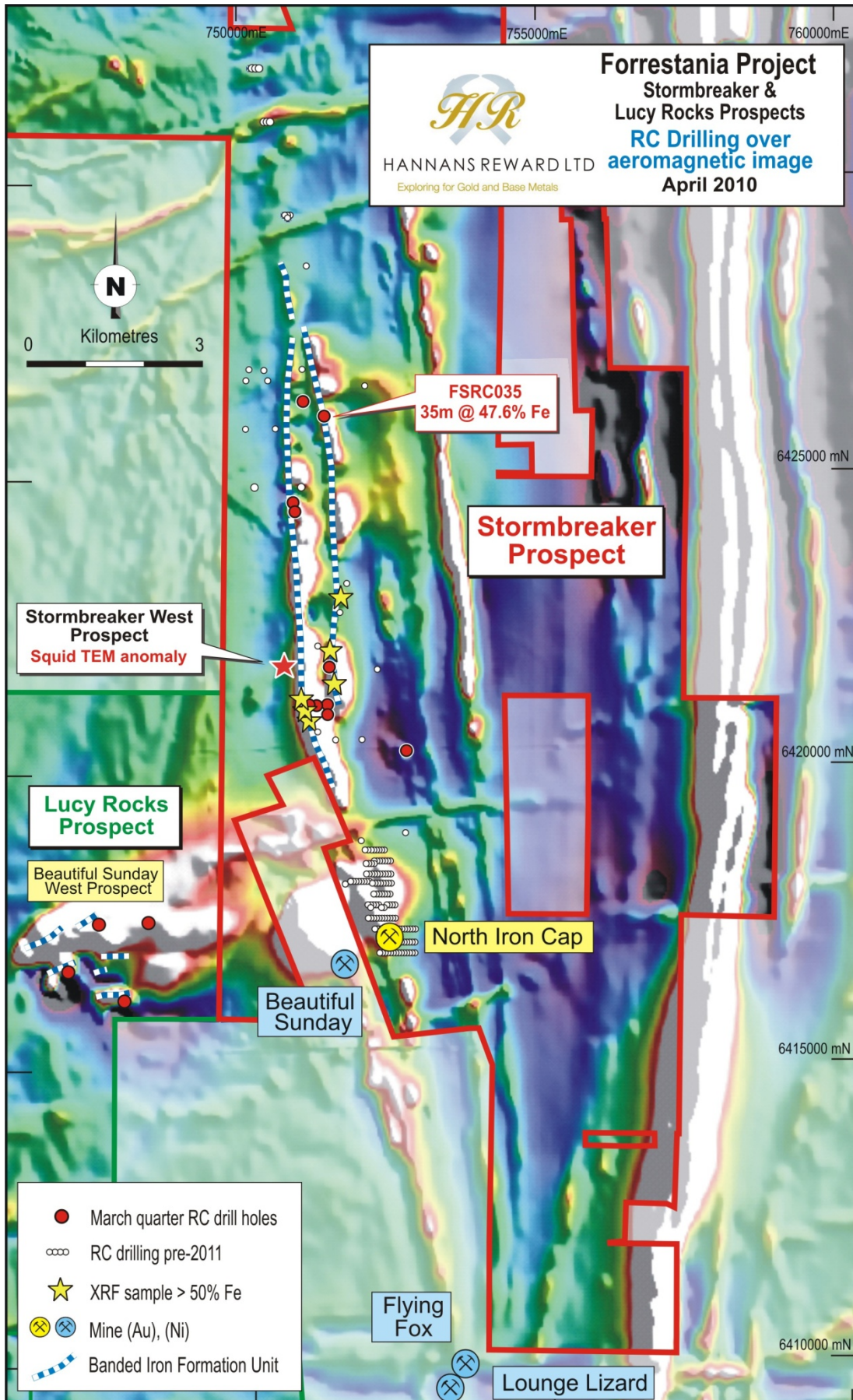


Figure 2. Stormbreaker and Lucy Rocks prospect areas showing aeromagnetic image and exploration summary.

