



HANNANS REWARD

## TAKEOVER OFFER BY HANNANS REWARD LTD FOR SCANDINAVIAN RESOURCES LTD

20 March 2012

We attach, by way of service pursuant to section 633(1) item 5 of the *Corporations Act 2001* (Cth) (Corporations Act), a copy of Hannans Reward Ltd's bidder's statement in relation to its off-market takeover offer for all the outstanding fully paid ordinary shares in Scandinavian Resources Ltd (**SCR**).

The bidder's statement has been lodged with the Australian Securities and Investments Commission and has been served on Scandinavian Resources Ltd.

Yours faithfully

**Michael Craig**  
Company Secretary

### For further information please contact:

#### Hannans Reward Limited

Ben Della-Vedova  
Business Development Manager  
Tel: +61 8 9324 3388

#### Professional Public Relations

James Harris  
Tel: +61 8 9388 0944

### About Hannans Reward

Hannans has built up a diverse portfolio of tenements and target commodities which includes nickel, gold, base metals and iron. Hannans Projects include:

- (a) Forrestania Project (east of Hyden, Western Australia) - nickel, gold and iron;
- (b) Queen Victoria Rocks Project (south-west of Coolgardie, Western Australia) - nickel and gold;
- (c) Lake Johnston Project (west of Norseman, Western Australia) - nickel and gold; and
- (d) East Pilbara Project (east of Newman, Western Australia) - base metals and gold.

As at 20 March 2012, Hannans had 1,722 Shareholders and a market capitalisation of approximately \$12.5 million.

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

## HANNANS REWARD LIMITED

(ABN 52 099 862 129)

### Bidder's Statement

in relation to an Offer by Hannans Reward Limited to  
acquire ALL of your ordinary shares in

## SCANDINAVIAN RESOURCES LIMITED

(ABN 99 132 035 842)

Consideration offered is:  
three (3) Hannans Shares for every one (1) SCR Share you own.

The Offer is dated *(leave blank in lodged version)* and will close at 5.00pm (Perth time) on *(leave blank in lodged version)*, unless extended or withdrawn

Legal adviser to  
Hannans Reward Limited

Corporate adviser to  
Hannans Reward Limited

Transaction support to  
Hannans Reward  
Limited

STEINPREIS PAGANIN  
Lawyers & Consultants 

  
**GRESHAM**  
INVESTMENT HOUSE

 **CBS** CORPORATE  
BOARD  
SERVICES

## **IMPORTANT INFORMATION**

### **Bidder's Statement**

This document (**Bidder's Statement**), dated 20 March 2012, is issued by Hannans Reward Limited (ABN 52 099 862 129) under Part 6.5 of the Corporations Act in relation to an off-market offer by Hannans to acquire SCR Shares and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 20 March 2012. ASIC takes no responsibility for the contents of this Bidder's Statement.

### **Investments Risks**

There are a number of risks that may have a material impact on the value of the Offer, the future performance of the Merged Entity and the value of Hannans Shares. These are described in Section 9 of this Bidder's Statement.

### **Foreign Jurisdictions**

The distribution of this document and the making of the Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement should seek advice and observe these restrictions.

The Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

The entitlements of SCR Shareholders who are located in jurisdictions outside Australia, its external territories and New Zealand are set out in Section 1.8 of Annexure A.

No action has been taken to register or qualify Hannans or to otherwise permit the offering of Hannans Shares outside Australia, its external territories and New Zealand.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements. These disclosure requirements may differ from those of other countries.

This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand) (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or an investment statement under the New Zealand law is required to contain.

The only members of the public in New Zealand to whom Hannans Shares are being offered to under the Offer are SCR Shareholders. The Offer is being made in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

### **Disclosure Regarding Forward Looking Statements**

This Bidder's Statement includes forward-looking statements that have been based on Hannans' current expectations and predictions about future events including Hannans' intentions (which include those set out in Section 7). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Hannans, SCR and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 9.

None of Hannans, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these

statements in the event that the outcome is not achieved. The forward looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

### **Disclaimer Regarding SCR and the Merged Entity Information**

In preparing the information relating to SCR and the Merged Entity contained in this Bidder's Statement, Hannans has relied on publicly available information relating to SCR which has not been independently verified by Hannans or its Directors. Risks may exist in relation to SCR (which will affect the Merged Entity) of which Hannans is unaware. If any material risks are known to the directors of SCR, they must be disclosed in the target's statement to be issued by SCR.

Accordingly, subject to any applicable law, Hannans makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

Further information on SCR may be included in SCR's target's statement which SCR is required to provide to all SCR Shareholders in response to this Bidder's Statement.

### **Value of Hannans Shares**

The implied value of the Offer will vary with the market price of Hannans Shares. Further information on the implied value of the Offer is contained in this document. Before accepting the Offer, SCR Shareholders should obtain current quotes for Hannans Shares and SCR Shares from their financial or other professional adviser.

In addition, all references to the implied value of the Offer are subject to the effects of rounding.

### **Investment Advice**

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each SCR Shareholder (or any other person). You

may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

### **Privacy**

Hannans has collected your information from the registers of SCR for the purposes of making the Offer and administering your acceptance over your SCR Shares. Hannans and its share registry may use your personal information in the course of making and implementing the Offer. Hannans and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by Hannans, please contact Hannans at the address set out in the Key Contacts Section.

### **Defined Terms**

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 12.

### **Internet Sites**

Hannans and SCR each maintain internet sites. The URL location for Hannans is [www.hannansreward.com](http://www.hannansreward.com) and for SCR is [www.scandinavianresources.com](http://www.scandinavianresources.com). Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement is for information purposes only.

### **Estimates and Assumptions**

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Hannans' management. Management estimates reflect and are based on views as at the date of this Bidder's Statement, and actual facts or

outcomes may materially differ from those estimates or assumptions.

### **Effect of Rounding**

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

### **Currencies**

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Hannans or SCR in respect of which different exchange rates may have been, or may be, used.

### **Maps and diagrams**

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

### **Queries**

You should contact your legal, financial or professional advisor if you are unsure about how to deal with this Bidder's Statement.

If you have any enquires about the Offer, please contact the contact Hannans on +61 8 9324 3388 or your professional financial advisor.

## HANNANS REWARD LIMITED

20 March 2012

### Dear Scandinavian Resources' Shareholders

On behalf of the Independent Directors of Hannans Reward Limited (**Hannans**), I am pleased to enclose an offer to acquire all your shares in Scandinavian Resources Ltd (**SCR**).

By accepting Hannans' offer you will, subject to the terms and conditions of the offer, receive three (3) Hannans Shares for every one (1) SCR Share (**Offer**).

Hannans is currently SCR's second largest shareholder and currently owns 19.6 million shares in SCR, representing 17.11% of SCR. Hannans has continued to provide significant financial and corporate support to SCR. This support has been used by SCR to advance the Kiruna Iron Project and its other precious metals projects in early 2010.

The Independent Directors consider that a merger of Hannans and SCR is compelling, and has the potential to unlock substantial additional value and synergies for shareholders of both companies.

Since the announcement of the Offer, Hannans' has received written confirmation from Equity & Royalty Investments Ltd and Craton Capital Precious Metal Fund, two of SCR's largest shareholders that they intend to accept the takeover Offer from Hannans in the absence of a superior offer. Equity & Royalty Investments Ltd holds 20.0 million shares and Craton Capital Precious Metal Fund holds 12.2 million shares in SCR, representing 17.5% and 10.6% respectively of SCR's shares. When combined with Hannans existing 17.1% shareholding in SCR, the combined interest will increase to 45.2%.

The merger will consolidate SCR's and Hannans' strategic portfolios in Sweden, Norway and Australia under a single entity listed on ASX, creating a simpler and stronger platform to promote the company to investors and stakeholders.

The combined group will be well financed through the next phase of exploration and resource definition with the merger consolidating the geological and technical teams that can continue to leverage off well established in-country relationships.

The merger will lead to a strengthening and simplification of the current management arrangements and should achieve cost savings by reducing corporate overheads, while SCR Shareholders who accept the Offer will maintain an exposure to SCR's assets and gain exposure to the potential upside within Hannans' exploration and investment portfolio.

I encourage you to read this important document carefully. The Offer is open for your acceptance until 5.00 pm (Perth Time) on **(leave blank in lodged version)**, unless extended. If you wish to accept the Offer, you should follow the instructions on the relevant Acceptance Form enclosed.

If you have any questions about the Offer, please contact Hannans on +61 8 9324 3388, or your professional financial advisor.

Yours sincerely

Mr Richard Scallan  
Chairman

## KEY DATES

Announcement of Offer	29 February 2012
Date of this Bidder's Statement	20 March 2012
Date this Bidder's Statement is lodged with ASIC	20 March 2012
Date of Offer	<b><i>(leave blank in lodged version)</i></b>
Offer Closes (unless otherwise extended)	5.00pm (Perth Time) <b><i>(leave blank in lodged version)</i></b>

## KEY CONTACTS

### Share registrar for the Offer

Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001  
Phone (within Australia): 1300 850 505  
Phone (outside Australia): + 61 3 9415 4000

### Hannans Reward Limited

6 Outram Street  
West Perth WA 6005  
Phone: +61 8 9324 3388

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## 1. INVESTMENT OVERVIEW

The information in this Section 1 is intended to provide an overview of Hannans, the Offer that Hannans is making for your SCR Shares and the risks you should consider.

**The information in this Section 1 is not intended to be comprehensive and should be read in conjunction with the detailed information contained in this Bidder's Statement.**

You should read this Bidder's Statement in its entirety and the separate target's statement which will be sent to you directly by SCR before deciding how to deal with your SCR Shares. The detailed terms of the Offer are set out in Annexure A.

The information in this Section 1 is set out by way of response to a series of questions. Hannans believes this is the most informative way to provide the information. Each answer has where appropriate cross-references to other questions in this Investment Overview and other parts of this Bidder's Statement, including the Annexures, that contain more information that you might find useful or relevant.

**Part A** of this Investment Overview deals with the Offer. **Part B** deals with Hannans, its business and assets and Hannans securities. **Part C** deals with risks relating to Hannans, SCR, the Offer and the Merged Entity. **Part D** deals with other relevant questions.

If you have any questions about the Offer, please contact Hannans on + 61 8 9324 3388, or your professional financial advisor.

### PART A – OVERVIEW OF THE OFFER

No.	Question	Answer	Further information
1.	<b>What is Hannans offering to buy?</b>	<p>Hannans is offering to buy all SCR Shares it does not currently own, including SCR Shares that are issued during the Offer Period due to the conversion of SCR Options, on the terms set out in this Bidder's Statement.</p> <p>You may only accept the Offer in respect of all the SCR Shares held by you.</p>	Annexure A contains the full terms of the Offer and the Conditions. The answers to questions 2 to 4 and 13 to 26 explain other aspects of the Offer.
2.	<b>How long will the offer remain open?</b>	The Offer opens on <b><i>(leave blank in lodged version)</i></b> . Unless withdrawn or extended in accordance with the Corporations Act, the Offer is scheduled to close at 5:00 pm (Perth Time) on <b><i>(leave blank in lodged version)</i></b> .	



