

# HANNANS

Hannans Reward Ltd | 3<sup>rd</sup> Quarter Activities Report 2011/2012

## Fast Facts

ASX Code: HNR

## Capital Structure

Shares on issue: 131.6m

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

Market cap: \$10.5m (at 8c)

## Board of Directors

### Chairman:

Richard Scallan

### Managing Director:

Damian Hicks

### Non-Executive Director:

William Hicks

### Non-Executive Director:

Jonathan Murray

## Projects

### Forrestania

Nickel & Gold

### Lake Johnston

Nickel & Gold

### QVR

Nickel

### East Pilbara

Gold & Base Metals

Dear Shareholders

During the 3<sup>rd</sup> Quarter Hannans:

- § announced a major corporate initiative being the proposed acquisition of a Scandinavian focussed minerals company;
- § completed reverse circulation (RC) drilling at Lake Johnston, geochemical sampling at Forrestania and field reconnaissance in the East Pilbara; and
- § completed an in-specie distribution of Errawarra Resources (owner of the Jigalong manganese project) to Hannans shareholders.

Our Exploration Team has always remained focussed on generating greenfields exploration targets and thereafter testing those targets with the aim of making an economic minerals discovery. The following financial statistics<sup>1</sup> reflect that pursuit for greenfields exploration success:

Period	Exploration & Evaluation Expenditure (\$ million)	Exploration & Evaluation Expenditure Expressed as a Percentage of Net Operating Cash Flows
3 <sup>rd</sup> Quarter 2012/2012	1.489	82.9
Quarter Average for the period 1 July 2010 – 31 March 2012 (7 Quarters)	1.271	90.7
Average over all Quarters <sup>2</sup>	0.550	78.4
Total for the period 1 October 2003 – 31 March 2012 (34 Quarters) <sup>2</sup>	18.706	78.4

<sup>1</sup> Figures extracted from Hannans Reward Ltd Appendix 5Bs

<sup>2</sup> Includes all Quarters since listing on ASX on 5 December 2003

The Exploration Team has had success exploring for iron and manganese in the East Pilbara region of Western Australia and when combined with corporate action, this success has enabled Hannans to fund exploration campaigns without raising capital since 2009. In this case the risk taking was rewarded. We will also continue to focus our efforts on making a greenfields gold or nickel discovery that will provide Shareholders with a rapid share price increase. It is acknowledged however that greenfields exploration is high risk and that Hannans' sustained exploration efforts without recent significant success, particularly during this period of global financial turmoil, has tested the resolve of Shareholders.

While Hannans maintains a strong balance sheet and tight capital structure the Board has decided to adjust the risk profile of its portfolio away from 100% pure greenfields exploration. In that regard, Hannans made an offer during the Quarter to acquire Scandinavian Resources Ltd, a company that has JORC compliant iron resources and a potential pathway to production in a low sovereign risk country. If this proposed acquisition is successfully completed, Hannans will have a risk adjusted platform from which to achieve its Goals.

Please consider this Quarterly Report in that context and if you have any questions you are most welcome to contact me.

Yours faithfully,

Damian Hicks

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## HANNANS REWARD, HIM AND CBS OVERVIEW

### COMPLETION OF THE IN-SPECIE DISTRIBUTION

On 27 June 2011, Hannans announced to ASX the proposed restructure of its assets through the sale of its subsidiary Errawarra Pty Ltd to Errawarra Resources Ltd in consideration for the issue of 131,648,715 Errawarra shares to Hannans (**Restructure**). On 31 January 2012, Hannans Shareholders voted in favour of the Restructure. After the Restructure was approved, Hannans completed the in-specie distribution of Errawarra shares to Hannans Shareholders.

Subsections 125-80(2) and (3) of the Income Tax Assessment Act , 1997 requires Hannans shareholders to reasonably apportion the cost base of their shares between their newly acquired Errawarra shares and their existing shares in Hannans having regard to the market value of those shares just after the demerger. Following an assessment of Errawarra and Hannans immediately after the demerger it was determined that a reasonable apportionment of the shareholders' existing cost base is:

Company	Apportionment Percentage
Hannans Reward Ltd	96%
Errawarra Resources Ltd	4%
	100%

### HANNANS PROPOSED ACQUISITION OF SCANDINAVIAN RESOURCES

On the 29 February 2012, Hannans announced a proposal to acquire all of the outstanding fully paid ordinary shares in Scandinavian Resources Ltd (SCR) by way of an off-market takeover bid (**Offer**). On the 19 April 2012, SCR released their target statement (their response to the Offer) to ASX. The independent Directors of SCR unanimously recommended that, in the absence of a superior proposal that SCR shareholders should accept the Offer.

Under the Offer, accepting SCR shareholders will receive three (3) Hannans shares for every one (1) SCR share held. The Offer opened on 3 April 2012 and will close on 18 May 2012, unless further extended or withdrawn. As at 27 April 2012, Hannans has received commitments to accept the Offer from four of the largest SCR Shareholders and at present 65 of the 333 SCR Shareholders have formally accepted the Offer.

SCR Shareholder	% Shareholding in SCR
Equity and Royalty Investments (ERI) <sup>1</sup>	29.7
Craton Capital Fund <sup>1</sup>	9.1
Grängesberg Iron	6.1
Rio Tinto Mining and Exploration	2.8

#### Note

1. On 20 March 2012, ERI and Craton Capital Fund publicly disclosed their support for the bid subject to a superior proposal.

When combined with Hannans existing 17.27% shareholding in SCR and other SCR Shareholders who have accepted the Offer, Hannans relevant interest as at 27 April 2012 has increased to c.65.0%.

### ATLAS IRON LTD SHAREHOLDING

Hannans Investment Management sold 300,000 Atlas Iron Limited (ASX:AGO) shares to provide Hannans with working capital.

### TRANSACTION SERVICES

CBS continues to provide transaction services and financial management services to listed and unlisted companies and in doing so earns revenue that reduces Hannans fixed costs. The total fees earned since commencement of this business unit amount to \$370,784.

### APPOINTMENT

Hannans has appointed Mr Ben Della-Vedova (Chartered Accountant) to the role of Business Development Manager. Prior to joining Hannans in early 2012 Ben had a combined 7 years' experience with both PwC Australia in their Transaction Services and Valuation team and Deloitte in their Assurance and Advisory team. Ben has worked on a diverse range of publicly listed and private clients across a wide range of industries such as mining, oil and gas, financial services, manufacturing, agriculture, local government and corporate advisory.

### RESIGNATION

Mr Don Huntly resigned as Exploration Manager during the Quarter. Hannans exploration activities are now being managed by Tom Lyons, Exploration Geologist and Helen Sanders, Administration Geologist together with a team of experienced external consultants.

