



HANNANS REWARD  
Exploring for Gold and Base Metals

## ASX Announcement / Media Release 13 February 2012

### ERRAWARRA RESOURCES LTD (MANGANESE) SPIN OUT

#### Fast Facts

ASX Code: HNR

#### Capital Structure

Shares on issue: 131.6m

Options on issue: 5m (ex 20c to \$1)

Market cap: \$14m (at 11c)

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

Cash on hand,  
Value of Equity Positions &  
Convertible Notes: \$18.1m

#### 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

LakeJohnston Nickel & Gold

QVR Nickel

Hannans Reward Ltd (Hannans) is pleased to report that the equal reduction of capital (the Restructure) as defined in the Notice of Annual General Meeting dated 23 December 2012 and agreed to at the Annual General Meeting held on 31 January 2012 has been successfully completed.

The Restructure has created a new unlisted public company, Errawarra Resources Ltd. Errawarra Resources Ltd has a specific manganese focus and will now attempt to extract value for its Shareholders through the consolidation of manganese projects in the East Pilbara region of Western Australia.

In accordance with the terms of the Restructure, all Hannans shareholders that were on the register on 8 February 2012 will receive shares in Errawarra Resources Ltd. Shareholder statements have been mailed out today which state the number of shares held by Hannans Shareholders in Errawarra Resources Ltd after the in-specie distribution.

#### Background

On 27 June 2011, Hannans announced to ASX the proposed restructure of its assets through the sale of its subsidiary Errawarra Pty Ltd (Errawarra) to NewCo (subsequently named Errawarra Resources Ltd) in consideration for the issue of 131,648,715 shares to Hannans.

On 31 January 2012, Shareholders voted in favour of the Restructure. After the vote, Errawarra Resources Ltd was incorporated to implement the changes. Hannans has now distributed in-specie Errawarra Resources Ltd shares to eligible Hannans Shareholders.

Under the Restructure, Errawarra has transferred 100% of its ownership in non-manganese and non-iron rights to Hannans and Hannans has transferred manganese and iron rights to Errawarra.

**Rationale**

Hannans Shareholders have not generally received the full value for their portfolio of mineral assets as evidenced, prima facie, by Hannans' net asset position being greater than its market capitalisation.

The Hannans Board considered it appropriate therefore to sell its shares in Errawarra to Errawarra Resources Ltd to enable its manganese projects to be incubated in a special purpose company in an attempt to increase future returns from the project.

Once Errawarra Resources Ltd has reached a critical scale, it may seek to raise additional capital through an initial public offering on a suitable stock exchange to further advance and develop its manganese projects.

**Tax Cost Base Apportionment**

In accordance with Australian tax regulation, the apportionment of the tax cost base of the Hannans shares will be calculated following the in-specie distribution and will be made available to Shareholders through a Hannans ASX announcement.

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**Hannans Reward Ltd Summary**

Hannans has developed a suite of prospective exploration projects within Australia covering nickel, gold and manganese, whilst the flagship exploration is the Forrestania nickel project. 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.
- Queen Victoria Rocks – nickel and gold project located 30km south-west of Coolgardie, WA.

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