<p><b>3. What will you receive if you accept the Offer?</b></p>	<p>If you accept the Offer, subject to satisfaction of the conditions of the Offer, you will receive <b>three (3) Hannans Shares for every one (1) SCR Share</b> held by you.</p> <p>If you accept the Offer and you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder, you will not be entitled to receive Hannans Shares as consideration for your SCR Shares. In these circumstances, the Hannans Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Hannans Shares and remit the sale proceeds (less any transaction costs) to you by cheque in Australian dollars. See Sections 10.12 and 10.13 for further details.</p>	<p>Annexure A contains full terms of the Offer and the Conditions. The answer to question 23 summarises the Conditions.</p>
<p><b>4. What is the value of the Offer?</b></p>	<p>The implied value of the offer is \$0.285 per SCR Share<sup>1</sup>. The value of the Offer may change as a consequence of changes in the market price of Hannans Shares.</p>	<p>Section 10.7 of this Bidder's Statement provides further information in respect of the implied value of the Offer.</p> <p>The answers to questions 5 to 10, and Sections 3, 4 and 9 of this Bidder's Statement contain more information about Hannans, its business and assets and the risks that may apply to Hannans.</p> <p>Section 2 of this Bidder's Statement contains the view of Hannans as to why they think you should accept the Offer.</p>

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<sup>1</sup> Based on the closing share price of Hannans Shares of \$0.095 as at 19 March 2012, the last trading day prior to the lodgement of this Bidder's Statement with ASIC. As the consideration offered comprises Hannans Shares, the value of the consideration will vary with the market price of Hannans Shares.

## PART B – OVERVIEW OF HANNANS

No.	Question	Answer	Further information
5.	<b>Who is Hannans?</b>	<p>Hannans is an Australian incorporated company listed on the Official List of the ASX (ASX Code: HNR).</p> <p>Please refer to Sections 3 and 4 for further information on Hannans.</p>	<p>Sections 3, 4 and 9 of this Bidder's Statement contain more information about Hannans' assets, financial position, details of Hannans securities currently on issue and the risks that may apply to Hannans.</p>
6.	<b>Will my new Hannans Shares be listed on ASX?</b>	<p>Within 7 days of the date of this Bidder's Statement, Hannans will apply to ASX for quotation of the new Hannans Shares on ASX. Quotation of the new Hannans Shares depends on ASX exercising its discretion to admit them to quotation on ASX. Hannans is already admitted to the Official List of ASX and Hannans Shares in the same class as the new Hannans Shares are already quoted.</p>	<p>Annexure A of this Bidder's Statement contains more information in relation to the admission of the Hannans Shares to the Official List of ASX.</p>
7.	<b>What rights and liabilities will attach to my new Hannans Shares?</b>	<p>The new Hannans Shares issued under the Offer will be issued fully paid and will from the time of issue rank equally with existing Hannans Shares.</p>	<p>Section 4 of this Bidder's Statement contains more information about the rights and liabilities attaching to Hannans Shares.</p>
8.	<b>Who are the Hannans Directors and what experience do they have?</b>	<p>The Directors of Hannans are:</p> <ul style="list-style-type: none"> <li>(a) Mr Richard Scallan – Non-Executive Chairman;</li> <li>(b) Mr Damian Hicks – Managing Director;</li> <li>(c) Mr William Hicks – Non-Executive Director; and</li> <li>(d) Mr Jonathan Murray – Non-Executive Director.</li> </ul> <p>Two of the Non-Executive Directors of Hannans, including the Chairman being, Mr Richard Scallan and Mr Jonathan Murray, are considered to be independent of management.</p>	<p>Section 3.3, of this Bidder's Statement contains further information in relation to the expertise of the Hannans Directors.</p>

		The Directors of Hannans have significant experience in the exploration for, development of and operation of mining projects.	
9.	<b>Do the Directors of Hannans have any securities in, or potential conflicts of interest in relation to SCR?</b>	<p>Two of the Hannans Directors have an interest in SCR securities. As at the date of this bidder's statement, Mr William Hicks has a Relevant Interest in 1,259,567 SCR Shares and 666,667 SCR Options, and Mr Jonathan Murray has a Relevant Interest in 275,000 SCR Shares and 266,667 SCR Options.</p> <p>Mr Damian Hicks, Hannans' Managing Director, also being the Non-Executive Chairman of SCR, is a related party given the common directorship. The Independent Directors of Hannans have resolved to make the Offer to SCR Shareholders and have excluded Mr Damian Hicks from all discussions in relation to formulating and making the Offer. Mr Damian Hicks does not own or have a Relevant Interest in any SCR securities.</p> <p>Mr Ian Gregory, the Company Secretary of Hannans and a Non-Executive Director and Company Secretary of SCR, has also been excluded from all discussions in relation to the Offer.</p>	Sections 10.8 of this Bidder's Statement contain further information in relation to the shareholdings of the Hannans Directors in SCR.
10	<b>Do the Hannans Directors and management have any interest in Hannans securities?</b>	<p>Yes, all of the Hannans Directors, except for Mr Richard Scallan have securities in Hannans.</p> <p>Mr Damian Hicks, Managing Director of Hannans has an interest in 302,259 Hannans Shares.</p> <p>The interests held by the other Directors are disclosed in Section 10.8 of this Bidder's Statement and also on page 31 of the Hannans' 2011 Annual Report.</p>	Sections 10.8 and 10.9 of this Bidder's Statement contain further information in relation to the shareholdings and other interests in Hannans, and the remuneration, of the Hannans Directors.
11	<b>Who are the Independent Directors?</b>	<p>The Independent Directors are Mr Richard Scallan, Mr William Hicks and Mr Jonathan Murray.</p> <p>The Independent Directors of Hannans have resolved to make the Offer to SCR Shareholders and have excluded Mr Damian Hicks from all discussions and voting in relation to formulating, considering and making the Offer. Accordingly, Mr Damian</p>	

		<p>Hicks has not been involved in and will continue to be excluded from all discussions and voting in relation to the Offer.</p> <p><b>SCR Shareholders should note that where this Bidder's Statement refers to the intentions of Hannans or the Company in respect of the Offer and future of SCR and the Merged Entity, this means the intentions of the Independent Directors, and not those of Mr Damian Hicks.</b></p>	
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## PART C – OVERVIEW OF RISKS

No.	Question	Answer	Further information
12	<b>Are there risks if I accept the Offer?</b>	<p>Yes, if you accept the Offer, and it becomes unconditional, you will be issued new Hannans Shares and Hannans will acquire an interest in SCR. There are risks in holding Hannans Shares. You are already exposed to some of these risks, to varying degrees, as a result of your SCR Shares.</p> <p>The financial and operational performance of Hannans' business, and the value and trading prices for Hannans Shares will be influenced by a range of risks. Many of these risks are beyond the control of Hannans' Board and management.</p> <p>Section 9 of this Bidder's Statement provides a detailed explanation of these risks. Specifically it deals with:</p> <ul style="list-style-type: none"> <li>(a) risks relating to the Offer;</li> <li>(b) risks that are specific to Hannans and SCR as the Merged Entity; and</li> <li>(c) general and industry risks relating to Hannans and SCR as the Merged Entity.</li> </ul>	See Section 9 of this Bidder's Statement which contains full details in respect of each of the risks.

## PART D – OTHER RELEVANT QUESTIONS

No.	Question	Answer	Further information
13	<b>Is there an offer in respect of my SCR Options?</b>	<p>Hannans intends to enter into private treaty arrangements with SCR Option holders to acquire their options.</p> <p>The holders of any SCR Options which are converted into Hannans Shares which are issued during the Offer Period are able to accept the Offer in respect of such SCR Shares, provided the SCR Options are converted into SCR Shares and the holder's acceptance of the Offer is received during the Offer Period.</p>	Annexure A and Section 10.5 of this Bidder's Statement for further information.
14	<b>Can the Offer Period be extended?</b>	The Offer Period can be extended at Hannans' election, up to a maximum Offer Period of 12 months. SCR Shareholders will be provided with written notice of any extension, and the extension will be announced to ASX.	
15	<b>What choices do I have as an SCR shareholder?</b>	<p>As an SCR Shareholder, you have the following choices in respect of your SCR Shares:</p> <ul style="list-style-type: none"> <li>(a) accept the Offer;</li> <li>(b) sell your SCR Shares on ASX; or</li> <li>(c) do nothing.</li> </ul>	
16	<b>How do I accept the Offer?</b>	<p>Below is a summary of the ways in which you can accept the Offer. Full details are set out in Section 1.4 of Annexure A.</p> <p>You may only accept the Offer in respect of all your SCR Shares.</p> <p><b>Issuer Sponsored Holding</b></p> <p>If your SCR Shares are held on SCR's issuer sponsored subregister (such holding will be evidenced by an "I" appearing next to your securityholder reference number on the accompanying Acceptance Form), to accept this Offer, you must complete the accompanying Acceptance Form and return it, together with any other documents required, to the address on the form so that it is received before the date</p>	See your Acceptance Form <b>enclosed</b> with this Bidder's Statement and Annexure A for further information.