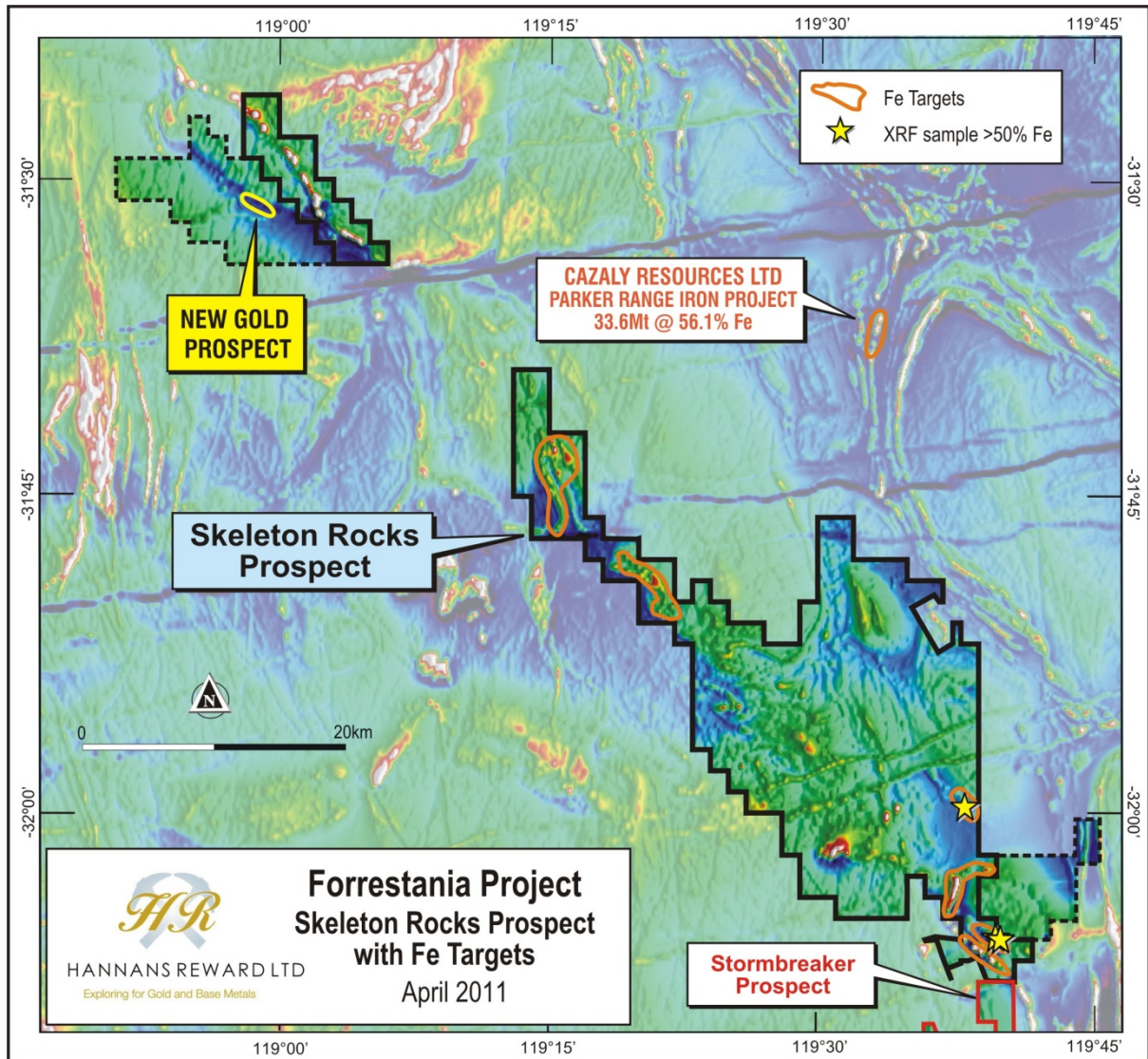


Figure 3. Leasing diagram showing aeromagnetic image of the Skeleton Rocks prospect area.



## Lake Johnston Project

Hannans have put together a tenement portfolio at Lake Johnston which covers ~30 km's of greenstone stratigraphy (*Figure 4*). The granted tenure includes a number of high grade gold occurrences (Ernest, Hardcore and Mt Gordon prospects), as a result the project is considered to be highly prospective for the discovery of additional high grade gold mineralisation.

Exploration activities for the quarter included RC percussion drilling (Hardcore prospect) and a regional gravity survey over the Mt Gordon prospect (*Figure 4*).

The following table includes a summary of exploration activities completed for the Lake Johnston Project.

Activity	Lake Johnston Summary
RC percussion drilling	4 holes for 1,110 metres
Down hole TEM	nil
Surface EM	nil
Gravity	2,073 stations
Geochemical Sampling	nil

### ***Hardcore Prospect (E63/1327)***

Hannans recently completed 10 hole RC percussion program at the Hardcore Prospect (4 holes for 1,110 metres), during January 2011. The drilling tested down dip and along strike of historical high grade gold intersections (*Figure 5*).

Best drilling intersections includes;

- HCRC005 – 1m @ 14.4 g/t Au (239m)
- HCRC009 – 4m @ 6.93 g/t Au (215m)  
Including 1m @ 21.3 g/t Au (215m)
- HCRC009 - 1m @ 6.34 g/t Au (222m)
- HCRC009 - 3m @ 4.44 g/t Au (237m)  
Including 1m @ 11.4 g/t Au (237m)
- HCRC009 - 1m @ 6.77 g/t Au (261m)
- HCRC009 - 1m @ 4.61 g/t Au (286m)

The high grade gold intercepts are summarised in *Table 1* and also include the intersections outlined in the previous Hannans quarterly report.

The gold mineralisation has been intersected within a felsic intrusive unit and is associated with quartz veining, minor pyrite and intense silica alteration. The drilling remains wide spaced however the high grade shoot is interpreted to have a strike length of ~100 metres and a steep plunge to the north-west (*Figure 5*).

The recent assay results further confirm the highly prospective nature of the Hannans granted tenements, which now covers a 25 km corridor.