# EXPLORATION

## PROJECTS OVERVIEW

By Tom Lyons, Exploration Geologist

Hannans is of the opinion that the following project portfolio has the potential to deliver an economic mineral deposit:

- **FORRESTANIA**  
(east of Hyden, Western Australia); Nickel, Gold and Iron
- **QUEEN VICTORIA ROCKS**  
(south-west of Coolgardie, Western Australia); Nickel and Gold
- **LAKE JOHNSTON**  
(west of Norseman, Western Australia); Nickel and Gold
- **EAST PILBARA**  
(south-east of Newman, Western Australia); Gold and Base Metals

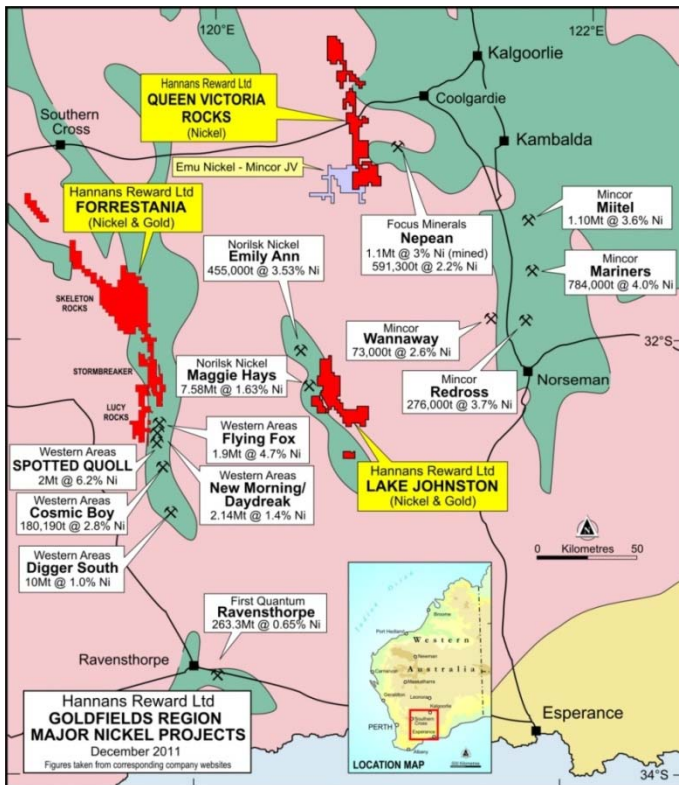


Figure 1. Southern Yilgarn tenement location diagram

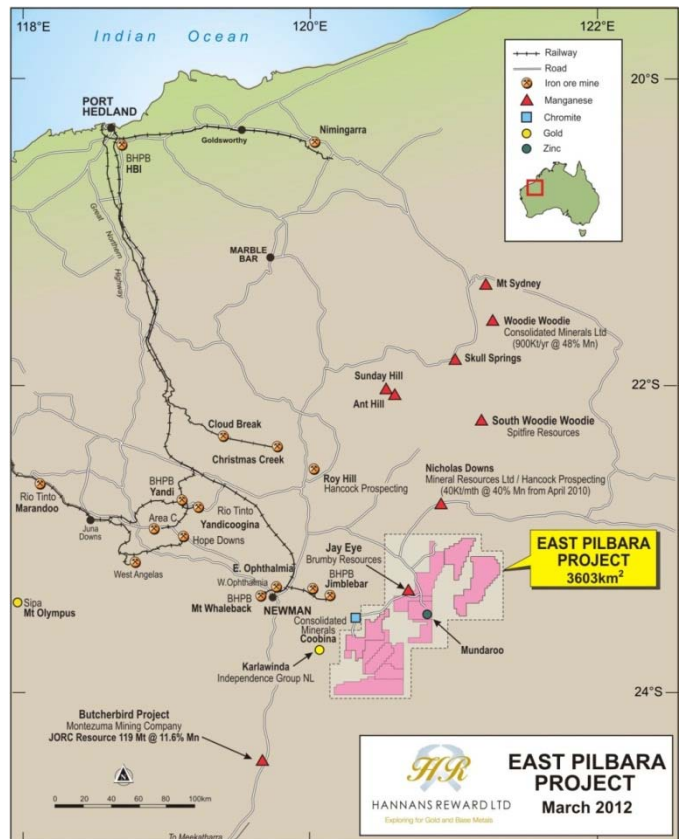


Figure 2. East Pilbara project showing tenement locations

## SUMMARY AND HIGHLIGHTS

Hannans has developed a strategically positioned package of greenfields exploration projects within corridors which are endowed with nickel sulphides, gold and base metals.

The Company's objective is to realise value for the shareholders through exploration success within these projects by discovering an economic resource through the application of rigorous, methodical and multidisciplinary exploration processes.

Hannans will continue to look for opportunities to secure additional land holdings through incremental tenement applications or third party opportunities that can significantly add to the prospectivity of the current portfolio.

Exploration activities for the quarter have included RC Percussion drilling, diamond drilling, auger sampling, gravity surveys, surface TEM surveys and prospect mapping. Listed below is a summary of the exploration highlights:

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### LAKE JOHNSTON PROJECT

§ A 51 RC percussion hole drilling program targeting gold was completed this quarter at the Mt Gordon Prospect

§ Assays have been received for all of the holes and the best intervals are listed below:

- MGRC013 – 1 metre @ 2.90 g/t Au (previously reported)
- MGRC019 – **1 metre @ 3.62 g/t Au**
- MGRC020 – **2 metres @ 2.35 g/t Au** (previously reported)
- MGRC024 – **3 metres @ 1.40 g/t Au**
- MGRC036 – 6 metres @ 0.74g/t Au
- MGRC045 – 1 metre @ 2.29g/t Au
- MGRC046 – 2 metres @ 1.10g/t, 1 metre @ 2.17g/t and 1 metre @ 2.13g/t Au
- MGRC047 – 2 metres @ 1.00g/t Au and **2 metres @ 4.24g/t Au**
- MGRC048 – 2 metres @ 1.01g/t Au
- MGRC049 – **2 metres @ 5.75g/t Au** and **1 metre @ 4.98g/t Au**
- MGRC050 – **2 metres @ 3.56g/t Au**
- MGRC056 – 2 metres @ 1.75g/t Au

§ A single RC percussion hole targeting nickel mineralisation has also been drilled at the Mt Gordon Prospect, assays have been received which have returned elevated nickel including:

- MGRC059 – 48 metres @ 0.3% Ni (including 2 metres @ 0.52% Ni) from 16 metres and 2 metres @ 0.56% Ni from 96 metres

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### FORRESTANIA PROJECT

§ A new gold anomaly has been defined from auger sampling at Skeleton Rocks

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## FORRESTANIA PROJECT (1,152km<sup>2</sup>)

Hannans' Forrestania project, comprising ground in joint venture and wholly owned tenements, is located within the multi-commodity Forrestania nickel, gold and iron greenstone belt. The project adjoins ground owned by mining companies Western Areas (ASX:WSA) and St Barbara (ASX:SBM). Over the past quarter exploration has been focused within the Skeleton Rocks prospect area in the form of geochemical sampling and field reconnaissance.

### STORMBREAKER AND LUCY ROCKS PROSPECT AREA

No physical exploration was carried out within the Stormbreaker and Lucy Rocks Prospect areas.

RC percussion drilling was initially planned to commence on Hematite iron targets at the Stormbreaker prospect during the quarter, however this drilling has now been postponed until the outcome of the proposed SCR takeover bid is known.

### SKELETON ROCKS PROSPECT AREA

Exploration efforts at Skeleton Rocks have continued this quarter with geochemical sampling, field reconnaissance and data collation being conducted.

Auger sampling was completed in the area during the quarter with the remaining 1581 samples collected from a total 2499 sample program which began in the previous quarter. Assay results have now been received for all the auger samples taken, the assays results show a new discrete gold anomaly on the south-eastern edge of the survey area (Figure 4). The anomaly has a strike extent of ~900 metres and is interpreted to be on a granite contact.