		<p>the Offer closes, unless it is extended.</p> <p><b>CHES Holding</b></p> <p>If your SCR Shares are held in a CHES Holding (such holdings will be evidenced by an "X" appearing next to your identification number on the accompanying Acceptance Form), you may accept the Offer by either:</p> <p>(a) completing and signing accompanying Acceptance Form and returning it, together with any other documents required, to the address indicated on the form; or</p> <p>(b) instructing your Controlling Participant (normally your broker) to accept the Offer on your behalf,</p> <p>so that your acceptance is received before the Offer closes.</p> <p><b>Participants</b></p> <p>If you are a Participant, acceptance of this Offer must be in accordance with the ASX Settlement Operating Rules before the Offer Closes.</p>	
17	<b>Can I accept the Offer for part of my holding?</b>	No, you must accept the Offer for all of your holding.	
18	<b>If I accept the Offer can I withdraw my acceptance?</b>	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Offer, Hannans varies the Offer in a way that postpones for more than 1 month the time that Hannans has to meet its obligations under the Offer (for example, if Hannans extends the Offer for more than 1 month while the Offer remains subject to any of the Conditions).	Annexure A of this Bidder's Statement contains more information as to the limited circumstances in which you may be able to revoke or withdraw your acceptance.
19	<b>When will you receive your consideration?</b>	<p>If you accept the Offer, Hannans will issue your Hannans Shares as consideration for your SCR Shares on or before the earlier of:</p> <p>(a) one month after you have</p>	Annexure A of this Bidder's Statement contains more information as to when your new Hannans Shares will

		<p>validly accepted the Offer or the contract resulting from its acceptance becomes unconditional (whichever is later); and</p> <p>(b) 21 days after the end of the Offer Period, provided that the Offer has become unconditional.</p> <p>If you accept the Offer and you are an Ineligible Foreign Shareholder, or you are an Unmarketable Parcel Shareholder, you will not be entitled to receive Hannans Shares as consideration for SCR Shares held by you pursuant to the Offer. In these circumstances, the Hannans Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Hannans Shares and remit the proceeds (less transaction costs) of such sale to you by cheque in Australian dollars.</p>	<p>be issued to you.</p>
<p><b>20</b></p>	<p><b>Will I need to pay any transaction costs if I accept the Offer?</b></p>	<p>If your SCR Shares are registered in a CHESS Holding, or if you are the beneficial owner whose Hannans Shares are registered in the name of a bank, custodian, broker or other nominee, you will not be obliged to pay stamp duty by accepting the Offer but should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.</p> <p>If your SCR Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Hannans, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.</p> <p>If you are an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder, the proceeds you will receive from the sale of your SCR Shares will be net of any costs including brokerage charges.</p>	<p>Annexure A of this Bidder's Statement contains the full terms of the Offer and Conditions. See also the instructions on the Acceptance Form <b>enclosed</b> with this Bidder's Statement.</p>

21	<b>What happens if I do not accept the Offer?</b>	<p>Subject to the explanation below, you will remain a shareholder of SCR and will not receive the Offer Consideration.</p> <p>If you do not accept the Offer and Hannans acquires a Relevant Interest in at least 90% of SCR Shares and the other conditions of the Offer are satisfied or waived, Hannans intends to proceed to compulsorily acquire the outstanding SCR Shares. You will be invited to claim the Offer Consideration. Therefore, accepting the Offer will result in you receiving your Offer Consideration sooner if you accept the Offer, rather than having your SCR Shares compulsorily acquired.</p> <p>If the Offer becomes or is declared unconditional but Hannans does not become entitled to compulsorily acquire your SCR Shares under the Corporations Act, unless you sell your SCR Shares, you will remain a shareholder in SCR.</p> <p>In these circumstances and, depending on the number of SCR Shares acquired by Hannans, you may be a minority shareholder in what may be a less liquid stock.</p> <p>Further, if SCR ceases to have the required spread of shareholders as required under the ASX Listing Rules, Hannans may make an application to remove SCR from the Official List of ASX.</p>	<p>Section 7.4 of this Bidder's Statement provides more information regarding Hannans' intentions if it acquires a Relevant Interest in at least 90% of the SCR Shares.</p> <p>Sections 7.5 and 7.6 of this Bidder's Statement provide more information regarding Hannans' intentions if it acquires a Relevant Interest in less than 90% of the SCR Shares.</p>
22	<b>If I do not accept the Offer can I sell my SCR Shares on the market?</b>	Yes, but you may incur brokerage costs if you do.	
23	<b>Are there conditions to the Offer?</b>	<p>The Offer is subject to the Conditions set out in Section 1.10 of Annexure A and include:</p> <p>(a) Hannans acquiring a Relevant Interest in at least 90% of the aggregate of all the SCR Shares on issue and becomes entitled to compulsorily acquire all of the outstanding SCR Shares under Part 6A.1 of the</p>	Annexure A to this Bidder's Statement sets out the Conditions in full.



		<p>Corporations Act;</p> <p>(b) that there be no spin-out/demerger of SCR's iron assets (including by way of the Kiruna Raising);</p> <p>(c) that no "prescribed occurrences" occurs; and</p> <p>(d) that no material adverse change occurs in relation to SCR.</p> <p>Section 1.10 of Annexure A contains the full terms of the Conditions.</p>	
<b>24</b>	<b>What if the Conditions are not satisfied or waived?</b>	If the Offer closes and the Conditions are not satisfied or waived, the Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your SCR Shares (unless you otherwise sell them). Hannans will announce whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.	Annexure A to this Bidder's Statement sets out further information.
<b>25</b>	<b>What happens if Hannans improves the Offer Consideration?</b>	If Hannans improves the Offer Consideration, all the SCR Shareholders who accept the Offer (whether or not they have accepted the Offer before or after such improvement) will be entitled to the benefit of the improved Offer Consideration, should the Offer become or be declared unconditional.	Annexure A to this Bidder's Statement sets out further information.
<b>26</b>	<b>What are the tax implications of accepting the Offer?</b>	A general summary of the Australian tax consequences for SCR Shareholders who accept the Offer is set out in Section 8. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. SCR Shareholders should seek their own taxation advice in relation to the Offer.	Section 8 of this Bidder's Statement sets out further information.

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## 2. WHY YOU SHOULD ACCEPT THE OFFER

Hannans believes you should **ACCEPT** the Offer for the following reasons:

1. **Creation of a simplified mining company better placed to enhance the value of the Merged Entity's assets**
2. **The Merged Entity will be well financed through the next phase of exploration and resource definition**
3. **Two of SCR's major shareholders have already indicated their intention to accept the offer, in the absence of a superior offer.**
4. **You may be eligible for Australian Capital Gains Tax Relief**

The above is only a headline summary of some of the reasons why you should accept the Offer. Each of the reasons is explained below.

If you wish to accept this Offer, you must return the signed Acceptance Form by 5:00 pm (Perth Time) on **(leave blank in lodged version)**.

### **Detailed reasons why you should ACCEPT the Offer**

#### **1. CREATION OF A SIMPLIFIED MINING COMPANY BETTER PLACED TO ENHANCE THE VALUE OF THE MERGED ENTITY'S ASSETS**

The merger will consolidate SCR's and Hannans' strategic portfolios in Sweden, Norway and Australia under a single entity listed on ASX, creating a simpler and stronger platform to promote the company to investors and stakeholders.

The simplification of the corporate structure, cross directorships and removal of cross-ownership issues is anticipated to provide additional synergies and resourcing efficiencies within the Merged Entity.

If the Offer is successful, SCR Shareholders will retain exposure to SCR's project portfolio, including the Kiruna Iron Project through a majority shareholding in the Merged Entity and gain exposure to the potential upside within Hannans' exploration and investment portfolio.

Post-merger SCR Shareholders will own approximately 68% and Hannans Shareholders will own approximately 32% on an undiluted basis.

#### **2. The Merged Entity will be well financed through the next phase of exploration and resource definition**

The Independent Directors consider that the combination of Hannans' and SCR's exploration expertise, technical capability and financial resources will provide the Merged Entity with improved opportunity to maximise the value of SCR's projects.

##### **Financial Resources**

SCR was seeking to secure US\$12.5 million in pre IPO funds for the Kiruna Iron Project. However, in light of challenging global equity markets and pricing uncertainty, the Hannans Independent Directors consider that the Offer is a more immediate and certain alternative for SCR Shareholders.

The Merged Entity will have a stronger balance sheet based on an expected pro-forma net liquid investment position of approximately \$12.2 million<sup>2</sup> as at 19 March 2012. This excludes any cash to be received from the conversion of in the money options.

The Merged Entity's enlarged size and strengthened balance sheet should improve access to future equity funding than what either Hannans or SCR could achieve on their own. It is anticipated to also provide the Merged Entity with the flexibility to support near term project funding and accelerate exploration activities.

### **Significant Exploration Portfolio**

The Merged Entity will have a dual exploration strategy focused on the Kiruna Iron Project in Sweden, supplemented with precious and other base metals projects located in Sweden, Norway and Australia.

Hannans' greenfields exploration portfolio includes a number of prospective projects within Western Australia targeting nickel and gold, whilst the flagship exploration project is the Forrestania nickel project.

### **3. TWO OF SCR'S MAJOR SHAREHOLDERS HAVE ALREADY INDICATED THEIR INTENTION TO ACCEPT THE OFFER, IN THE ABSENCE OF A SUPERIOR OFFER.**

Since the announcement of the offer, Hannans' Independent Directors have been advised by two of SCR's major shareholders that they intend to accept Hannans' Offer, in the absence of a superior offer.

Equity & Royalty Investments Ltd holds 20.0 million shares and Craton Capital Precious Metal Fund holds 12.2 million shares in SCR, representing 17.5% and 10.6% respectively of SCR's shares. When combined with Hannans existing 17.1% shareholding in SCR, the combined interest will increase to 45.2% and therefore the prospects of another bidder emerging may be low.

### **4. YOU MAY BE ELIGIBLE FOR AUSTRALIAN CAPITAL GAINS TAX RELIEF**

If, as a result of the Offer, Hannans becomes the holder of 80% or more of the voting shares in SCR, SCR Shareholders who would otherwise make a capital gain from the disposal of their SCR Shares pursuant to the Offer may be entitled to capital gains tax scrip-for-scrip rollover relief. Such rollover relief, if available, will allow those eligible SCR Shareholders to disregard any capital gain, in whole or in part, that would otherwise arise in respect of the disposal of their SCR Shares by way of acceptance of the Offer.

See Section 8 of this Bidder's Statement for further information in relation to the availability of capital gains tax rollover relief and taxation considerations generally.

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<sup>2</sup> Based on SCR and Hannans' cash and bonds at 31 December 2011 of A\$1.46 million and A\$0.43 million respectively plus 4 million Atlas Iron Limited (**Atlas**) shares (ASX:AGO) at A\$3.04 being the ASX closing price for Atlas shares on 19 March 2012 less the margin loan of A\$1.86 million as at 31 January 2012. Disclosed in Hannans' unaudited "Appendix 5B – 2<sup>nd</sup> Quarter Cash flow Report for the period ended 31 December 2011" released to the ASX on 1 February 2012 and the Hannans and SCR "Financial Report for Half Year" both released to the ASX on 15 March 2012.

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### 3. PROFILE OF HANNANS REWARD LIMITED

#### 3.1 Overview of Hannans

Hannans was incorporated on 11 March 2002 as a mineral exploration company concentrating on gold and base metal projects 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 and has spun off some of its iron and manganese projects.

Hannans' business activities are divided into three separate units:

- (a) Hannans Reward (Exploration);
- (b) Hannans Investment Management (**HIM**) (Equities, Hybrid Securities and Debt); and
- (c) Corporate Board Services (**CBS**) (Transaction Services and Corporate Management).

Further details in relation to these business units are set out below.

Hannans has built up a diverse portfolio of tenements and target commodities which includes nickel, gold, base metals and iron. Hannans Projects include:

- (a) Forrestania Project (east of Hyden, Western Australia) - nickel, gold and iron;
- (b) Queen Victoria Rocks Project (south-west of Coolgardie, Western Australia) - nickel and gold;
- (c) Lake Johnston Project (west of Norseman, Western Australia) - nickel and gold; and
- (d) East Pilbara Project (east of Newman, Western Australia) - base metals and gold.