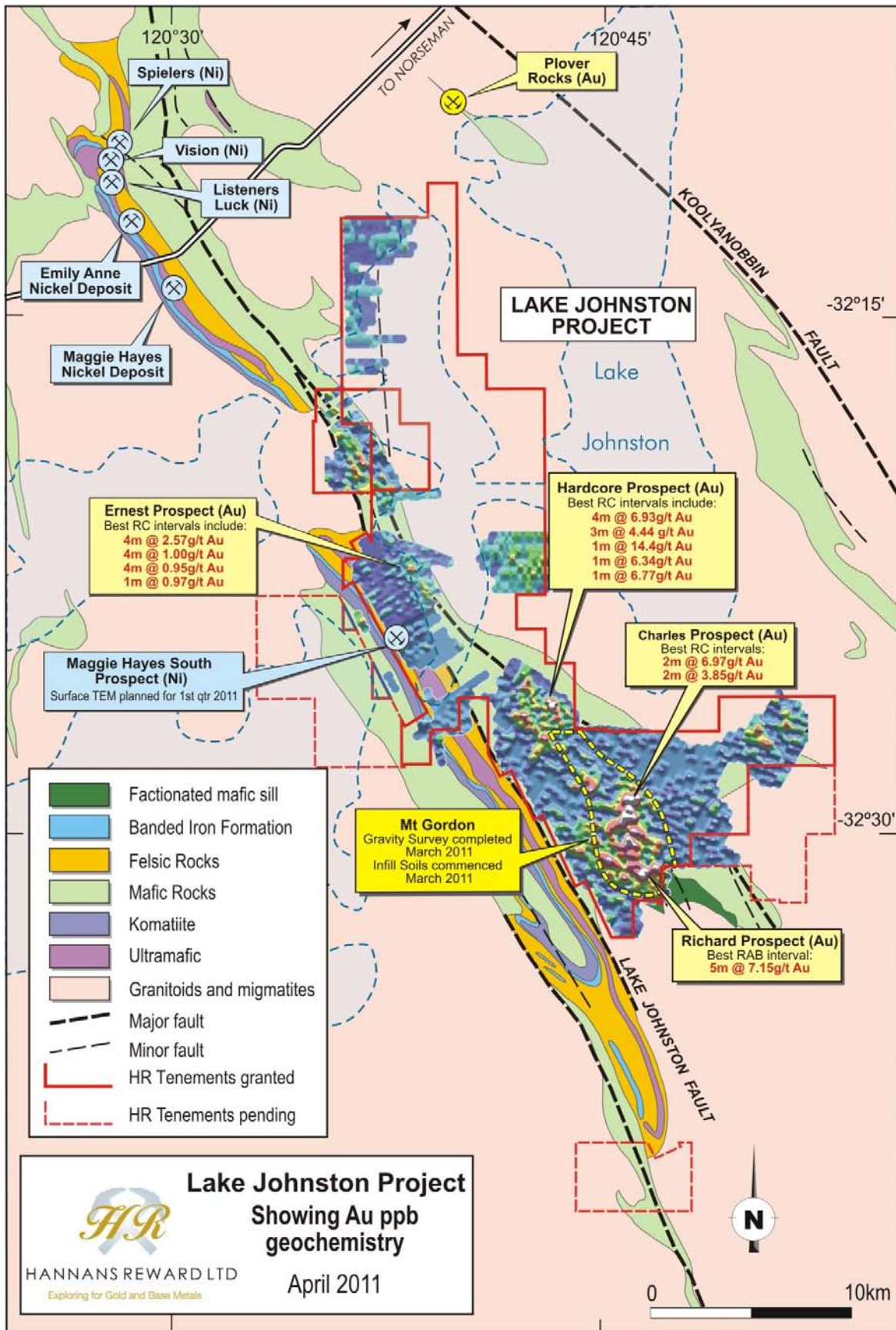


Figure 4. Lake Johnston Leasing Diagram showing regional geology, prospect locations and Au ppb geochemistry image.

