

HANNANS

31 October 2012

ASX & MEDIA ANNOUNCEMENT

SHARE PURCHASE PLAN AND PLACEMENT RAISE \$1.72 MILLION

Hannans Reward Ltd (**Hannans, ASX:HNR**) is pleased to announce it has completed a \$1.72 million capital raising comprising \$1.46 million through the successful completion of the Share Purchase Plan (**SPP**) and \$0.26 million through a Placement to sophisticated investors.

Commenting on the transaction, Mr Damian Hicks, Managing Director of Hannans, said:

The successful completion of the capital raising in a very tough equity market, was pleasing. The funds will enable Hannans to complete the scoping study for the Rakkurijoki iron resource which is another key milestone towards creating a pathway to production.

Sweden has low political risk with a favourable mining jurisdiction. It provides a great opportunity to develop a project in today's economic climate.

When combined with existing cash reserves (see detail below) Hannans is well placed to:

- complete a scoping study for the Rakkurijoki JORC iron resource, the most advanced deposit within the Kiruna Iron Project, located in Sweden;
- complete infill drilling in 2013 to upgrade the Rakkurijoki JORC Iron resource from the inferred to indicated category; and
- continue exploration on Hannans' extensive portfolio of copper-gold projects in Sweden and Norway.

The issue price for the SPP and Placement is 1.7 cents per share.

Hannans cash position as at 31 October 2012 is set out below.

Hannans net cash position (as at 31 October 2012)	(A\$m)
Cash and cash equivalents ¹	1.75
Share Purchase Plan and Placement	1.72
Sale of the Discovery Zone Prospect ²	4.00
Less: Debt ³	0.87
Hannans net cash position (including SPP, Placement and the Discovery Zone Prospect)	6.60

Note:

1. Cash and cash equivalents includes cash received through the sale of all remaining Atlas Iron Ltd (Atlas Iron) (ASX:AGO) shares.

2. Hannans announced a Binding Heads of Agreement on 16 October 2012, conditional upon completion of legal and technical due diligence by Avalon Minerals Ltd (ASX:AVI).

3. Hannans has two debt facilities with a sophisticated investor (\$500k) and Errawarra Resources Ltd (related party) (\$365k). The Morgan Stanley margin facility has been fully repaid using proceeds from the sale of Atlas Iron shares.

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The timetable for the finalisation of the SPP is set out below, including completed tasks.

Event	Date	Status
Record Date (5:00pm, WST)	Friday, 28 September 2012	✓
Announcement Date of Plan	Tuesday, 2 October 2012	✓
Opening Date of Offer	Monday, 8 October 2012	✓
Shareholder briefing session	Tuesday, 9 October 2012	✓
Broker/Analyst briefing session	Wednesday, 10 October 2012	✓
Closing Date of Offer	Friday, 26 October 2012	✓
Issue of Shares under the Plan ¹	Friday, 2 November 2012	
Dispatch Date for Holding Statements ²	Monday, 5 November 2012	
Quotation of Shares on ASX ³	Tuesday, 6 November 2012	

Note:

1. "Issue of Shares under the Plan" means Hannans issuing fully paid ordinary shares based on the shareholders entitlement. Shares under the Plan will rank equally in all respects with all other fully paid ordinary shares in Hannans from the date of issue.
2. "Dispatch Date for Holding Statements" means issuing of Holding Statements to shareholders who participated in the SPP.
3. "Quotation of Shares on ASX" means the day the issued securities will be able to be traded on ASX.

Thank you for your support of the recent SPP and Placement.

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