Overall, two gold anomalies and a nickel anomaly were defined as a result of the auger sampling program (other anomalies were reported in the previous quarter). Further infill and step-out auger sampling is currently being planned in the area to further define and extend these anomalies to allow for drill targeting.

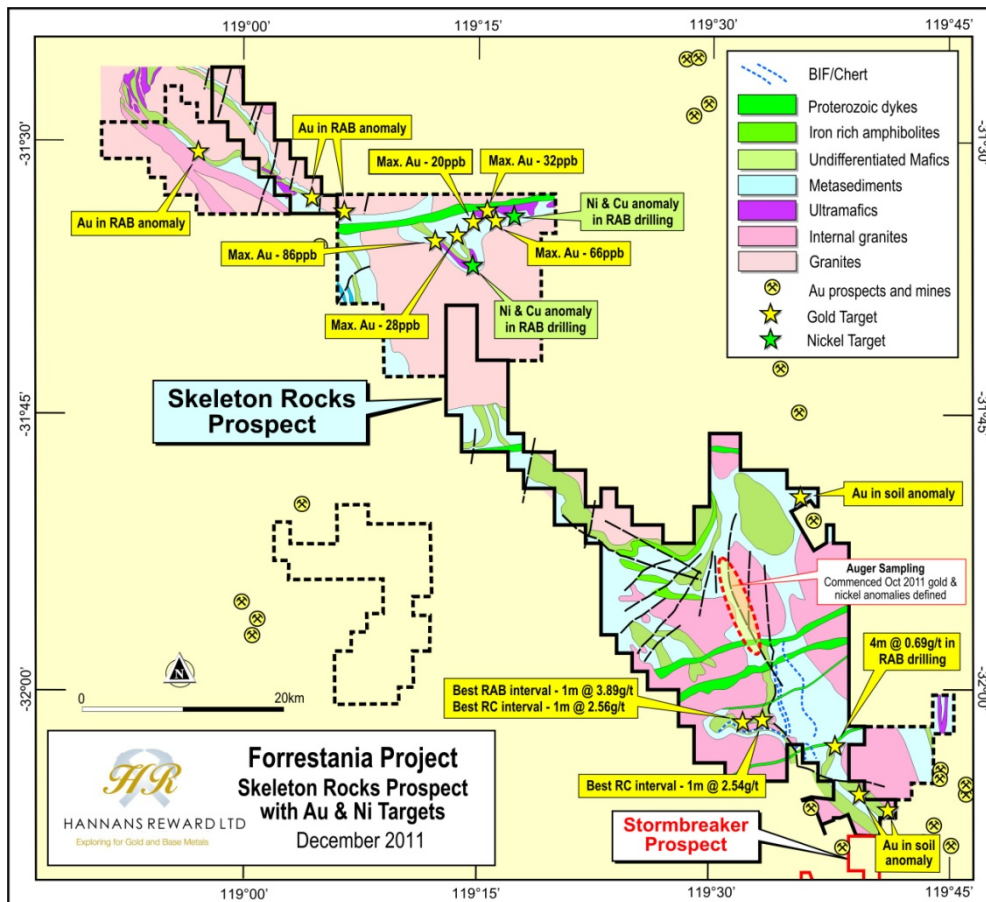


Figure 3. Skeleton Rocks geological summary and exploration targets

## FORRESTANIA PROJECT (cont.)

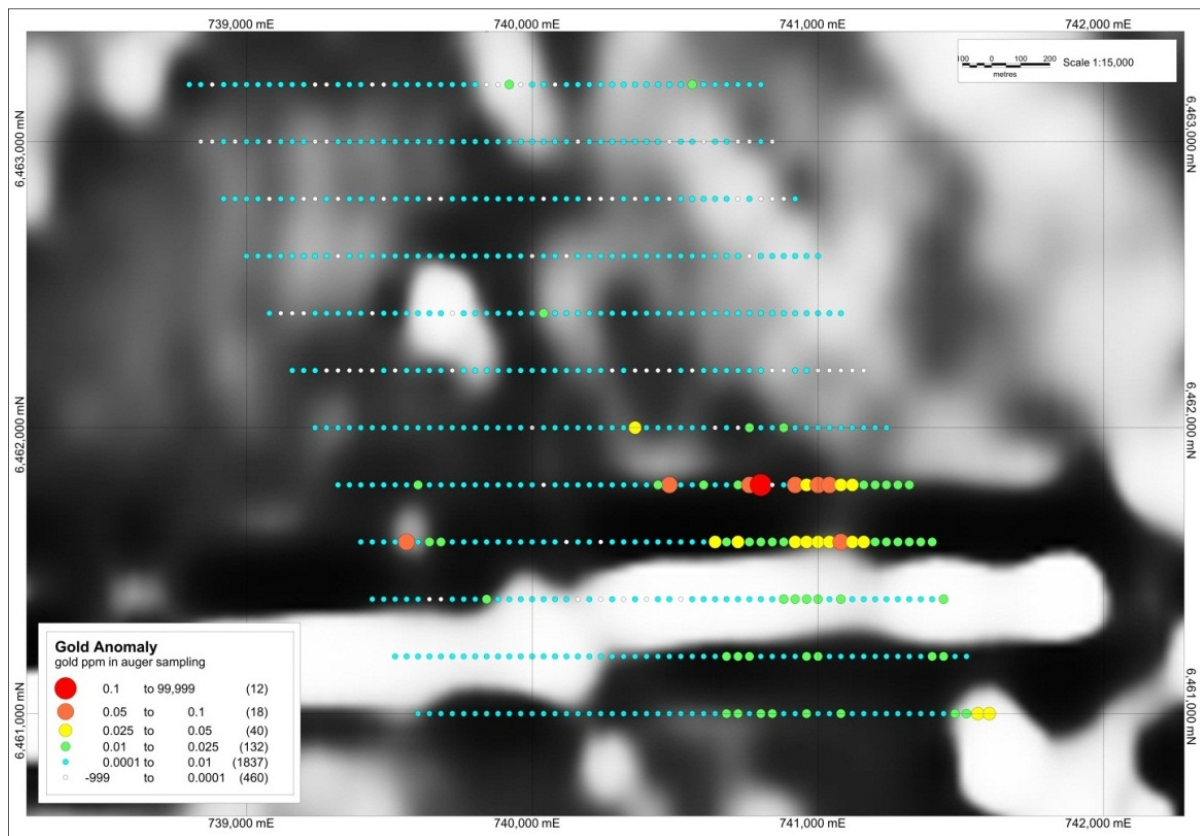


Figure 4. Skeleton Rocks – Au in auger sampling assays and 1VD aeromagnetic image

The following table includes a summary of the physical exploration completed within the Forrestania Project.

ACTIVITY	FORRESTANIA SUMMARY
Geochemical Sampling	1,581 auger samples
Expenses for the Quarter*	\$184,081
*The amounts shown above are prepared on an Accruals Basis and are unaudited.	

## LAKE JOHNSTON PROJECT (375km<sup>2</sup>)

The tenements are located approximately 25km south-east of Russian mining giant Norilsk's Maggie Hays and Emily Ann nickel sulphide mines (Figure 5).

High grade gold mineralisation has been identified in rock chip sampling at the Ernest Prospect, in RC percussion drilling at the Ernest, Hardcore and Charles Prospects and in RAB drilling at the Richard Prospect (Figure 5). Recent exploration activities for gold and nickel have been focused within the Mt Gordon prospect area where a +8,000 metre RC percussion drilling program has been completed.