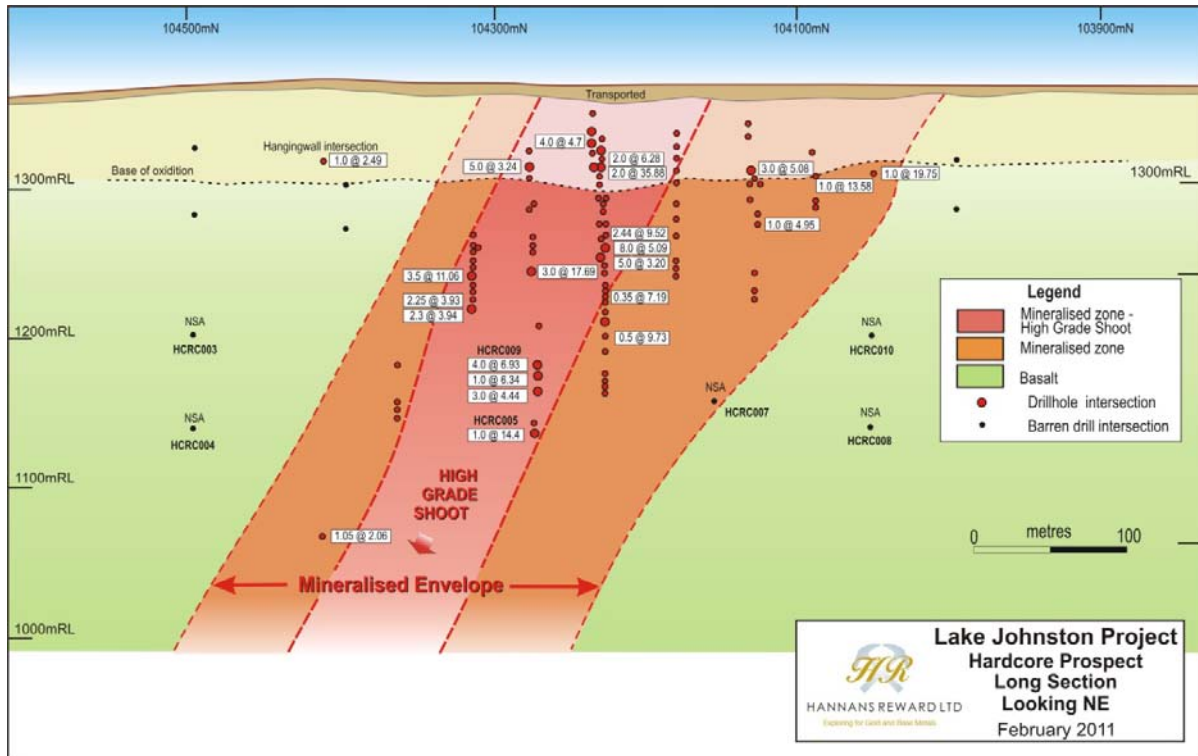


Figure 5. Lake Johnston – Hardcore Prospect diagrammatic long-section looking NE

Table 1. Summary of Hardcore drilling assay results

HoleID	MGA_North	MGA_East	Dip	Azi	From (m)	To (m)	Int	Au g/t
HCRC001	6407706	285777	-75	030	NSA			
HcRC002	6408057	285561	-75	030	NSA			
HCRC003	6408711	284881	-75	030	NSA			
HCRC004	6408656	284849	-75	030	NSA			
HCRC005	6408516	285017	-75	030	239	240	1	14.4
HCRC005	6408516	285017	-75	030	249	250	1	1.71
HCRC006	6408410	285100	-65	030	NSA			
HCRC007	6408416	285102	-60	030	281	282	1	1.21
HCRC007	6408416	285102	-60	030	286	287	1	1.52
HCRC008	6408402	285213	-65	030	NSA			
HCRC009	6408517	285024	-60	030	190	191	1	2.31
HCRC009	6408517	285024	-60	030	196	197	1	1.28
HCRC009	6408517	285024	-60	030	203	204	1	1.74
HCRC009	6408517	285024	-60	030	215	219	4	6.93
HCRC009	6408517	285024	-60	030	222	223	1	6.34
HCRC009	6408517	285024	-60	030	229	230	1	1.56
HCRC009	6408517	285024	-60	030	237	240	3	4.44
HCRC009	6408517	285024	-60	030	261	262	1	6.77
HCRC009	6408517	285024	-60	030	266	267	1	4.61
HCRC009	6408517	285024	-60	030	286	287	1	1.24
HCRC010	6408396	285213	-55	030	NSA			

***Mt Gordon Prospect (E63/1365)***

A gravity survey has been completed over the Mt Gordon prospect area, a total of 2,073 readings were collected. The gravity data has been processed and shows a strong correlation between the gold mineralisation at surface and in drilling with gravity low features. The gravity lows appear to be associated with small internal granitoid bodies. The gravity data has also indicated that there are some minor offsets trending NW proximal to the gold mineralisation.

Recent data compilation and interpretation of the historical drilling data has indicated that the gold mineralisation is hosted within a number of rock types including mafic, ultramafic, gabbroic and granitic lithologies. The gold mineralisation also has a strong association with quartz veining.

Soil sampling commenced at Mt Gordon during the quarter, sampling is ongoing.

***Ongoing Exploration Activity***

- Ongoing data interpretation and compilation to build a geological and structural interpretation of the Mt Gordon area.
- Finish soil sampling and process assay data during the 2<sup>nd</sup> calendar quarter.
- Plan and implement RC percussion drilling during the 3<sup>rd</sup> calendar quarter.

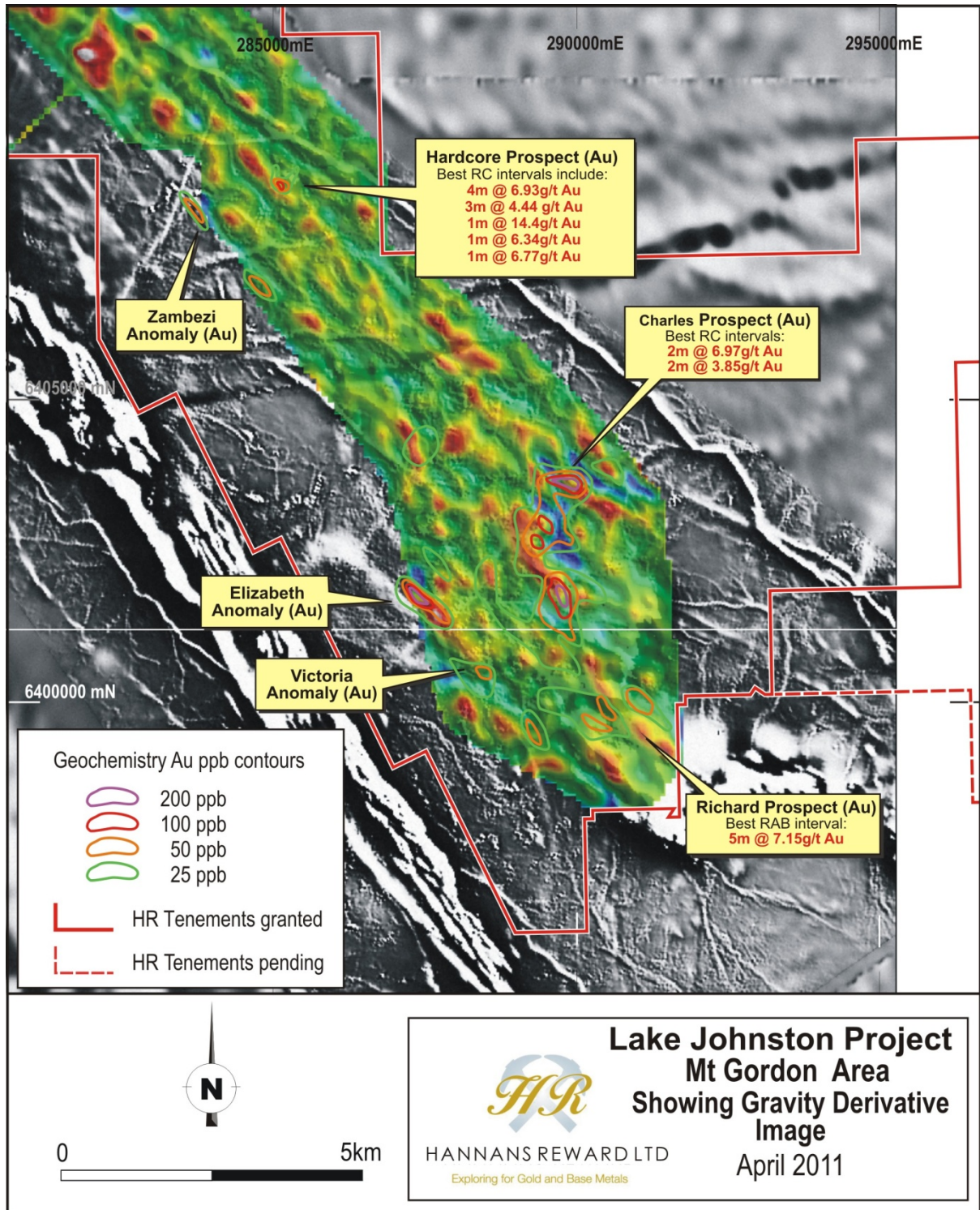


Figure 6. Mt Gordon Prospect area showing Au ppb in auger sampling anomalies and prospect locations