As at 19 March 2012, Hannans had 1,722 Shareholders and a market capitalisation of approximately \$12.2 million.

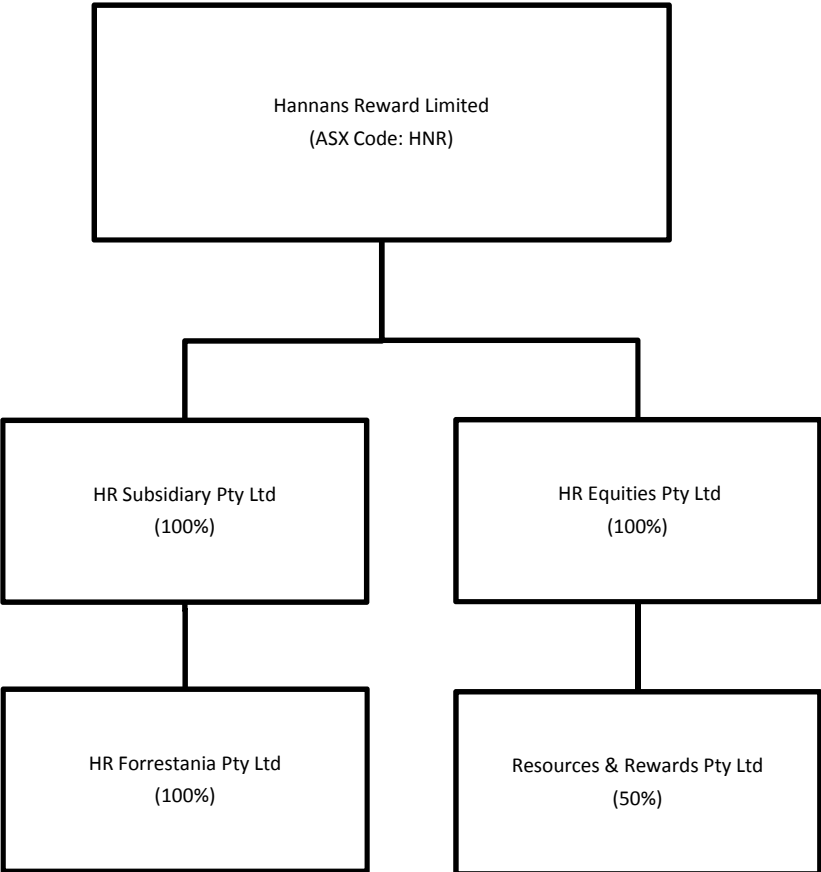
On 27 June 2011, Hannans announced to ASX the proposed restructure of its assets through the sale of its subsidiary Errawarra Pty Ltd (**Errawarra**) which holds the Jigalong manganese project in the East Pilbara, to NewCo (subsequently named Errawarra Resources Ltd) in consideration for the issue of 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 by Hannans Shareholders, Errawarra Resources Ltd was incorporated as part of the implementation of the Restructure. As part of the Restructure, Hannans also completed the in-specie distribution of Errawarra Resources Ltd shares to Hannans Shareholders.

**3.2 Corporate Information**

Hannans was incorporated as a public no liability company in Western Australian as Hannans Reward NL on 11 March 2002 under the Corporations Act (ABN 52 099 862 129). On 3 December 2003, Hannans was admitted to the Official List of ASX. On 17 May 2005, Hannans changed its company type to a public company limited by shares.

The current Constitution of Hannans was adopted on 17 May 2005 at the general shareholders’ meeting held on the same day. The corporate structure of Hannans is shown in the diagram below.



**3.3 Directors and key personnel of Hannans**

Details of the responsibilities and experience of the Hannans Directors (as at the date of this Bidder’s Statement) are set out in Hannans’ 2011 annual report, a copy of which is available on request or from Hannans’ website [www.hannansreward.com](http://www.hannansreward.com).

A brief summary of the Hannans Board and key personnel, as at the date of this Bidder’s Statement, is set out below.

***Mr Richard Scallan – Independent Non-Executive Chairman (appointed 23 May 2002)***

Mr Scallan is a Mining Engineer with 49 years experience in underground and open cut mining in both South Africa and Australia. Mr Scallan was employed by the Anglo American Corporation of South Africa Limited for 26 years before immigrating to Australia and joining Goldfields Limited in 1981.

Mr Scallan held positions as General Manager, Kundana Gold Pty Ltd and Paddington Gold Pty Ltd (both owned by Goldfields Limited) in Kalgoorlie, Western Australia and General Manager, RGC Limited – Renison Tin Division in Zeehan, Tasmania.

Mr Scallan has managed deep level gold, uranium, nickel, copper, chrome, platinum, mineral sands and tin mines. He is a Fellow of the Australian Institute of Mining and Metallurgy.

During the past 3 years Mr Scallan has not served as a director of any other ASX listed companies.

***Mr Damian Hicks - Managing Director (appointed 11 March 2002)***

Mr Hicks was a founding director of Hannans Reward Limited and appointed to the position of Managing Director on 5 April 2007. He formerly held the position of executive director and company secretary.

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.

Mr Hicks is a non-executive director of funds management company, Growth Equities Pty Ltd.

During the past 3 years Mr Hicks has been a director of Scandinavian Resources Ltd, which listed on ASX in April 2010.

***Mr William Hicks – Non-Executive Director (appointed 11 March 2002)***

Mr Hicks was a founding Director of Hannans Reward Limited and has been actively involved in the progress and development of a number of well-known exploration companies. He was a director and company secretary of Spargo's Reward Gold Mines NL and was instrumental in the listing on the ASX of both Central Kalgoorlie Gold Mines NL and Maritana Gold NL.

Mr Hicks is a Fellow of the Australian Institute of Company Directors and a Pharmaceutical Chemist.

During the past 3 years Mr Hicks has not served as a director of any other ASX listed companies.

***Mr Jonathan Murray – Non-Executive Director (appointed 22 January 2010)***

Mr Murray is a partner at law firm Steinepreis Paganin, based in Perth, Western Australia. Since joining the firm in 1997, he has gained significant experience in advising on initial public offers and secondary market capital raisings, all forms of commercial acquisitions and divestments and providing general and strategic advice.

Mr Murray graduated from Murdoch University in 1996 with a Bachelor of Laws and Commerce (majoring in Accounting). He is also a member of FINSIA (formerly the Securities Institute of Australia).

During the past 3 years Mr Murray has been a director of the following ASX listed companies, US Nickel Ltd, Laguna Resources Ltd, Highfield Resources Limited, Kalgoorlie Mining Company Limited and Peak Resources Limited.

***Mr Ian Gregory – Joint-Company Secretary (appointed 5 April 2007)***

Prior to founding his own business in 2005, Mr Gregory was the company secretary of Iluka Resources Ltd (6 years), IJB Australia Bank Ltd Group (12 years) and the Griffin Group of Companies (4 years).

Mr Gregory is the past Chairman of the Western Australian branch of the Chartered Secretaries Australia.

Mr Gregory holds a Bachelor of Business from Curtin University.

***Mr Michael Craig – Joint Company Secretary (appointed 11 March 2010)***

Mr Craig is a Chartered Accountant, who joined Hannans as Finance Manager in 2008 after having previously worked for a mid-tier accounting firm from 2004. Mr Craig joins Mr Ian Gregory as Company Secretary for Hannans and its Subsidiaries.

***Mr Ben Della-Vedova – Business Development Manager***

Mr Ben Della-Vedova is a Chartered Accountant and holds a Bachelor of Commerce (Accounting and Business Law), Graduate Diploma in Chartered Accounting and Graduate Diploma in Applied Finance and is a member of the Institute of Chartered Accountants Australia and a Fellow of the Financial Services Institute of Australia.

Mr Della-Vedova joined Hannans in early 2012 and has over 7 years' experience as a Chartered Accountant. Prior to joining Hannans, Mr Della-Vedova had combined 7 years' experience with both PwC Australia in their Transaction Services and Valuation team and Deloitte in their Assurance and Advisory team.

Mr Della-Vedova 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.

***Mr Tom Lyons – Exploration Geologist***

Mr Tom Lyons joined Hannans as an Exploration Geologist in early 2011 and has since worked across the complete exploration portfolio of the Hannans Projects.

Previously, Mr Lyons worked throughout Western Europe and the Mediterranean as a geologist for Heidelberg Cement, a global Cement and Aggregates

company that is listed on the German stock exchange. Mr Lyons holds a Bachelor of Science (Geology) from the University of Western Australia.

### **3.4 Overview of Hannan's Activities**

This Section 3.4 contains a summary of Hannans' activities. Further information on Hannans can be obtained from Hannans' website ([www.hannansreward.com](http://www.hannansreward.com)).

Hannans started as a gold and base metals exploration company, with a Western Australian focus. Hannans has since successfully discovered and explored projects in Western Australia and Scandinavia. Hannans currently only holds exploration projects in Western Australia.

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

The Company's objective is to:

- (a) realise value for its Shareholders through exploration success within these projects; and
- (b) find an economic resource through the application of rigorous, methodical and multidisciplinary exploration processes.

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

As mentioned in Section 3.1, Hannans also operates Hannans Investment Management (Equities, Hybrid Securities and Debt) (further information in respect of HIM is contained in Section 3.6) and Corporate Board Services (Transaction Services and Corporate Management).

### **3.5 Hannans Reward (Exploration) - Hannans Projects**

Hannans has built up a diverse portfolio of tenements and target commodities which includes nickel, gold, base metals and iron. Hannans Projects include:

- (a) Forrestania Project (east of Hyden, Western Australia) - nickel, gold and iron;
- (b) Queen Victoria Rocks Project (south-west of Coolgardie, Western Australia) - nickel and gold;
- (c) Lake Johnston Project (west of Norseman, Western Australia) - nickel and gold; and
- (d) East Pilbara Project (east of Newman, Western Australia) - base metals and gold.



The location of the Hannans Projects is shown in Figures 1 and 2 below.