The following table includes a summary of the exploration activities completed during the quarter:

ACTIVITY	LAKE JOHNSTON SUMMARY
RC Percussion Drilling	21 holes for 3,534 metres
Expenses for the Quarter	\$633,734
*The amounts shown above are prepared on an Accruals Basis and are unaudited.	

### MT GORDON PROSPECT (GOLD)

A 52 hole RC percussion drilling program was recently completed at the Mt Gordon prospect (Figure 6). 21 holes for 3,534 metres were drilled during the quarter. The drilling was designed to test a number of discrete gold anomalies that cover a 2 km strike extent and a single nickel anomaly.

Assays have been received for all 52 holes, significant gold intervals are included in Table 1, some of the best intervals include:

- § MGRC013 – 1 metre @ 2.90 g/t Au
- § MGRC019 – **1 metre @ 3.62g/t Au**
- § MGRC020 – **2 metres @ 2.35 g/t Au**
- § MGRC024 – **3 metres @ 1.40 g/t Au**
- § MGRC036 – 6 metres @ 0.74g/t Au
- § MGRC045 – 1 metre @ 2.29g/t Au
- § MGRC046 – 2metres @ 1.10 g/t, 1 metre @ 2.17g/t and 1 metre @ 2.13g/t Au
- § MGRC047 – 2 metres @ 1.00g/t Au and **2 metres @ 4.24g/t Au**
- § MGRC048 – 2 metres @ 1.01g/t Au
- § MGRC049 – **2 metres @ 5.75g/t Au** and **1 metre @ 4.98g/t Au**
- § MGRC050 – **2 metres @ 3.56g/t Au**
- § MGRC056 – 2 metres @ 1.75g/t Au

The drilling dominantly intersected mafic (basalt) and granodiorite lithologies with minor quartz veining, pyrite mineralisation and silica alteration. The gold mineralisation appears to be associated with narrow, brittle quartz veining and weak to moderate silica alteration.

A full review and interpretation of the results is now to be undertaken with the aim of better understanding the gold mineralisation in the prospect area and to determine whether the drilling has effectively explained the strong surface expression created from the geochemical sampling.

### NICKEL SULPHIDE EXPLORATION

During the recently completed drilling program, a single RC hole was also drilled into a nickel anomaly in the south eastern section of the Mt. Gordon prospect. Assays have been received for this hole, significant nickel intervals are included in Table 2, the best intervals include:

- § MGRC059 – 48 metres @ 0.3% Ni (including 2 metres @ 0.52% Ni) from 16 metres and 2 metres @ 0.56% Ni from 96 metres

The hole intersected ultramafic lithologies with intervals of elevated Mg content ranging from 0.13% to 23.7% Mg. RC chips from several sections of this hole have been sent to a lab for Petrographic and Mineragraphic investigation to help determine the exact mineral composition of the samples and determine if any significant nickel bearing sulphides are present.