## Queen Victoria Rocks (QVR) Project

Exploration for the quarter has included surface TEM surveys at the Horseshoe, Spargos North and Spargos South prospects, as well as field reconnaissance at the Horseshoe, Spargos North and Spargos prospects (*Figure 7*).

The following table includes a summary of exploration activities completed for the Queen Victoria Rocks Project.

Activity	QVR Summary
RC percussion drilling	nil
Down hole TEM	nil
Surface EM	2.65 line km's of MLEM 21.1 line km's of FLEM
Geochemical Sampling	1 auger sample 19 rock chip samples 1 rock chip sample

### ***Spargos Prospect (P15/4964, P15/4965, P15/4966, P15/4967 and E15/971)***

The historical data review and geological interpretation for the Spargos Prospect area has been finalised.

A number of significant findings have resulted from the review and geological interpretation. These findings are summarised below and also illustrated in the following diagrams.

- The geological interpretation has highlighted a large lava channel and embayment in the ultramafic footwall (*Figure 8*). The channel is ~1 km along strike and remains poorly drill tested in a number of key locations (*Figure 9*).
- Minor disseminated Ni sulphides confirmed in hole QVD010 the sulphides are located on an intact basal contact.
- Type II disseminated Ni sulphides confirmed in hole QVD008.
- The Spargos prospect has a number of Ni sulphide occurrences over a 2 km strike extent, the Ni sulphide occurrences together with favourable ultramafic lithologies and the interpreted lava channel are key criteria indicative of a fertile komatiitic hosted Ni sulphide environment.
- DHEM anomalies from diamond holes QVD010 and DDH006 are located in favourable [positions relative to the basal contact and remain untested.

A more detailed review of the surface TEM coverage and effectiveness can now be completed using the geological interpretation as guide for planning future surveys.