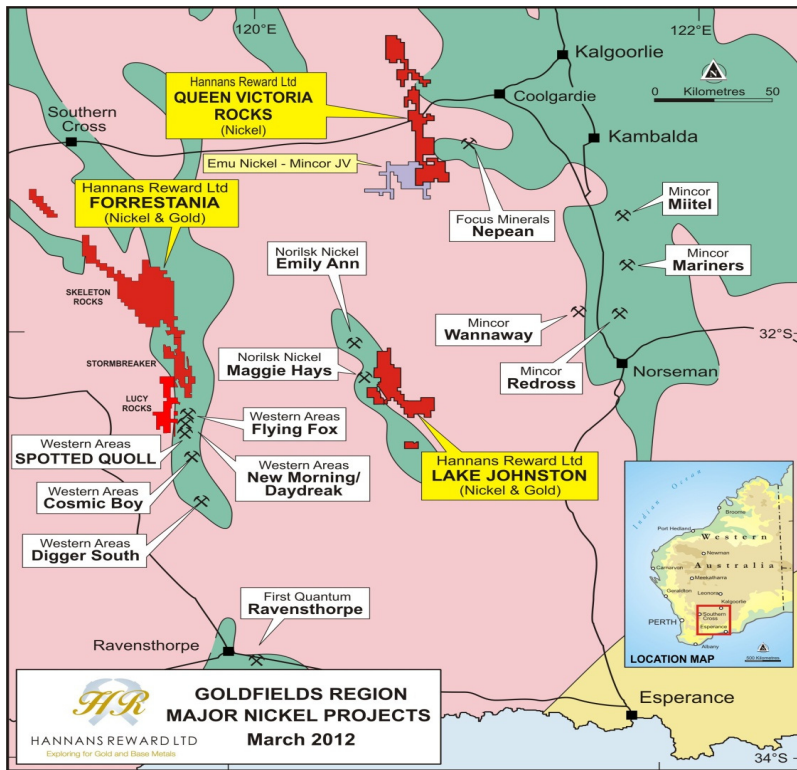


Figure 1: Southern Yilgarn tenement location diagram.

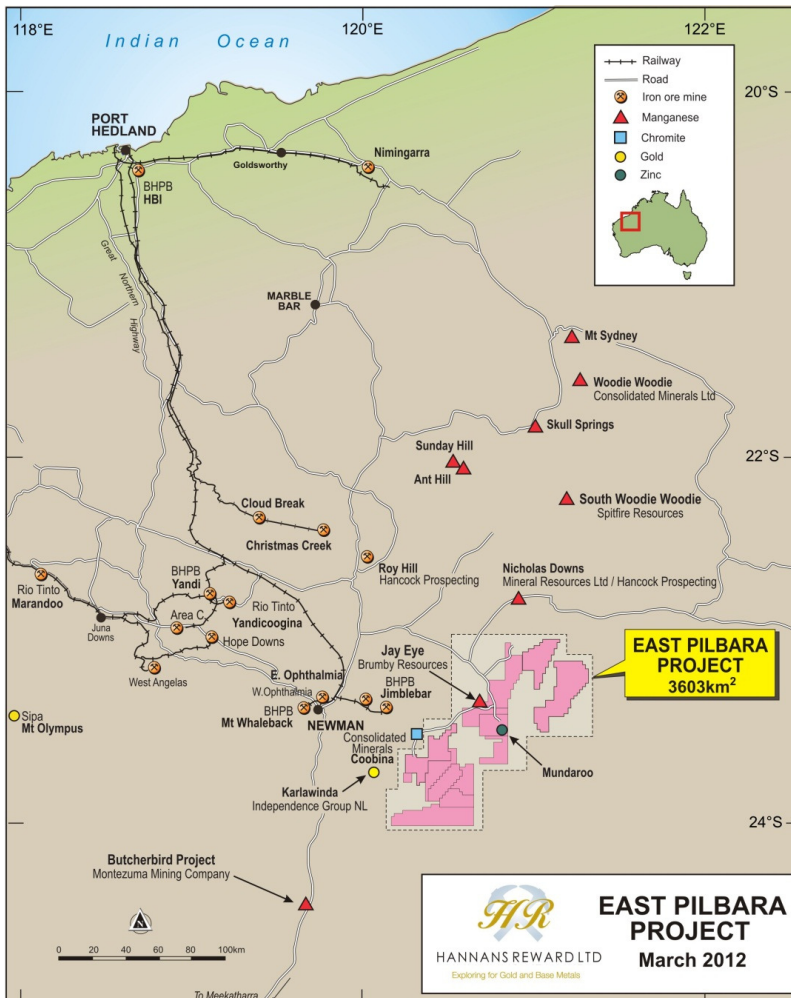


Figure 2: East Pilbara Project showing tenement locations.

(a) **Forrestania Project - 1,155 km<sup>2</sup>**

Hannans' Forrestania Project, comprising ground in joint venture and wholly owned tenements, is located within the Forrestania nickel belt and adjoins ground owned by major mining company Western Areas NL (ASX:WSA) (refer to Figure 3 below). Over the past twelve months Hannans has continued to increase its tenement holding over the northern extension of the prospective stratigraphy in the region.

The exploration success by Western Areas NL in the region together with the limited historical exploration for nickel sulphides further north within the Hannans tenements highlights the fact that opportunity remains for the discovery of high grade nickel sulphide deposits within the Forrestania Project.

Exploration conducted by Hannans during 2011 has confirmed that the northern extensions of the Forrestania greenstone belt includes a number of ultramafic or komatiitic units which have the potential to host nickel sulphides. The exploration has primarily involved ground based geophysical surveys (fixed loop and moving loop TEM), soil sampling and reverse circulation (RC) drilling. These activities have helped to develop high quality exploration targets as well as advance the geological understanding in the area.

**Skeleton Rocks Prospect**

Hannans' exploration efforts at the Skeleton Rocks Prospect, in the north of the Forrestania Project, is focused on historical data collation, field reconnaissance/mapping and consolidating the geological interpretation. Geochemical sampling has recently been completed in a small portion of the eastern part of the area for gold and nickel occurrences with assay results currently being awaited.

The area has also been assessed for hematite rich iron mineralisation with two small prospects identified during 2011.

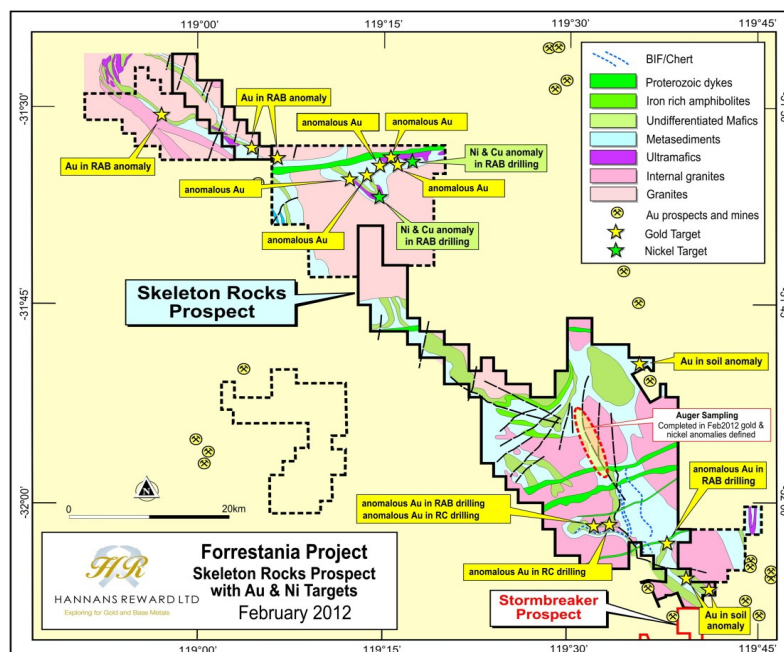


Figure 3: Forrestania Project – Skeleton Rocks Prospect .

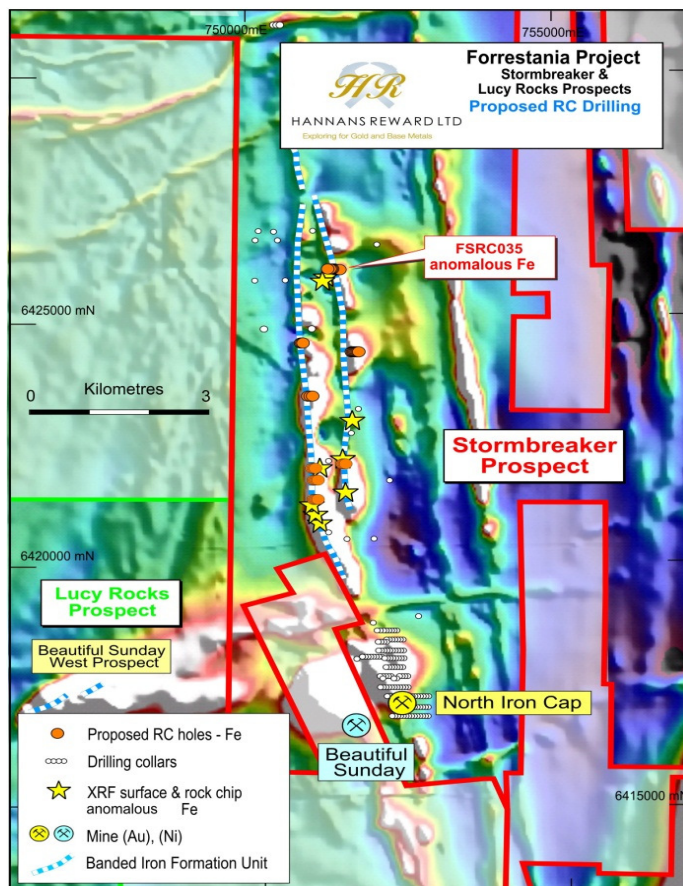
## Stormbreaker Prospect

Hannans' continued to undertake exploration drilling during 2011 at the Stormbreaker Prospect testing a number of geophysical and geochemical anomalies. This prospect includes Hannans' joint venture partners Cullen Resources Ltd (ASX:CUL) who have a free carry interest of 20% and St Barbara Ltd (ASX:SBM) who have a free carry interest of 15% on some tenements.

Since the acquisition of the Stormbreaker tenements, Hannans' has systematically explored for nickel sulphides using a combined approach of geochemistry, geophysics and geology however no significant discoveries have been made to date.

In addition to the nickel exploration work, Hannans has more recently advanced exploration for hematite rich iron mineralisation within the prospect area. One RC percussion drill hole intersected iron mineralisation while exploring for nickel sulphides. Subsequent rock chip sampling and XRF analysis of surface samples has identified a corridor of hematite rich iron material which covers a strike extent of ~5.4 kms. The prospect includes two sub parallel BIF units with hematite rich material on top of the units. The hematite rich iron horizons are programmed for drill testing later in 2012.

The iron prospect at Stormbreaker is very similar in mineralisation style and geological setting to the Cazaly Resources Limited (ASX: CAZ) - Parker Range Iron project approximately 60km to the north.



**Figure 4:** Forrestania Project – Stormbreaker Prospect with the planned iron drilling program.

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

The Lucy Rocks Prospect is located at the southern end of the Stormbreaker Prospect and to the west of the Flying Fox and Beautiful Sunday Nickel deposits owned by Western Areas NL (ASX:WSA) (refer to Figure 4 above). Exploration during 2011 comprised mapping and RC percussion drilling and has confirmed extensive BIF units within the northern part of the prospect area and to the west of the Beautiful Sunday nickel deposit.