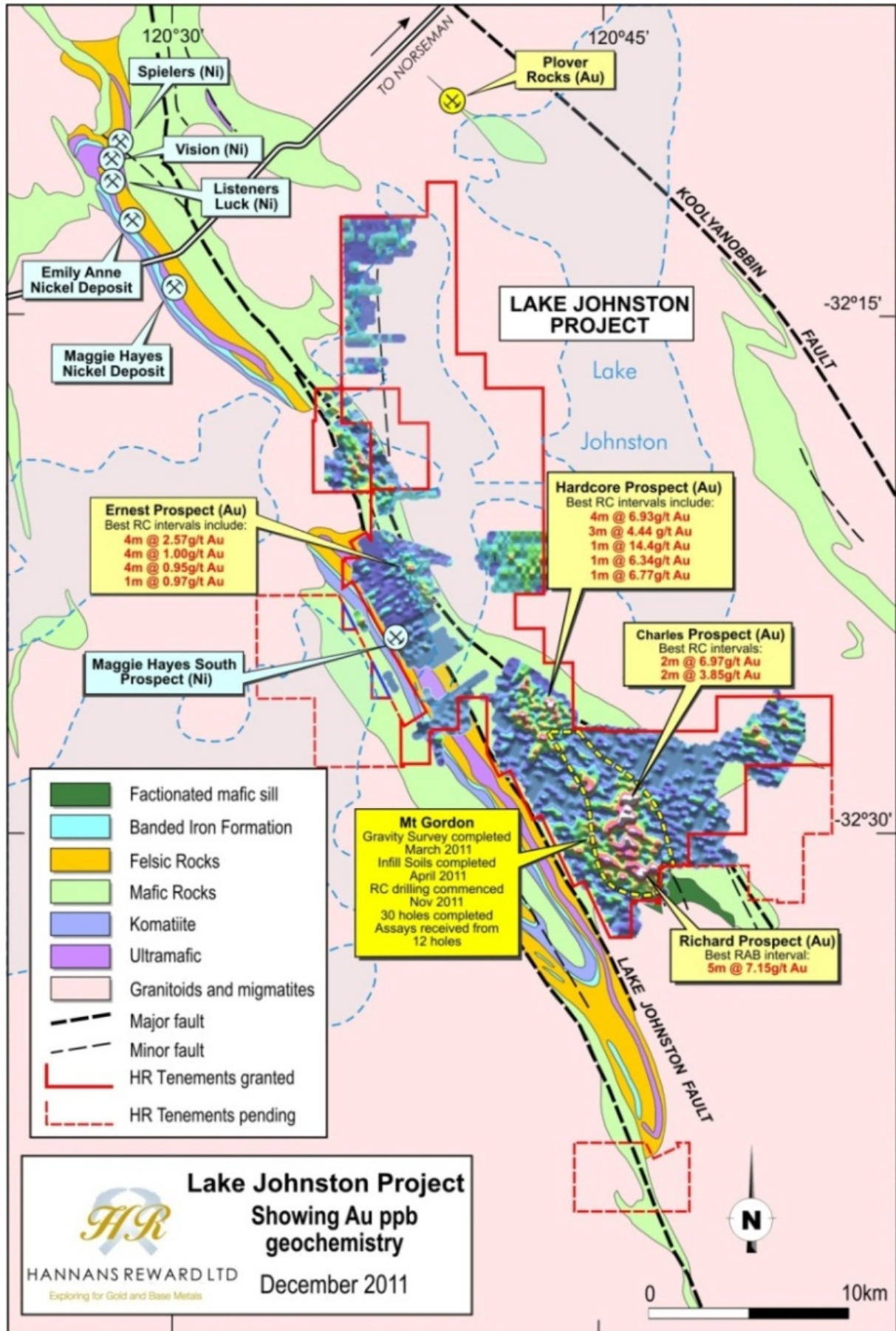


Figure 5



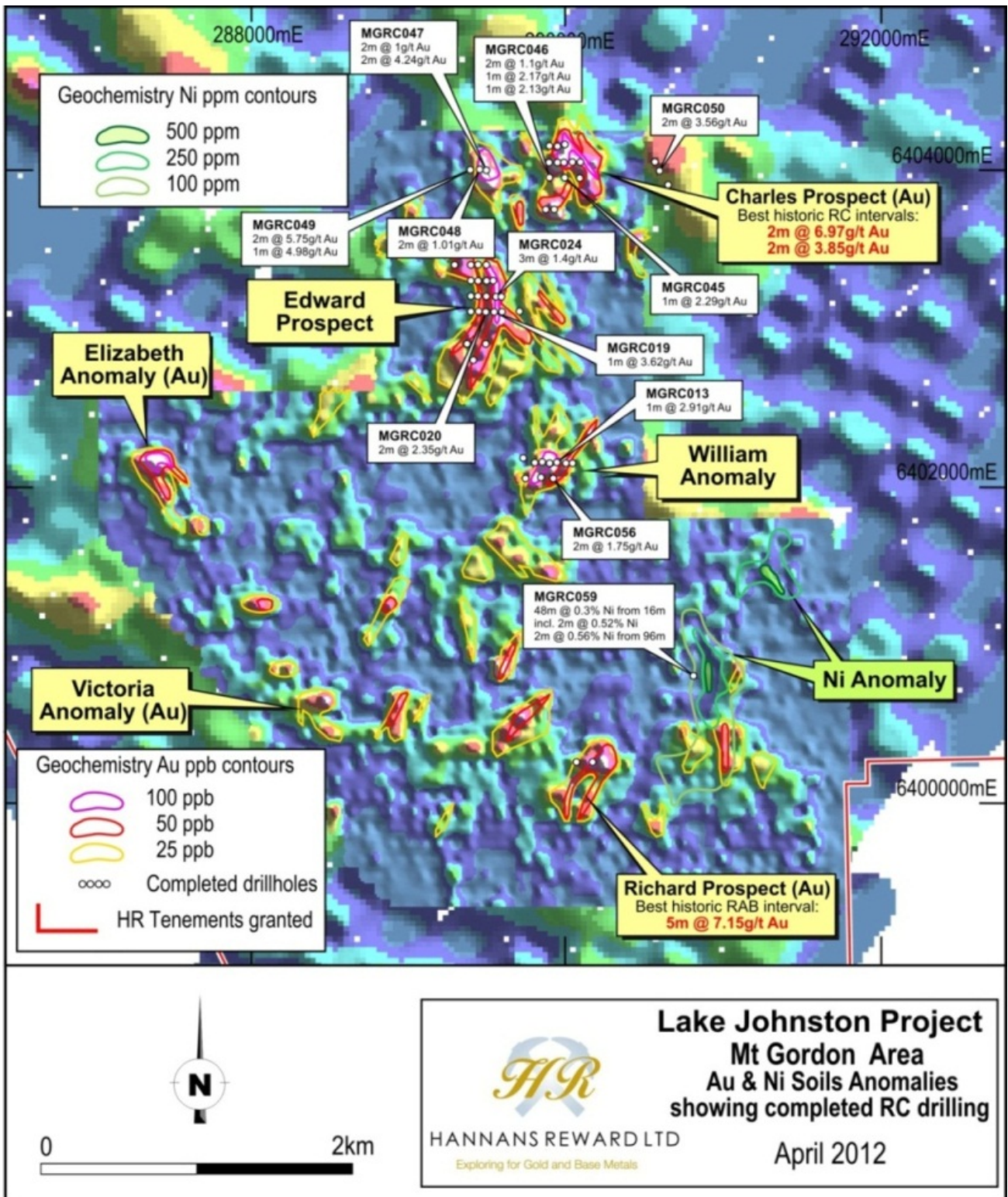


Figure 6

**Table 1: Mt Gordon Au RC drilling summary table**

Hole ID	MGA East	MGA North	Dip	Azi.	Total Depth	From (m)	To (m)	Int (m)	Au Grade (g/t)
MGRC013	289953	6402152	-60	090	156	122	123	1	2.91
MGRC014	289907	6402147	-60	090	156	133	134	1	0.70
MGRC018	289602	6403103	-60	090	168	82	83	1	1.12
						116	117	1	0.83
						130	132	2	0.89
MGRC019	289553	6403102	-60	090	150	89	90	1	3.62
						102	103	1	0.58
						129	130	1	1.04
MGRC020	289499	6403102	-60	090	156	0	2	2	0.81
						26	28	2	2.35
MGRC024	289564	6403199	-60	090	150	126	129	3	1.40
MGRC027	289403	6403202	-60	090	156	43	44	1	1.43
						132	134	2	0.53
MGRC033	289450	6403401	-60	090	114	102	103	1	1.73
MGRC035	289300	6403400	-60	090	120	94	95	1	1.06
MGRC036	290004	6404161	-60	090	120	62	68	6	0.74
MGRC043	289902	6404046	-60	090	174	140	141	1	0.72
						163	164	1	1.84
MGRC045	290003	6403950	-60	090	174	99	100	1	0.90
						127	128	1	1.27
						157	158	1	2.29
MGRC046	289905	6403951	-60	090	168	80	82	2	1.10
						101	102	1	2.17
						113	114	1	0.52
						130	131	1	0.80
						138	139	1	2.13
MGRC047	289502	6403998	-60	090	156	12	14	2	0.75
						62	64	2	1.00
						78	80	2	4.24
MGRC048	289460	6404003	-60	090	174	90	92	2	1.01
						167	168	1	1.28
MGRC049	289400	6404000	-60	090	173	113	114	1	1.24
						129	130	1	0.97
						136	138	2	5.75
						143	144	1	0.53
						159	160	1	4.98
MGRC050	290608	6403994	-60	090	192	62	64	2	3.56
MGRC052	290579	6404050	-60	090	174	146	148	2	0.62
MGRC056	289930	6402051	-60	090	122	112	114	2	1.75

\*Lower cut-off grade of 0.5g/t Au

Table 2. Mt Gordon Nickel RC drilling summary table

Hole ID	MGA East	MGA North	Dip	Azi.	Total Depth	From (m)	To (m)	Int (m)	Ni Grade (%)
MGRC059	290825	6400803	-60	090	174	16	64	48	0.30
						96	98	2	0.56
						118	134	16	0.26
						140	168	28	0.28

\*Lower cut-off grade of 0.25% Ni

## QUEEN VICTORIA ROCKS – 542 KM<sup>2</sup>

The QVR Project has been owned 100% by Hannans since it listed on the ASX in 2003. The area south-west of Coolgardie has attracted significant interest from major nickel miner Mincor Resources.

No physical exploration has been completed within the project during the quarter, however data compilation and review continues throughout the project area and rehabilitation of RC drill holes has been completed.

Activity	QVR Summary
Expenses for the quarter*	\$72,190

\*The amounts shown above are prepared on an Accruals Basis and are unaudited.

## EAST PILBARA – 1,758 KM<sup>2</sup>

The East Pilbara project boasts the largest tenement holding out of all the projects in the Hannans portfolio, covering a corridor of ground considered prospective for base and precious metals.

Hannans now holds the base metal and gold rights within the tenement package. During the quarter, Hannans successfully spun out the manganese and remaining iron rights from the project into a public unlisted company called Errawarra Resources Ltd.

Exploration activities during the quarter included data review and field reconnaissance that targeted base metals and manganese mineralisation (carried out prior to the spin out of the manganese rights). Helicopter and 4WD supported surveys were conducted over new and existing base metals targets, including the Mundaroo zinc prospect, with some rock chip sampling conducted. Some of the assays results from the rock chips sampling came back anomalous in base metals with the best sample returning 423ppm Zn, 248ppm Pb and 0.82 ppm Ag. Further studies are required to evaluate their economic potential.