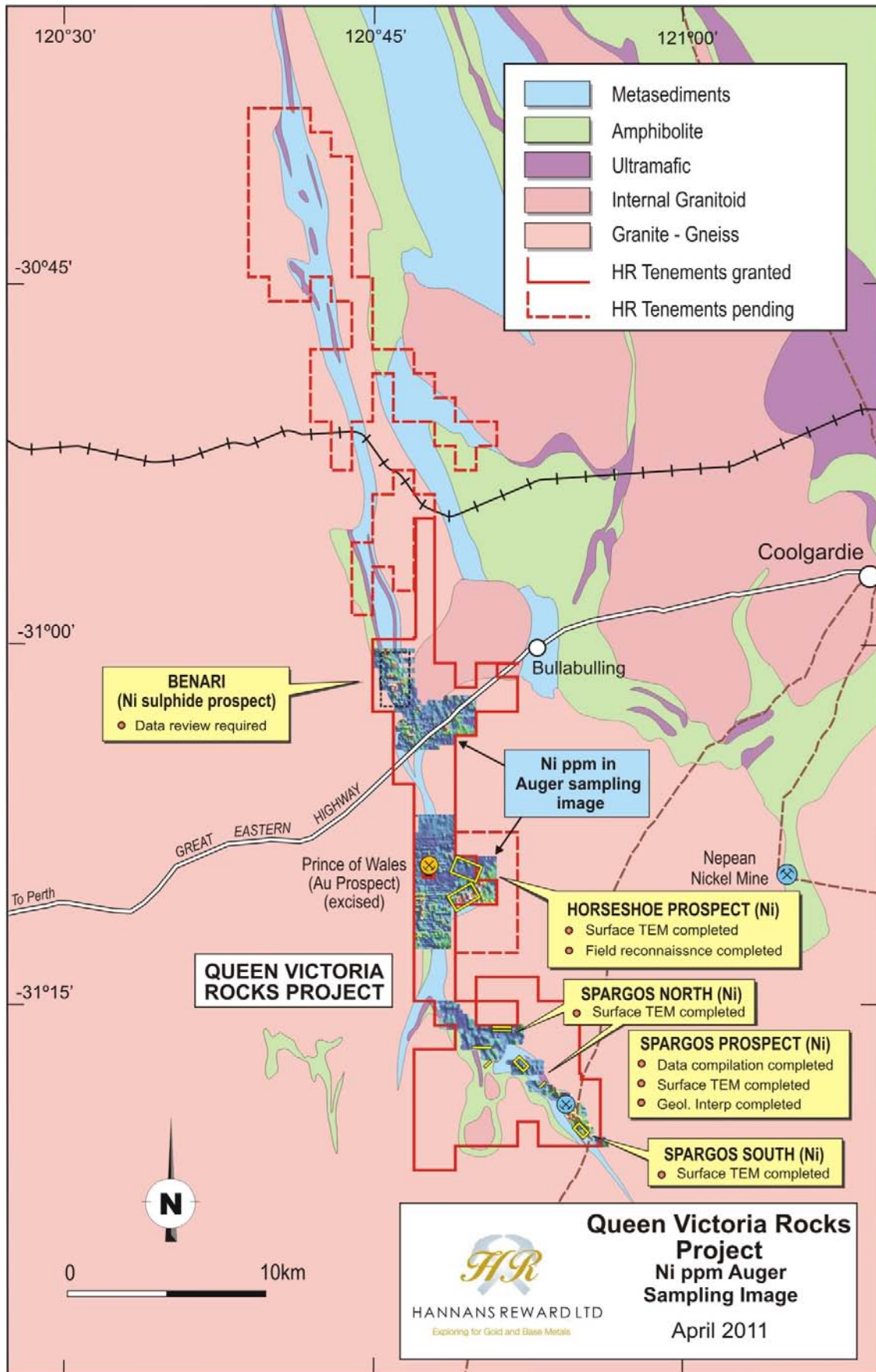


Figure 7. Hannans Reward Ltd – Queen Victoria Rocks Project

***Horseshoe Prospect (E15/755)***

Surface TEM was completed in the area targeting the komatiitic unit, a total of 9.6 line km's of Fixed Loop TEM (FLEM) were completed. No significant anomalies were generated from the survey.

A field reconnaissance trip was also undertaken to assess the geochemical anomalies in the area. The trip has indicated the geochemical sampling has been very effective, and the anomalies are associated with outcropping to sub cropping komatiitic lithologies. The komatiitic units are typically low MgO lithologies and are considered to have minimal prospectivity for nickel sulphide mineralisation.

No further exploration is planned for the area in the short to medium term.

***Spargos North (E15/971)***

Surface TEM was completed over selected VTEM anomalies at Spargos North, a total of 2.65 line km's of Moving Loop TEM (MLEM) and 6.7 line km's of fixed Loop TEM (FLEM) were completed over five separate areas.

The surface surveys have confirmed a number of the VTEM anomalies, some of which have been field checked and downgraded.

***Spargos South (E15/971)***

Surface TEM was completed over the southern extension of the Spargos ultramafic unit, a total of 4.8 line km's of Moving Loop TEM were completed. No significant anomalies were generated from the survey.

***Ongoing Exploration Activities***

- Re-logging and XRF analysis of historical diamond drill core at Spargos.
- Review of historical surface TEM at Spargos, plan and implement new surveys as required.
- Field check outstanding surface TEM anomalies at Spargos North
- Geological interpretation at Benari.