Ongoing exploration will be directed towards these BIF units.

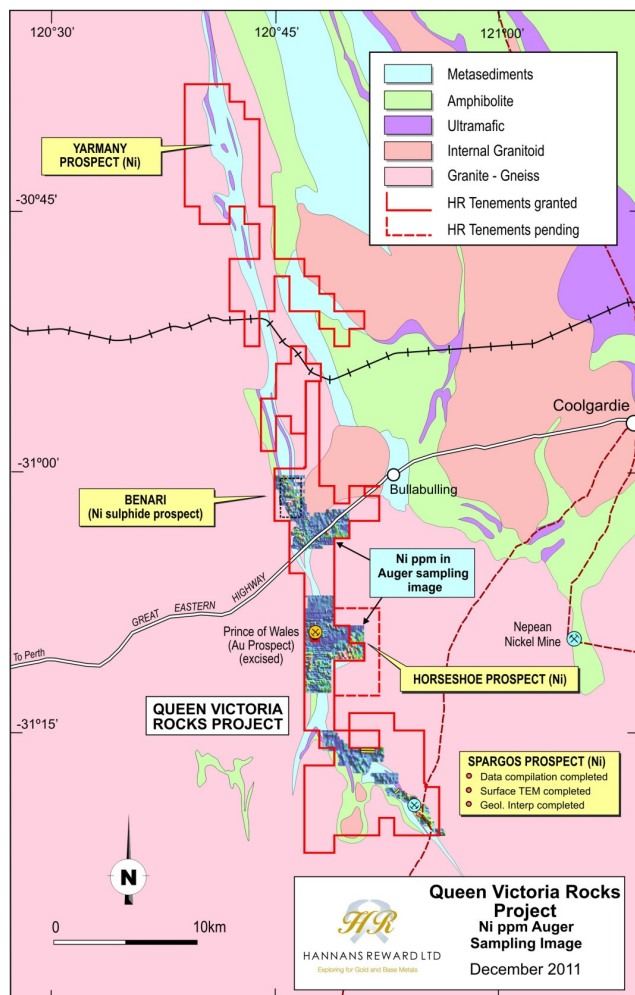
### **(b) Queen Victoria Rocks Project - 420 km<sup>2</sup>**

The Queen Victoria Rocks Project has been owned 100% by Hannans since it listed on the ASX in 2003 (refer to figure 5 below). The area south-west of Coolgardie has attracted significant interest from major nickel miner Mincor Resources NL (ASX:MCR) through a joint venture with a junior exploration company. This ground adjoins Hannans ground.

Hannans have completed surface TEM surveys at the Benari Prospect, as well as the Spargos North, Spargos and Spargos South Prospects which have generated a number of anomalies. A number of these anomalies are coincident with geochemical nickel and copper anomalies. The surface geochemical data for the entire project has been processed and interpreted, and as a result a number of coincident nickel and copper anomalies were identified for follow up exploration activities. Soil sampling has been completed at the Horseshoe Prospect and RC percussion drilling has been completed at the Benari Prospect.

Significant effort has been put into improving the drilling database for the project as well as the geological interpretation for the Spargos Prospect area.

The Spargos Prospect exhibits a number of key criteria that are favorable indicators for nickel sulphide mineralising environments, as a result the Spargos Prospect remains a key nickel sulphide prospect within the Hannans Projects portfolio.



**Figure 5:** Queen Victoria Rocks Project – tenement and prospect locations.

**(c) Lake Johnston Project - 375 km<sup>2</sup>**

The Lake Johnston Project tenements are located approximately 25km south-east of Russian mining company, Norilsk Nickel's, Maggie Hays and Emily Ann nickel sulphide mines (refer to Figure 6 below).

Exploration activities and a data review completed by Hannans have identified gold in soil anomalies covering a strike extent of ~20 kms. High grade gold mineralisation has been identified in rock chip sampling at the Ernest Prospect, in Hannans' RC percussion drilling at the Ernest and Hardcore and historic RC percussion drilling at the Charles Prospect and in historic RAB drilling at the Richard Prospect.

Hannans' exploration activities for gold have been focused on additional geochemical sampling, gravity surveys, and RC percussion drilling.

Hannans will continue to undertake nickel sulphide exploration along the southern extension of the stratigraphy which is host to the Maggie Hayes and Emily Ann deposits. The corridor covers a strike extent of ~800 metres and includes a thickened portion of the high magnetic ultramafic unit which is host to the Maggie Hayes deposit to the north.

A single RC drill hole was recently completed over a nickel anomaly at the Mt. Gordon prospect, as part of an RC drilling campaign, assay results are still pending for this hole.

The Mt Gordon prospect area is considered to be a stand out target for gold mineralisation. The prospect includes a large gold anomaly generated from surface auger sampling which covers an area of ~2.5 x 0.5 kms. The anomaly is significantly larger than the geochemical anomaly associated with the Hardcore gold mineralisation. The prospect area has recently been the subject of a large RC drilling campaign, assay results are still pending for a majority of this program.

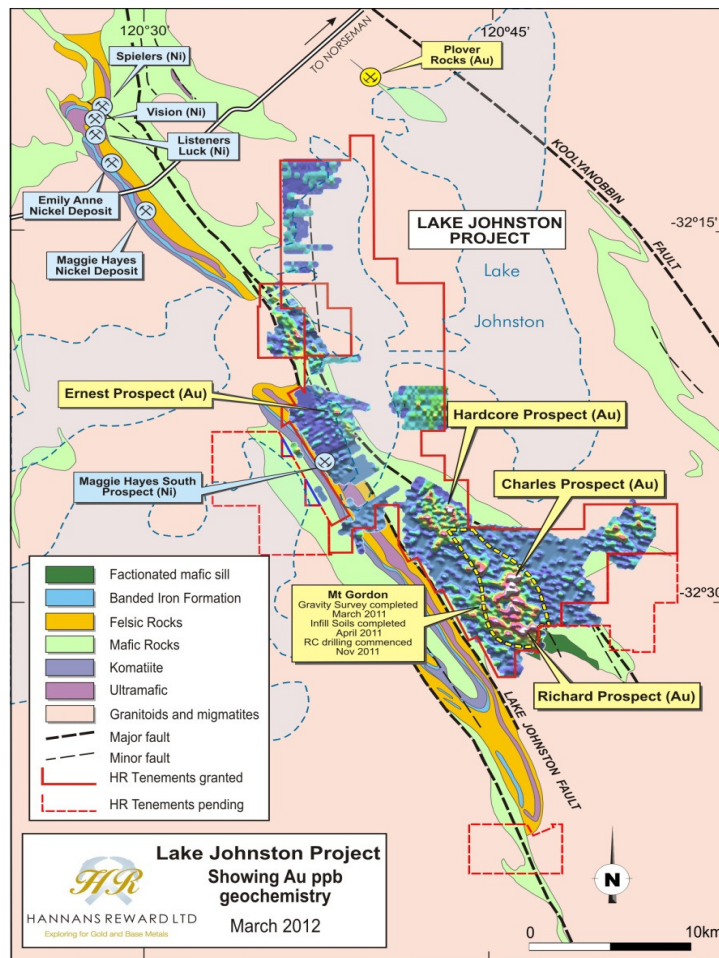


Figure 6: Lake Johnston Project – geological summary.

(d) **East Pilbara Project – 1758km<sup>2</sup>**

The East Pilbara Project boasts the largest tenement holding of all the projects in the Hannans portfolio (refer to Figure 2 above), covering a corridor of ground considered highly prospective for base metals, gold, manganese and iron mineralisation. Hannans holds the base metal and gold rights within the East Pilbara Project tenement package.

Exploration activities conducted over previous years have outlined a number of base metal targets within the project area which require further exploration. The most advanced of these is the Mundaroo Zinc prospect which has been the subject of shallow AC drilling that returned anomalous zinc and silver values with many of the holes ending in mineralization.

A recent review of the historical, broad spaced geochemical data covering the project area has also helped identify several new base metal anomalies across the project area, which appear to be in a very similar geological setting to the Mundaroo prospect. These newly identified anomalies and the Mundaroo prospect will be evaluated with further geochemistry and geophysical surveys in 2012.

### 3.6 Hannans Investment Management

HIM operates by way of an Investments Committee comprising Mr William Hicks, Mr Jonathan Murray and Mr Damian Hicks. In due course, Hannans expect to appoint an independent external committee person who will be appointed to provide another perspective as part of the decision making process. HIM seeks to maximise returns through its equity portfolio, convertible loans and the provision of loans. It also has a facility to borrow funds.

HIM's investment portfolio as at 19 March 2012 is as follows:

Legal Entity	Number of shares	Share Price (\$)	Market Value (\$ m)
Atlas Iron Ltd (ASX:AGO)	4,000,000	3.040	12.16
Scandinavian Resources Ltd (ASX:SCR)	19,605,235	0.260	5.097
Brighton Mining Group (ASX:BTN)	20,000	0.070	0.001
Lithex Resources Ltd (ASX:LTX)	20,000	0.090	0.002
Naracoota Resources Ltd (ASX:NRR)	125,000	0.135	0.017
Highfield Resources Ltd (ASX:HFR)	50,000	0.210	0.01
<b>Total</b>			<b>17.288</b>

### 3.7 Financial Performance

#### (a) Basis of Presentation of Historical Financial Information

The historical financial information below relates to Hannans on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts of Hannans for the financial period described below, which includes the notes to the financial accounts, are available in Hannans' annual reports for the periods ending 30 June 2009, 30 June 2010, 30 June 2011 and 31 December 2011. Copies of these annual reports are available at [www.hannansreward.com](http://www.hannansreward.com) and also the ASX website.

#### (b) Historical Financial Information of Hannans

##### (i) Consolidated Statement of Financial Position

The historical consolidated statements of financial position of Hannans, are set out below and have been extracted from:

- the audited consolidated statements of financial position for the financial years ending 30 June 2009, 30 June 2010 and 30 June 2011, being the last three audited consolidated statements of financial position prior to the date of this Bidder's Statement; and

- the reviewed consolidated statement of financial position for 31 December 2011.

(ii) **Consolidated Statement of Comprehensive Income**

The historical consolidated statement of comprehensive income of Hannans, are set out below and have been extracted from:

- the audited consolidated statement of comprehensive income for the financial years ending 30 June 2009, 30 June 2010 and 30 June 2011, being the last three audited financial statements prior to the date of this Bidder's Statement; and
- the reviewed consolidated statement of financial position for 31 December 2011.