The following table includes a summary of exploration activities completed on the East Pilbara project over the previous quarter.

Activity	East Pilbara Summary
Geochemical Sampling	27 rock chip samples
Expenses for the quarter*	\$56,271

\*The amounts shown above are prepared on an Accruals Basis and are unaudited.

## SUMMARY OF EXPLORATION ACTIVITIES

### including ongoing exploration activities and schedule

#### FORRESTANIA PROJECT (1,107 sq km's granted, 709 sq km's application)

Schedule from Previous Qtr	Work Completed Current Qtr	Summary and Positive Results	Outstanding Activities from Previous Qtr	Schedule Coming Qtr
<b>SKELETON ROCKS PROSPECT (Ni + Au + Fe)</b>				
Complete current auger sampling program. Implement additional infill and step-out auger sampling at Skeleton Rocks. Field check Azurite occurrence at Skeleton Rocks NW.	1581 auger samples completed. Minor reconnaissance work completed. Data compilation and review. Field checked Azurite occurrence at Skeleton Rocks NW, however a second visit is required.	A new gold anomaly has been defined from auger sampling A total of two gold anomalies and one nickel anomaly has been defined from auger program Extensive weathered BIF subcrop and outcrop noted in the area. Azurite (Cu hydroxyl-carbonate) noted in historical RAB samples from Skeleton Rocks NW, samples were not assayed for base metals.	Field check Ni and Au anomalies at Skeleton Rocks.	Field check Ni and Au anomalies at Skeleton Rocks. Implement additional infill and step-out auger sampling at Skeleton Rocks North. Second field check of Azurite occurrence at Skeleton Rocks NW. Field reconnaissance on Iron targets
<b>STORMBREAKER PROSPECT (Ni + Fe)</b>				
Process and interpret auger sampling programs. Field reconnaissance at Stormbreaker North. RC percussion drilling to test hematite rich iron mineralisation during the coming quarter.	Nil.	Nil.	Process and interpret auger sampling programs. Field reconnaissance at Stormbreaker North. RC percussion drilling to test hematite rich iron mineralisation during the coming quarter	Process and interpret auger sampling programs. Field reconnaissance at Stormbreaker North.
<b>LUCY ROCKS PROSPECT(Ni)</b>				
Nil.	Nil.	Nil.	Nil.	Nil.

#### EAST PILBARA PROJECT (1,758 sq km's granted, 1,988 sq km's application)

Schedule from Previous Qtr	Work Completed Current Qtr	Summary and Positive Results	Outstanding Activities from Previous Qtr	Schedule Coming Qtr
<b>MUNDAROO (Zn) AND PROJECT BASE METALS</b>				
Implement geochemical sampling programs. Plan surface geophysics trials over the Mundaroo Prospect.	Field reconnaissance and rock chip sampling Planned surface geophysics trials	Rock chip samples returned values up to 423ppm Zn, 248ppm Pb and 0.82ppm Ag.	Nil	Data compilation and interpretation Undertake benchmarking study into base metals deposits/occurrences in the area

## LAKE JOHNSTON PROJECT (399 sq km's granted, 35sq km's application)

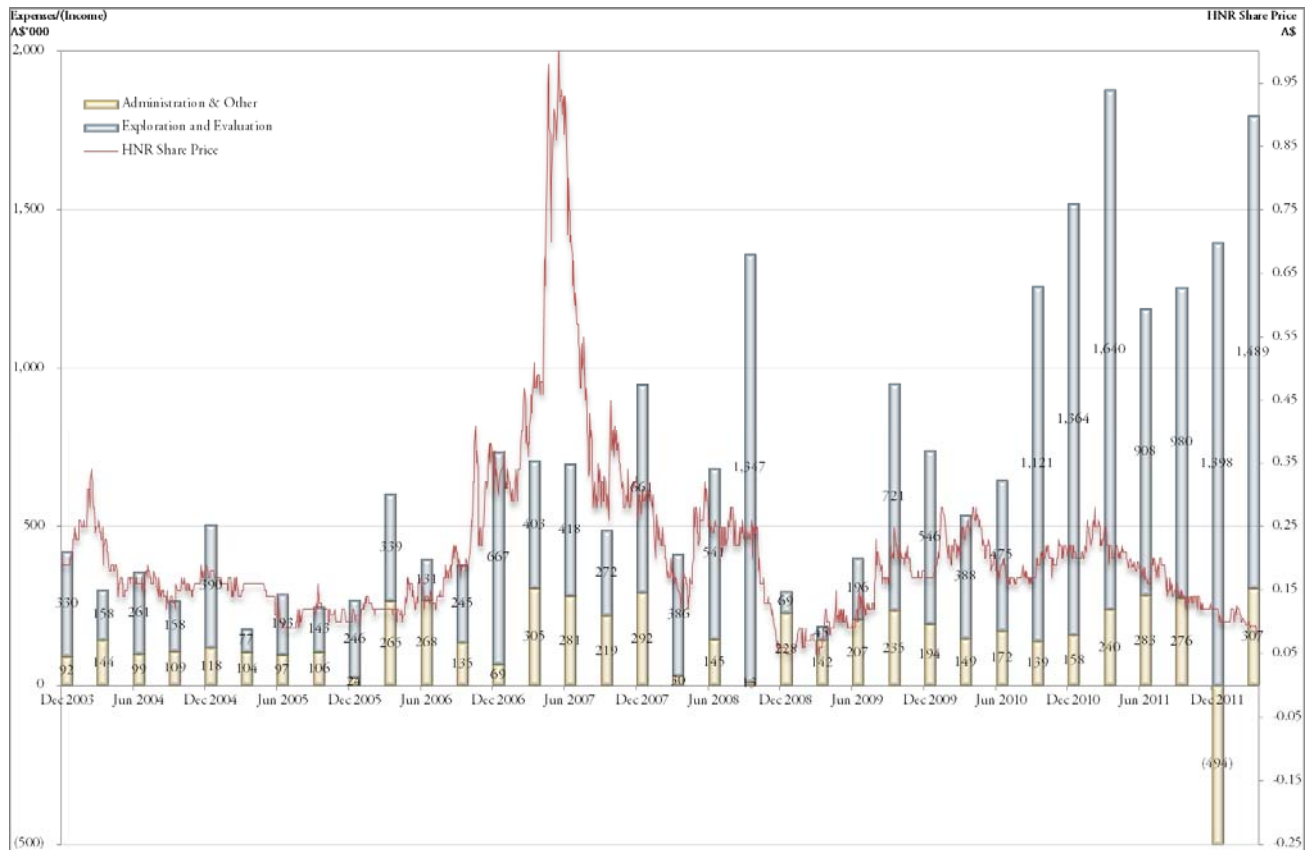
Schedule from Previous Qtr	Work Completed Current Qtr	Summary and Positive Results	Outstanding Activities from Previous Qtr	Schedule Coming Qtr
<b>ERNEST PROSPECT(Au)</b>				
§ Rehabilitation of RC drilling collars and pads.	Rehabilitation of RC drilling collars and pads	Nil.	Nil	Nil
<b>HARDCORE PROSPECT(Au)</b>				
§ Rehabilitation of RC drilling collars and pads.	Rehabilitation of RC drilling collars and pads	Nil.	Nil	Nil
<b>MT GORDON PROSPECT(Au)</b>				
Complete RC drilling program.	52 holes completed, assays received for all holes.	High grade (up to 5.75g/t) gold intervals intersected in drilling. Elevated nickel (up to 0.56%) intervals intersected in drilling	Nil	Review drilling program results and plan further work
<b>MAGGIE HAYES SOUTHPROSPECT (Ni + Au)</b>				
Nil	Nil.	Nil.	Nil	Data compilation and interpretation. Field reconnaissance.