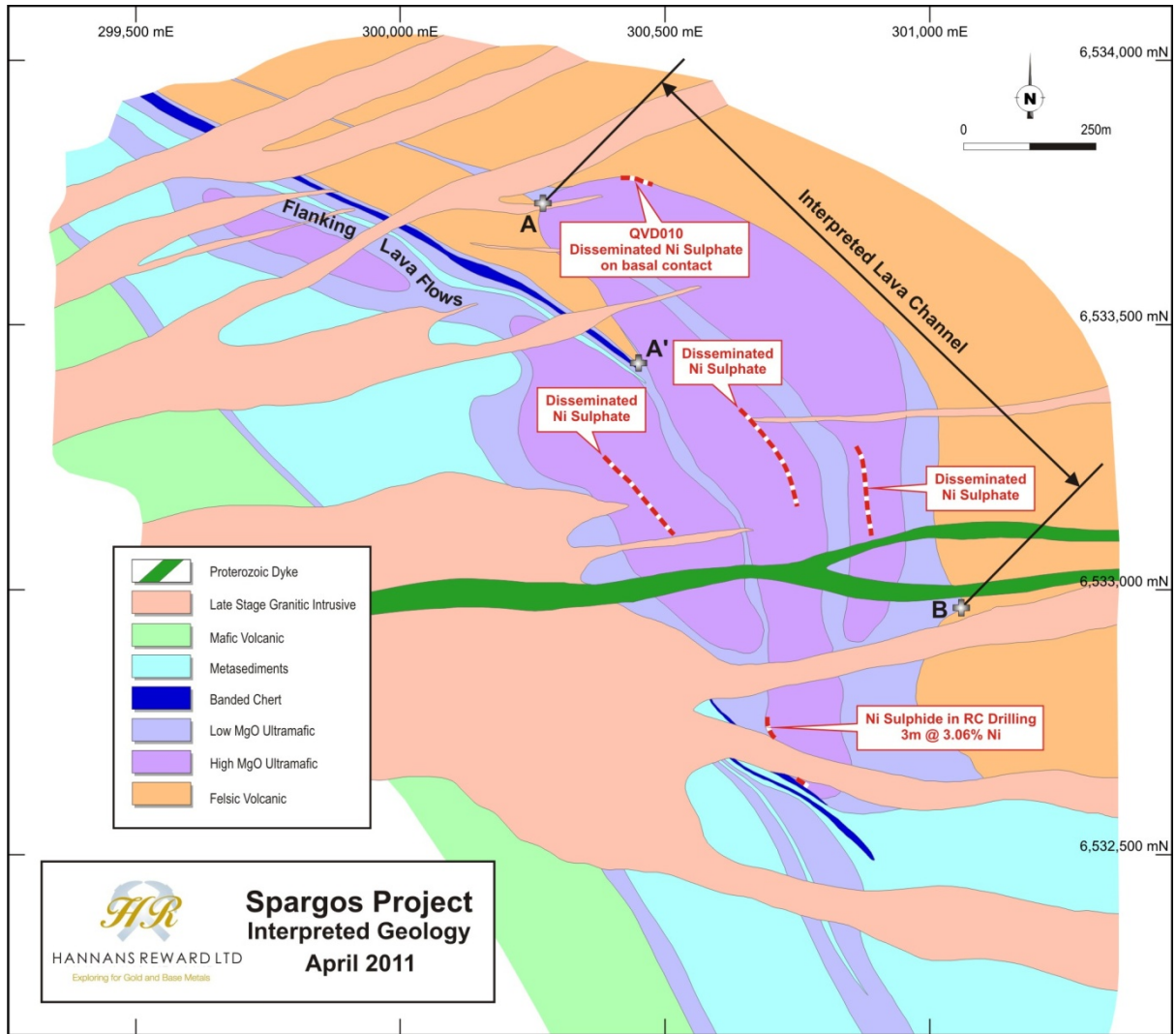


Figure 8. QVR Project – Spargos Prospect interpreted geology

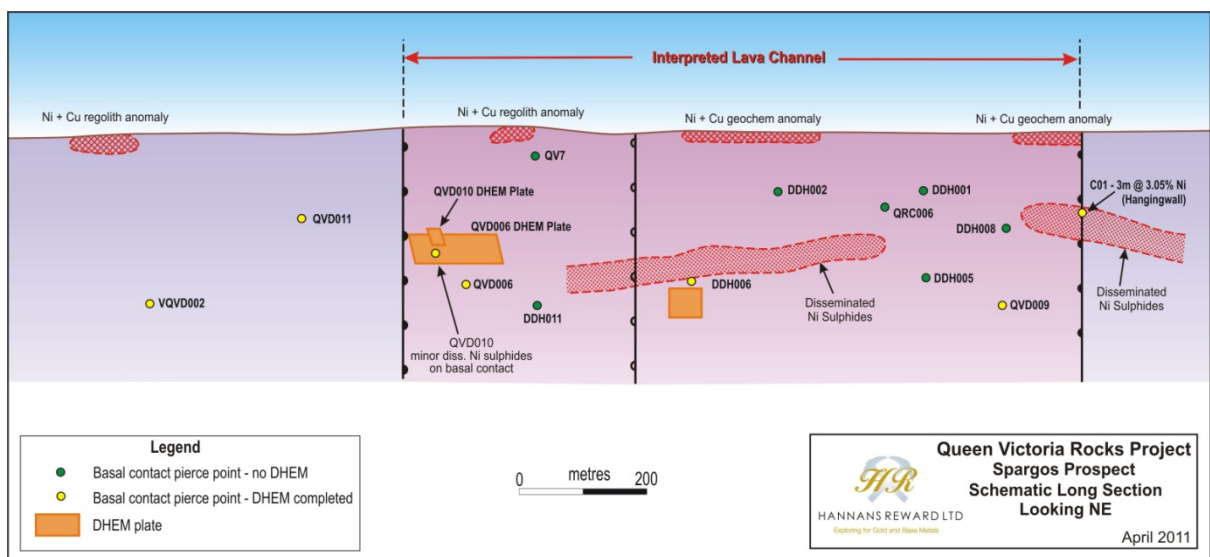


Figure 9. QVR Project – Spargos Prospect interpreted long-section of the basal contact.

## **Jigalong Project**

A consultant geologist has been engaged to further advance the regional manganese targeting and prospectivity analysis for the project area. The geologist has extensive experience working in the manganese industry and is also very well researched on the geology of the Jigalong region and greater manganese province.

A preliminary review of the zinc mineralisation in the area was completed; it is evident that the limited shallow aircore drilling completed during 2009 on tenement E52/1812 has intersected a number of intervals in excess of 1% Zn (*Figure 10*). The drilling has a maximum depth of 55 metres vertical and has intersected >1% Zn intervals in 5 holes over a strike extent of 200 to 300 metres. The host unit appears to have a shallow dip towards the north-west.

The area warrants further field work and requires a better understanding of the geological setting and host lithologies to help progress exploration in the area.

### ***Ongoing Exploration Activities***

- Field mapping and targeting for manganese during the 2<sup>nd</sup> calendar quarter of 2011.
- Plan and implement drilling at Hill 616 during 3<sup>rd</sup> calendar quarter 2011.
- Field mapping and targeting for zinc mineralisation during 2<sup>nd</sup> and 3<sup>rd</sup> calendar quarter 2011.