**HANNANS CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	6 months ended		12 months ended	
	31 Dec 2011	30 June 2011	30 June 2010	30 June 2009
	\$	\$	\$	\$
<b>Current assets</b>				
Cash and cash equivalents	218,292	570,840	4,584,746	1,027,426
Trade and other receivables	254,542	332,495	138,297	51,506
Other financial assets	19,563,345	27,335,464	17,218,816	343,586
<b>Total current assets</b>	<b>20,036,179</b>	<b>28,238,799</b>	<b>21,941,859</b>	<b>1,422,518</b>
<b>Non-current assets</b>				
Other receivables	312,227	212,225	209,225	138,694
Property, plant and equipment	148,145	162,022	81,724	27,904
Other financial assets	300,000	300,000	300,000	-
<b>Total non-current assets</b>	<b>760,372</b>	<b>674,247</b>	<b>590,949</b>	<b>166,598</b>
<b>TOTAL ASSETS</b>	<b>20,796,551</b>	<b>28,913,046</b>	<b>22,532,808</b>	<b>1,589,116</b>
<b>Current liabilities</b>				
Trade and other payables	1,338,037	332,902	718,367	308,661
Provisions	101,279	66,258	52,640	31,896
Borrowings	1,050,134	-	-	-
Other financial liabilities	20,901	20,086	-	-
<b>Total current liabilities</b>	<b>2,510,351</b>	<b>419,246</b>	<b>771,007</b>	<b>340,557</b>
<b>Non-current liabilities</b>				
Provisions	36,854	32,906	27,160	-
Deferred tax liability	251,045	3,280,989	943,816	-
Other financial liabilities	65,680	76,340	-	-
<b>Total non-current liabilities</b>	<b>353,579</b>	<b>3,390,235</b>	<b>970,976</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,863,930</b>	<b>3,809,481</b>	<b>1,741,983</b>	<b>340,557</b>
<b>NET ASSETS</b>	<b>17,932,621</b>	<b>25,103,565</b>	<b>20,790,825</b>	<b>1,248,559</b>
<b>Equity</b>				
Issued capital	20,135,891	20,135,891	20,135,891	13,906,008
Reserves	9,420,435	18,876,128	12,717,661	1,089,099
Accumulated losses	(11,623,705)	(13,908,454)	(12,062,727)	(13,746,548)
<b>TOTAL EQUITY</b>	<b>17,932,621</b>	<b>25,103,565</b>	<b>20,790,825</b>	<b>1,248,559</b>



## HANNANS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended	12 months ended		
	31 December 2011 \$	30 June 2011 \$	30 June 2010 \$	30 June 2009 \$
Revenue	299,140	320,914	191,229	119,281
Other income	538,386	189,772	5,292,638	-
Gain on disposal of shares	5,560,601	3,335,087	153,180	-
<b>Total revenue</b>	<b>6,398,127</b>	<b>3,845,773</b>	<b>5,637,047</b>	<b>119,281</b>
Employee and contractors expenses	(388,864)	(513,225)	(498,352)	(678,986)
Depreciation expense	(21,378)	(47,844)	(14,044)	(14,414)
Consultants expenses	(140,859)	(113,332)	(105,249)	(117,441)
Occupancy expenses	(37,809)	(62,037)	(80,083)	(83,257)
Marketing expenses	(26,157)	(89,423)	(45,553)	(26,456)
Exploration and evaluation expenses	(3,323,160)	(4,432,070)	(3,009,739)	(1,579,170)
Other expenses	(175,151)	(433,569)	(200,206)	(171,739)
<b>(Loss)/income from continuing operations before income tax expense/benefit</b>	<b>(2,284,749)</b>	<b>(1,845,727)</b>	<b>1,683,821</b>	<b>(2,552,182)</b>
<b>(Loss)/income from continuing operations attributable to members of the parent entity</b>	<b>(2,284,749)</b>	<b>(1,845,727)</b>	<b>1,683,821</b>	<b>(2,552,182)</b>
<b>Other comprehensive income for the year</b>				
Net fair value gains on available for sale assets net of deferred taxation	(2,890,944)	8,654,619	11,638,395	-
Net change in fair value of available for sale assets transferred to profit and loss	(6,675,352)	(2,539,256)	(135,836)	-
<b>Total comprehensive income/(loss)for the year</b>	<b>(7,281,547)</b>	<b>4,269,636</b>	<b>13,186,380</b>	<b>(2,552,182)</b>
<b>Net (loss)/income attributable to the parent entity</b>	<b>(2,284,547)</b>	<b>(1,845,727)</b>	<b>1,683,821</b>	<b>(2,552,182)</b>
<b>Total comprehensive income/(loss)attributable to the parent entity</b>	<b>(7,281,547)</b>	<b>4,269,636</b>	<b>13,186,380</b>	<b>(2,552,182)</b>
<b>(Loss)/Earnings per share:</b>				
Basic (cents per share)	(1.74)	(1.40)	1.38	(2.89)
Diluted (cents per share)	(1.74)	(1.40)	1.38	(2.89)

### (c) Management Commentary on Historical Results

- (i) **(Revenue):** In 2009, revenue was generated from interest on bank deposits held by Hannans.

In 2010 revenue is primarily attributed to the sale of iron ore rights to Warwick Resources Ltd which was subsequently acquired by Atlas Iron Ltd (**Atlas Iron**). The iron rights were sold

for total consideration of \$5.25 million in a combination of cash and shares. Following the acquisition of Warwick Resources Ltd by Atlas Iron Hannans owned 8,133,334 Atlas Iron shares.

For the year ending 30 June 2011 and half year ending 31 December 2011 the primary revenue was from the gains on the sale of Atlas Iron shares. These shares were sold to fund the exploration and working capital requirements of Hannans.

- (ii) **(Expenditure):** The majority of Hannans historical expenditure relates to exploration and evaluation expenditure on the various Hannans Projects. It is the Company's policy that expenditure incurred in exploration evaluation is expensed immediately to the consolidated statement of comprehensive income and therefore no exploration and evaluation expenditure is capitalised to the Statement of Financial Position.
- (iii) **(Assets):** In 2009, total assets comprised of cash, bonds and a loan of \$343,586 made to Scandinavian Shield Ltd (now known as Equity & Royalty Investments Ltd).

In 2010, total assets primarily consisted of the value of investments in listed entities. These investments were mainly due to the remaining shares in Atlas Iron (8,031,334 shares) received through the sale of iron rights. The cash balance was mainly due to a capital raising completed on 22 September 2009 raising \$5.5 million. Other financial assets included a Director loan for \$300,000.

For the year ending 30 June 2011 assets consisted of investments in listed entities and a convertible note for \$2.5 million issued to Kiruna Iron AB (a subsidiary of SCR). The investment was mainly due to the remaining Atlas Iron shares (6,401,334 shares). Other financial assets included a Director loan for \$300,000

For the half year ending 31 December 2011 assets consisted of investments in listed entities and three convertible notes for a total of \$4.5 million issued to SCR and Kiruna Iron AB (a subsidiary of SCR). Excluding interest, a total of \$3.65 million of the convertible notes have been drawn down at 31 December 2011. The investment was mainly due to the remaining Atlas Iron shares (4,300,333 shares). Other financial assets included a Director loan for \$300,000

- (iv) **(Liabilities):** Total liabilities increased from \$0.34 to \$3.8 million between 30 June 2009 and 30 June 2011 which was due to the deferred tax liability with a majority of this liability attributable to the value of the shares in Atlas Iron. At 31 December 2011 total liabilities reduced due to a reduction in the deferred tax liability which is due to the sell down of Atlas Iron shares and the adjusted fair value of the remaining shares based on the share price at 31 December 2011.
- (v) **(Equity):** Total equity increased from \$1.24 million to \$25.1 million between 30 June 2009 and 30 June 2011 due to a capital raising of \$5.5 million completed on 22 September 2009 and the increase in reserves as a result of the increase in the fair value of available for sale assets. The reduction in Total Equity from \$25.1

million to \$17.9 million between 30 June 2011 and 31 December 2011 is mainly due to a decrease in reserves as a result of a decrease in the fair value of available for sale assets.

**(d) Forecast Information**

Hannans' future financial performance is dependent on a range of factors, many of which are beyond Hannans' control. Accordingly, Hannans' directors have concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable Australian law, policy and market practice.

Further information is available on Hannans' financial performance from its financial reports. Copies of these reports are available from Hannans' website [www.hannansreward.com](http://www.hannansreward.com).

**(e) Material changes in Hannans' financial net asset position since last published accounts**

As at 31 December 2011, the following changes have occurred in Hannans' financial net asset position since the half-year report dated 31 December 2011:

- (i) On 13 January 2012, HR Equities Pty Ltd made a further draw down of \$800,000 through its margin lending facility;
- (ii) On 27 June 2011, the Company announced to the ASX the proposed restructure of its assets through the sale of its subsidiary Errawarra to Errawarra Resources Ltd in consideration for the issue of 131,648,715 shares to Hannans (**Restructure**);
- (iii) On 31 January 2012, Shareholders voted in favour of the Restructure. After Hannans' Shareholders approved the Restructure, Errawarra Resources Ltd, an unlisted public company, was incorporated as part of the implementation of the Restructure. Hannans has subsequently undertaken an in-specie distribution of shares in Errawarra Resources Ltd to eligible Hannans Shareholders.
- (iv) Under the Restructure, Errawarra has transferred 100% of its ownership in the non-manganese and non-iron rights to Hannans and Hannans has transferred manganese and iron rights to Errawarra in respect of the Jigalong Project.
- (v) On 31 January 2012, HR Equities Pty Ltd was issued with 487,495 SCR Options exercisable at 20 cents per option on or before 15 September 2013 as a fee for the extension of the loans made to Kiruna Iron AB to 31 March 2012. On 13 March 2012, the Company extended the repayment date for the outstanding loan portfolio and the interest payment date to 15 September 2012. The total loan facility (i.e. the funds available to be drawn down by SCR) was increased by a further \$500,000.
- (vi) Since 31 December 2011, 300,000 shares in Atlas Iron Ltd have been sold on the market for a total of \$929,500. Four million shares in Atlas Iron Ltd (AGO) are held as security for a margin loan through Morgan Stanley Smith Barney. As at 31 January 2012 the margin loan has been drawn down to \$1.86m.

- (vii) Since 31 December 2011, 20,000 SCR Shares have been purchased at a cost of \$4,000.

The above changes have been extracted from the Appendix 5B - Mining exploration entity quarterly report dated 31 December 2011 and the "subsequent events" note in Hannans' December 2011 half year report which are both available on the ASX website (ASX Code: HNR) or on the Hannans' website ([www.hannansreward.com](http://www.hannansreward.com)).

### **3.8 Corporate Governance**

The Hannans Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and Best Practice Recommendations.

Details on Hannans corporate governance procedures, policies and practices can be obtained from page 44 of Hannans' 2011 annual report and also [www.hannansreward.com](http://www.hannansreward.com).

### **3.9 Publicly available information about Hannans**

Hannans is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Hannans is subject to the ASX Listing Rules which require continuous disclosure of any information Hannans has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Hannans file is available for inspection at ASX during normal business hours.