## QUEEN VICTORIA ROCKS PROJECT (302 sq km's granted, 253sq km's application)

Schedule from Previous Qtr	Work Completed Current Qtr	Summary and Positive Results	Outstanding Activities from Previous Qtr	Schedule Coming Qtr
<b>YARMANY PROSPECT (Ni)</b>				
Field reconnaissance. Plan geochemical sampling programs.	Data compilation and interpretation.	No historical exploration for Ni sulphides has been completed in the area.	Nil	Nil
<b>BENARI PROSPECT(Ni)</b>				
Rehabilitation of RC drilling collars and pads. Validate geology and magnetic high features.	Rehabilitation of RC drilling collars and pads. Validate geology and magnetic high features	Nil	Nil	Ongoing validation of geology and magnetic high features
<b>HORSESHOE PROSPECT (Ni)</b>				
Nil.	Nil.	Nil.	Nil.	Nil.
<b>SPARGOS NORTH &amp; SOUTH (Ni)</b>				
Nil.	Nil.	Nil.	Nil.	Nil.
<b>SPARGOS PROSPECT (Ni)</b>				
Re-logging of historical diamond drill core.	Nil.	Nil.	Nil.	Nil.

## CASH EXPENDITURE & SHARE PRICE

(all quarters since ASX Listing)



## EXPLORATION EXPENDITURE 2011/2012

	1st Quarter		2nd Quarter		3rd Quarter	
	A\$	%	A\$	%	A\$	%
Geological activities	193,212	16.88%	258,915	13.30%	196,111	20.72%
Geochemical activities	109,855	9.60%	272,604	14.00%	179,390	18.96%
Geophysical activities	53,104	4.64%	32,854	1.69%	5,216	0.55%
Drilling	436,859	38.16%	925,183	47.52%	306,130	32.35%
Field Supplies	68,524	5.99%	215,843	11.09%	96,877	10.24%
Field camp and travel	77,593	6.78%	146,457	7.52%	63,982	6.76%
Environmental	21,189	1.85%	5,538	0.28%	–	–%
Rehabilitation	–	–%	–	–%	48,032	5.08%
Feasibility Studies	–	–%	1,620	0.08%	1,989	0.21%
Annual tenement rent	25,875	2.26%	45,047	2.31%	2,582	0.27%
Annual tenement rates	128,600	11.23%	3,291	0.17%	15,148	1.60%
Tenement administration	30,795	2.69%	9,322	0.48%	10,196	1.08%
Tenement application fees	(770)	(0.07)%	30,158	1.55%	20,624	2.18%
Penalty & exemption fees	–	–%	–	–%	–	–%
<b>Total</b>	<b>1,144,837</b>	<b>100%</b>	<b>1,946,833</b>	<b>100%</b>	<b>946,275</b>	<b>100%</b>
<b>Cash Basis (Appendix 5B)</b>	<b>980,000</b>		<b>1,398,000</b>		<b>1,489,000</b>	
<b>Timing Difference</b>	<b>164,837</b>		<b>548,833</b>		<b>(542,725)</b>	

The amounts shown above are prepared on an Accruals Basis and are unaudited.

# HIM

## HANNANS INVESTMENT MANAGEMENT

HIM operates by way of an Investments Committee comprising Damian Hicks, William Hicks and Jonathan Murray. HIM seeks to maximise returns through its equity portfolio, hybrid securities and debt. It also has a facility to borrow funds.

VALUATION OF EQUITIES as of 31 March 2012					
COMPANY	TYPE	NUMBER	PRICE (\$)	VALUE (\$)	NOTES
AGO	FPO	4,000,000	2.88	11,520,000	1
SCR	FPO	19,605,235	0.22	4,313,152	
Other	FPO	165,000	0.08 - 0.20	29,400	
SCR	Options (ex. 20c)	1,250,001	0.06	75,753	2
SCR	Options (ex. 40c)	500,000	0.02	11,358	3
<b>Total Equities</b>				<b>15,949,663</b>	

LOAN PORTFOLIO as of 31 March 2012			
TO	FACILITY (\$)	DRAWN DOWN (\$)	NOTES
Kiruna Iron AB	2,500,000	2,500,000	4
Scandinavian Resources Ltd	1,750,000	445,000	4
Kiruna Iron AB	750,000	750,000	4
Other	500,000	500,000	
<b>Total</b>	<b>5,500,000</b>	<b>4,195,000</b>	
Total Loan Interest-to-date		295,534	

### Notes

1 – Approximately 126,000 AGO shares were sold during April 2012

2 – Theoretical value calculated using BSOPM with 3.47% risk free rate, 87.6% volatility & 214 days to maturity as of 31 March 2012

3 – Theoretical value calculated using BSOPM with 3.47% risk free rate, 87.6% volatility & 259 days to maturity as of 31 March 2012

4 – Assumes no conversion into SCR at 33c and 66c respectively (ie convertible loans)

5 – Refer Annual Financial Report for the Year Ended 30 June 2011



## TRANSACTION SERVICES & CORPORATE MANAGEMENT

Corporate Board Services is designed to assist the Boards and Management of ASX listed companies and those looking to list by assuming responsibility for the day-to-day compliance management of a Company and assisting companies through the IPO process. This value added service will enable the Board to focus on important strategic decisions.

### STRATEGY

- CBS revenue reduces Hannans' fixed cost
- CBS offers Hannans shareholders opportunities to access new offerings (e.g. Scandinavian Resources Ltd, Naracota Resources Ltd, Lithex Resources Ltd)
- CBS utilises expertise of Hannans corporate team to provide transaction services and corporate management services to listed and unlisted private and public companies

### SERVICES OFFERED FOR THE QUARTER

- Management of Initial Public Offering (IPO)
  - Financial Management
    - § Budgeting and forecasting
    - § Bookkeeping
  - ASX Compliance Management
    - § Annual Report
    - § Half-year Report
  - Shareholder Communications Management
  - Company Secretarial & Administrative Support
- § Board remuneration, salaries and wages
  - § Management reporting
  - § Quarterly Report
  - § ASX & ASIC Documentations

### CLIENTELE

Our clients include Scandinavian Resources Ltd (ASX: SCR), Equity & Royalty Resources Ltd, Naracota Resources Ltd (ASX: NRR) and Swedish incorporated entities Scandinavian Resources AB and Kiruna Iron AB as well as the Hannans Reward Group of companies.

The range of services provided this year include assisting with the IPO and listing on the ASX of Narracota Resources Ltd, preparation of Annual, Half Year and Quarterly Reports, preparation of loan documents, preparation of detailed board packs for board meetings, arranging shareholder meetings, preparation of Notices of Meeting and providing full accounting and financial management support to our Australian and Swedish based clients.

Our clients' benefits by engaging with experienced and professional services customised to their individual needs which provides ease of mind that unnecessary missed dates or delays in the company's obligations. This enables clients to focus on the core business activities of their company rather than day-to-day management, providing better utilisation of management's time.