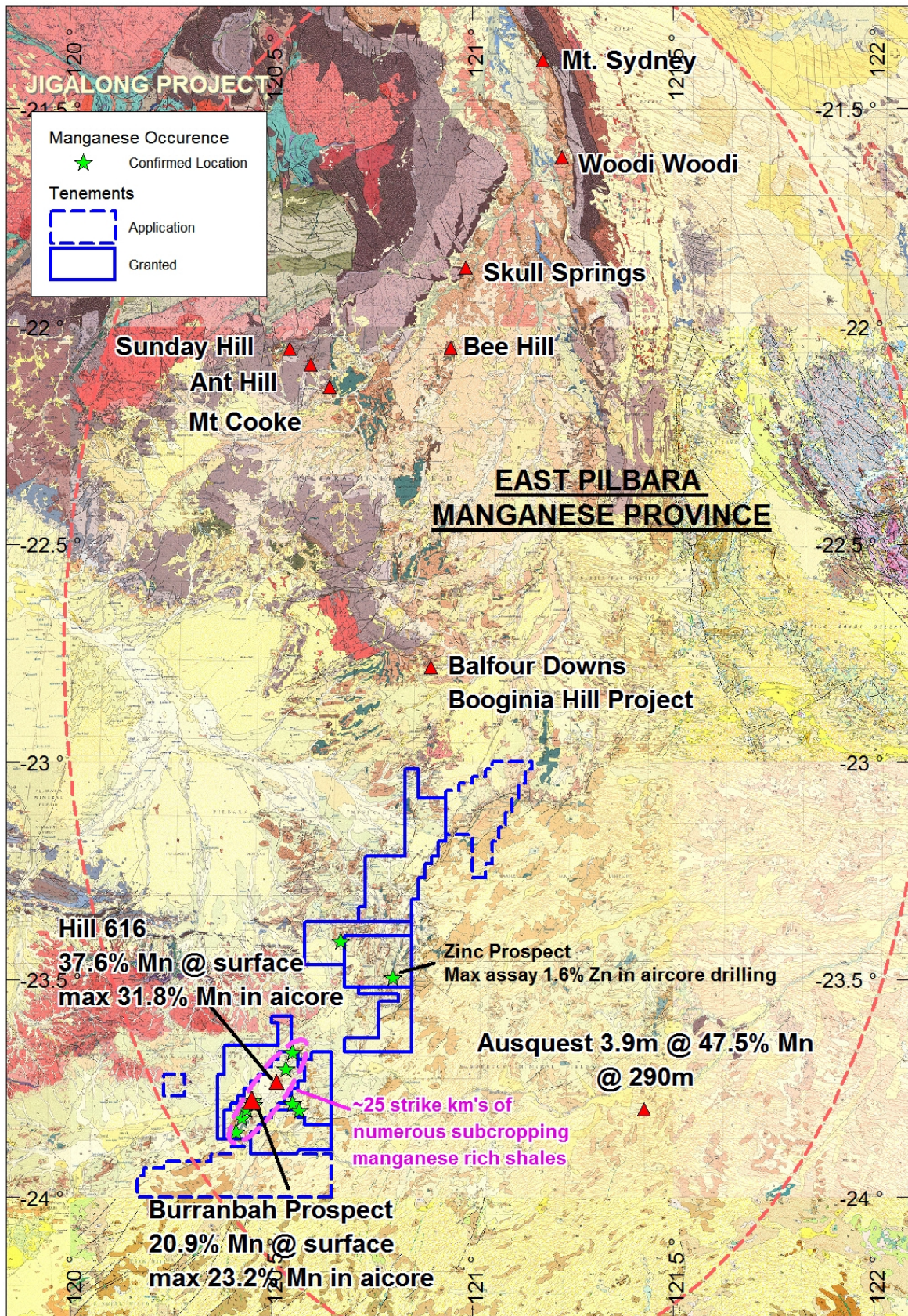


Figure 10. Jigalong Project tenements showing regional manganese deposits and occurrences.

## Summary

Hannans Reward Ltd has developed a suite of prospective exploration projects within Australia covering nickel, gold and manganese; whilst the flagship exploration is the Forrestania nickel project located in the world class Forrestania nickel belt. Hannans is a shareholder of Atlas Iron Ltd. Hannans' shareholders are exposed to share price appreciation through exploration success at the following projects:

- Forrestania – nickel & gold project 7km north of Western Area's Flying Fox nickel mine, a portion of the Stormbreaker Prospect includes a Joint Venture with Cullen Resources Ltd (Hannans – 80%, Cullen – 20% free carry).
- Lake Johnston – nickel & gold project located 25km south east of Norilsk's Maggie Hays nickel mine and 100kms west of Norseman
- Jigalong – manganese & base metals project located 150km east of Newman, WA
- Queen Victoria Rocks - nickel and gold project located 30km south-west of Coolgardie, WA

## Competent Persons Summary

The information in this document (including the 'Hannans Snapshot') that relates to exploration results is based on information compiled by Mr Donald Huntly, Exploration Manager who is a Full Member of the Australian Institute of Geoscientists and a Registered Professional Geoscientist. Mr Huntly is a full-time employee with Hannans Reward Ltd. Mr Huntly 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 by the 2004 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Huntly consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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# 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")

31 MARCH 2011

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(1,640)	(4,125)
(b) development	-	-
(c) production	-	-
(d) administration	(304)	(760)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	67	181
1.5 Interest and other costs of finance paid	(3)	(5)
1.6 Income taxes paid	-	-
1.7 Other (reimbursement of shared office expenses)	-	47
<b>Net Operating Cash Flows</b>	<b>(1,880)</b>	<b>(4,662)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	(4)
(c) other fixed assets	(14)	(122)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	4,244
(c) other fixed assets	-	-
1.10 Loans to other entities	(200)	(860)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(214)</b>	<b>3,258</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,094)</b>	<b>(1,404)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(2,094)	(1,404)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	113
1.17	Repayment of borrowings	(4)	(12)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	(4)	101
	<b>Net increase (decrease) in cash held</b>	(2,098)	(1,303)
1.20	Cash at beginning of quarter/year to date	5,583	4,788
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	3,485	3,485

**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	87
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	250
<b>Total</b>	<b>1,050</b>

### 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	3,485	5,583
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>3,485</b>	<b>5,583</b>

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**Appendix 5B**  
**Mining exploration entity quarterly report**

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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	E63/1424	Withdrawal	100%	0%
		E15/1218	Withdrawal	100%	0%
		E15/1226	Withdrawal	100%	0%
		E16/0401	Withdrawal	100%	0%
6.2	Interests in mining tenements acquired or increased	E77/1919	Application	0%	0%
		E77/1934	Application	0%	0%
		E77/1935	Application	0%	0%
		P77/4048	Application	0%	0%
		P77/4049	Application	0%	0%
		P77/4050	Application	0%	0%
		P77/4051	Application	0%	0%
		E63/1423	Granted	0%	100%
		E77/1655	Granted	0%	100%
		E77/1707	Granted	0%	100%
		E77/1716	Granted	0%	100%
		E77/1783	Granted	0%	100%

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+ See chapter 19 for defined terms.



### 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 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,250,000		<i>Exercise price</i> 80 cents	<i>Expiry date</i> 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
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-

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7.10	Expired during quarter	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <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  
21 April 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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+ See chapter 19 for defined terms.