### FEES INVOICED

Period	\$
Jan – March 2011	44,932
April – June 2011	125,503
July – September 2011	101,887
October – December 2011	73,579
January – March 2012	24,883
<b>Total</b>	<b>370,784</b>



# HANNANS Capital

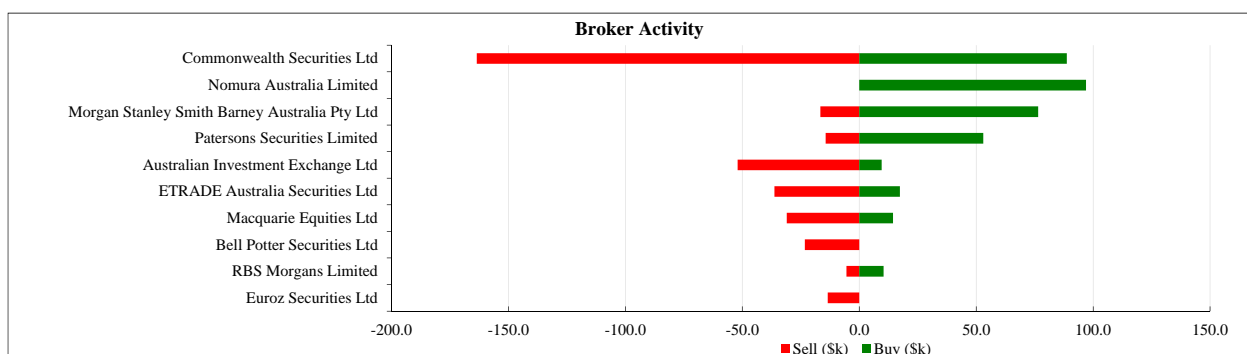
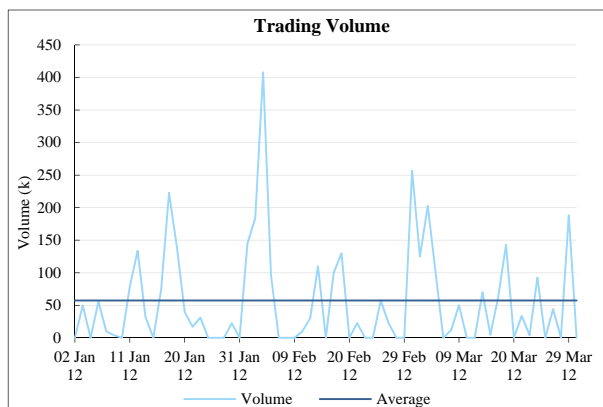
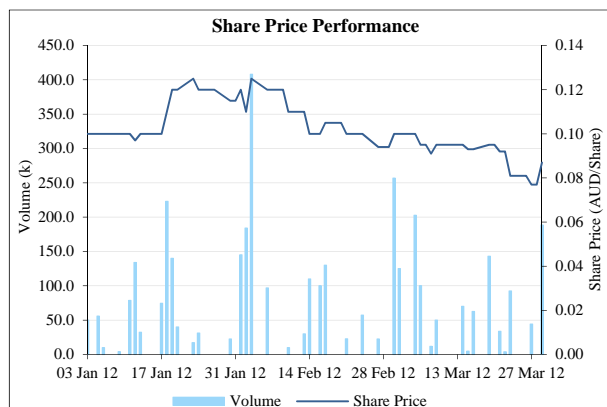
HANNANS REWARD LTD CAPITAL STRUCTURE as of 31 March 2012		
TYPE	NUMBER	EXPIRY
FPO	131,648,715	
Options (ex. 80c)	1,000,000	30-Jun-12
Options (ex. 40c)	100,000	30-Jun-12
Options (ex. 80c)	1,000,000	30-Jun-13
Options (ex. 20c)	2,000,000	30-Jun-13

## SHAREHOLDERS OF HANNANS

As at 31 March 2012, there were 1,716 shareholders and the Top 20 Shareholders of Hannans were:-

Rank	Name	Shares	%
1	JP Morgan Nominees Australia Limited <Cash Income A/C>	11,120,733	8.45
2	Marfield Pty Limited	8,724,543	6.63
3	Aust Global Resources Pty Ltd	3,636,363	2.76
4	Acacia Investments Pty Ltd	3,554,697	2.70
5	Eric Preston Pty Ltd	3,020,000	2.29
6	HSBC Custody Nominees (Australia) Limited	2,633,200	2.00
7	Mossisberg Pty Ltd	2,296,296	1.74
8	Dixon International Pty Ltd	2,075,720	1.58
9	Navigator Australia Ltd <Mlc Investment Sett A/C>	1,608,989	1.22
10	Kanaslex Pty Limited	1,548,296	1.18
11	Ms Susan Eileen Dechow	1,500,001	1.14
12	Bonord Pty Ltd <C W Hulls & Co Super Fund>	1,500,000	1.14
13	Mr Terrence Ronald Grammer	1,500,000	1.14
14	Susern Holdings Pty Ltd	1,500,000	1.14
15	Mandies Meats Pty Ltd <Number 2 Account>	1,497,000	1.14
16	Mr Alan Paul Rudd	1,400,000	1.06
17	Jigalong Community Inc/C	1,306,500	0.99
18	Mr Terrence Ronald Grammer	1,290,000	0.98
19	Mr David Milorad Novac + Ms Cathy Lee Sheehan <Shevac Super Fund A/C>	1,206,346	0.92
20	Nijinsky Corporation Pty Ltd <Nijinsky Retire Fund A/C>	1,200,600	0.91
Totals: Top 20 holders of ORDINARY SHARES (GROUPED)		<b>54,119,284</b>	<b>41.11</b>
Total Remaining Holders Balance		<b>77,529,431</b>	<b>58.89</b>

## RECENT PERFORMANCE OF HANNANS SHARES



## SUMMARY AND HIGHLIGHTS

Hannans was incorporated on 11 March 2002 as a mineral exploration company focussed on greenfields gold and base metal exploration in Western Australia. Hannans was admitted to the Official List of ASX in December 2003. Since its incorporation, Hannans has explored several gold, nickel, iron and manganese deposits. Hannans recently announced it planned to acquire 100% of Scandinavian focussed minerals company Scandinavian Resources Ltd, owner of the Kiruna Iron Project in Sweden.

Hannans' business activities are divided into three separate units:

- § Hannans Reward (Exploration);
- § Hannans Investment Management (Equities, Hybrid Securities and Debt); and
- § Corporate Board Services (Transaction Services and Corporate Management).

Hannans has developed a suite of prospective exploration projects within Australia covering the following:

- § Forrestania – a nickel and gold project 7km north of Western Area NL's Flying Fox nickel mine, a portion of the Stormbreaker Prospect includes a joint venture with Cullen Resources Ltd (Cullen) (Hannans – 80%, Cullen – 20% free carry).
- § Lake Johnston – a nickel and gold project located 25km south east of Norilsk's Maggie Hays nickel mine and 100kms west of Norseman.
- § Queen Victoria Rocks – a nickel and gold project located 30km south-west of Coolgardie, WA.
- § East Pilbara – base metal exploration.

## CONTACTS

For further information please contact:

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Exploration Geologist

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Email: [admin@hannansreward.com](mailto:admin@hannansreward.com)

### Competent Persons Statement

The information in this document that relates to exploration results is based on information compiled by Mr Donald Huntly, who is a Full Member of the Australian Institute of Geoscientists and a Registered Professional Geoscientist. Mr Huntly is a consultant to 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