Hannans is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Hannans may be obtained from, or inspected at, an ASIC office.

On request to Hannans and free of charge, SCR Shareholders may obtain a copy of:

- (a) the annual financial report of Hannans for the year ended 30 June 2011 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- (b) any half-year financial report lodged with ASIC by Hannans after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC; and
- (c) any continuous disclosure notice given to ASX by Hannans since the lodgement with ASIC of the 2011 annual report for Hannans referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of the announcements the Company has lodged with ASX since 1 July 2011 is set out in Annexure B to this Bidder's Statement.

A substantial amount of information about Hannans is available in electronic form from [www.hannansreward.com](http://www.hannansreward.com) and on the ASX website.

### **3.10 Competent Person's Statement**

In this Section 3 and elsewhere in this Bidder's Statement information relating to

Hannans' Exploration Results and Mineral Resources is based on information reviewed by Don Huntly for the Hannans Projects. Don Huntly is a member of the Australasian Institute of Geoscientists (AIG) and a Registered Professional Geoscientist (RPGeo). Mr Huntly is a consulting geologist to Hannans and is principal consultant with Endeavour Geoscience Pty Ltd. Don Huntly has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each person is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Don Huntly consents to the inclusion in this Bidder's Statement of the matters based on the information in the form and context in which it appears, and approves such disclosures.

## 4. INFORMATION ABOUT HANNANS SECURITIES

### 4.1 Capital structure

As at the date of this Bidder's Statement, Hannans has the following securities on issue:

<b>Class of security</b>	<b>Number</b>
Hannans Shares currently on issue <sup>1</sup>	131,648,715
Hannans Options currently on issue (unlisted) exercisable at \$0.80 on or before 30 June 2012	1,000,000
Hannans Options currently on issue (unlisted) exercisable at \$0.40 on or before 30 June 2012	100,000
Hannans Options currently on issue (unlisted) exercisable at \$0.80 on or before 30 June 2013	1,000,000
Hannans Options currently on issue (unlisted) exercisable at \$0.20 on or before 30 June 2013	2,000,000

**Notes:**

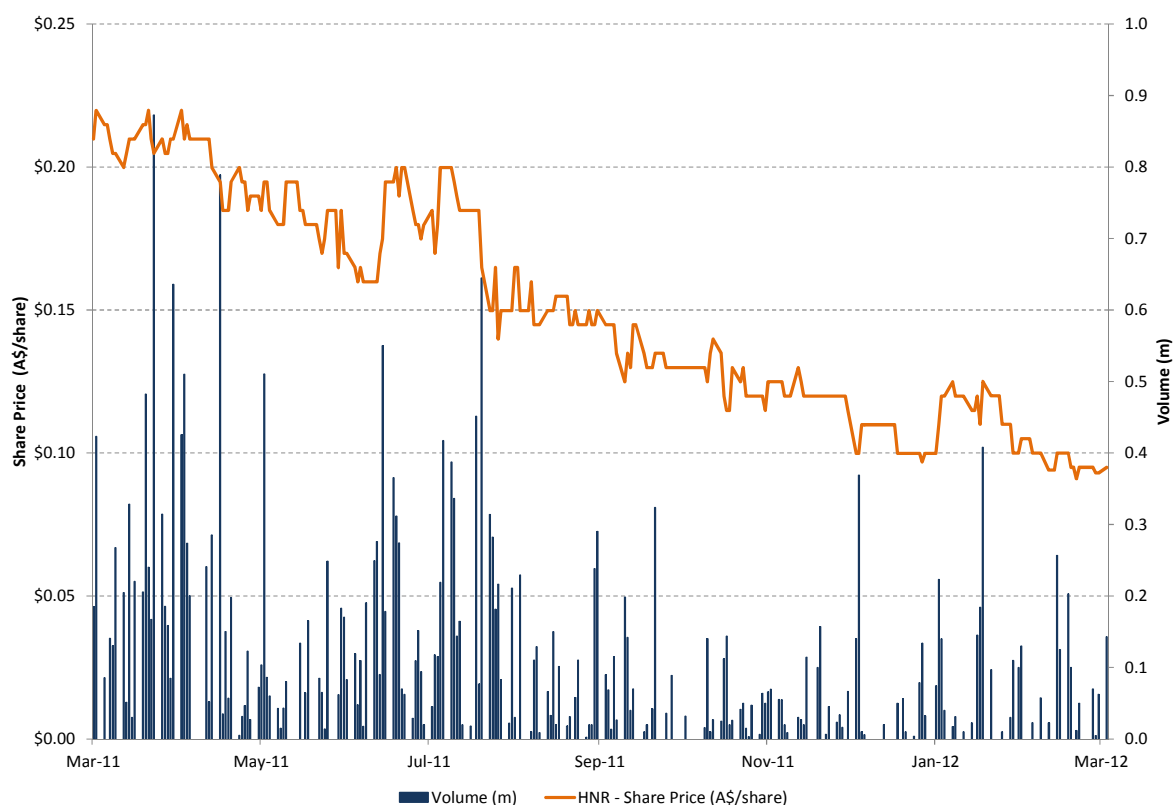
1. The rights attaching to the Hannans Shares are summarised in Section 4.5 of this Bidder's Statement and based on Hannans 12 March 2012 ASX announcement.

### 4.2 Recent Performance of Hannans Shares

Set out below is a table showing relevant trading prices of Hannans Shares on ASX:

<b>Comparative trading period</b>	<b>Price of Hannans Shares</b>
Highest trading price on 28 November 2011 in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	\$0.13
Lowest trading price on 8 March 2012 in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	\$0.091
Closing trading price on the last trading day before the date Hannans announced the Offer	\$0.094
Last available closing sale price of Hannans Shares (as at 19 March 2012) on ASX prior to the date this Bidder's Statement was lodged with ASIC	\$0.095
One month volume weighted average price of Hannans Shares before the Announcement Date	\$0.113

Set out below is a diagram showing trading prices and trading volumes of Hannans Shares on ASX for the period between 19 March 2011 and 19 March 2012.



#### 4.3 Admission of Offer Consideration

Hannans Shares are admitted to trading on the Official List of ASX. Hannans will lodge an application for admission to quotation of the shares comprising the Offer Consideration to trading on ASX. Quotation will not be automatic and will depend upon ASX exercising its discretion. Nothing in this Bidder's Statement is to be taken to state or imply that the Hannans Shares issued as Offer Consideration will be quoted on ASX. However, quotation is expected in the ordinary course as Hannans is already admitted to the Official List of ASX.

As Hannans is listed on ASX, Hannans' actions and activities are subject to the ASX Listing Rules.

#### 4.4 Rights and Liabilities of Hannans Shares

The Hannans Shares offered to SCR Shareholders under the Offer are fully paid ordinary shares in the capital of Hannans, and from the date of their issue will rank equally with existing Hannans Shares and will have the same rights and liabilities attaching to them.

The rights and liabilities attaching to Hannans Shares are governed by the Constitution of Hannans, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

Under Section 140(1) of the Corporations Act, the Constitution of Hannans has effect as a contract between Hannans and each member and between a member of Hannans and each other member. Accordingly, if you accept Hannans Shares as consideration you will, as a result, become liable to comply with the Constitution of Hannans.

Set out below is a summary of the significant rights and liabilities attaching to Hannans Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders of Hannans. Shareholders should seek their own advice when trying to establish their rights in specific circumstances.

Full details of the rights attaching to Hannans Shares are set out in the Constitution, a copy of which is available for inspection at Hannans' registered office during normal business hours.

#### **4.5 Rights Attaching to Hannans Shares**

The rights, privileges and restrictions attaching to Hannans Shares can be summarised as follows:

##### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Hannans.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

##### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Hannans Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid Hannans Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Hannans Share, but in respect of partly paid Hannans Shares shall have such number of votes as bears the same proportion to the total of such Hannans Shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

##### **(c) Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Hannans Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Hannans Shares.



The directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against Hannans. The directors may set aside out of the profits of Hannans any amounts that they may determine as reserves, to be applied at the discretion of the directors, for any purpose for which the profits of Hannans may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, Hannans may, by resolution of the directors, implement a dividend reinvestment plan on such terms and conditions as the directors think fit and which provides for any dividend which the directors may declare from time to time payable on Hannans Shares which are participating Hannans Shares in the dividend reinvestment plan, less any amount which Hannans shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by Hannans to the payment of the subscription price of Hannans Shares.

**(d) Winding-up**

If Hannans is wound up, the liquidator may, with the authority of a special resolution of Hannans, divide among the Shareholders in kind the whole or any part of the property of Hannans, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of Hannans, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

**(e) Shareholder liability**

As the Hannans Shares under the Offer are fully paid shares, they are not subject to any calls for money by the directors and will therefore not become liable for forfeiture.

**(f) Transfer of Shares**

Generally, Hannans Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

**(g) Variation of rights**

Pursuant to Section 246B of the Corporations Act, Hannans may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Hannans Shares.

If at any time the share capital is divided into different classes of Hannans Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not Hannans is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## (h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 4.6 Hannans Options

Hannans has granted 4,100,000 options. The Hannans options are not listed on the ASX. Each Hannans option entitles the holder to subscribe for one Hannans share at the respective exercise prices and at any time prior to the corresponding expiry dates set out in Section 4.1 above.

## 4.7 Shareholders of Hannans

As at 19 March 2012, there were 1,722 Hannans Shareholders.

As at 19 March 2012, the top 20 direct Shareholders of Hannans were:

Rank	Hannans Shareholder	Number of Hannans Shares	% of Hannans issued share capital <sup>1</sup>
1	JP Morgan Nominees Australia Limited <Cash Income A/C>	11,120,733	8.45%
2	Marfield Pty Ltd	7,200,000	5.47%
3	Aust Global Resources Pty Ltd	3,636,363	2.76%
4	Acacia Investments Pty Ltd <DPH Fund A/C>	3,554,696	2.70%
5	Eric Preston Pty Ltd	3,020,000	2.29%
6	HSBC Custody Nominees (Australia) Limited	2,583,200	1.96%
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 <Cw Hulls & Co S/F A/C>	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	1,206,346	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%

**Notes:**

1. Calculated using the number of Hannans Shares on issue as at 19 March 2012.

As at 19 March 2012, directors and controlled entities of Hannans held 16,615,171 Hannans Shares, being approximately 12.6% of the total number of Hannans Shares on issue.

#### 4.8 Substantial Shareholders of Hannans

Those Shareholders holding 5% or more of the Hannans Shares on issue as at the date of this Bidder's Statement, so far as is known to Hannans based on the substantial shareholder notices lodged with Hannans, are set out in the table below.

Hannans Shareholder	Substantial	Disclosed number of Hannans Shares held	Disclosed voting power (%)
JP Morgan Nominees Australia Limited <Cash Income A/C>		11,168,023	8.48%
Marfield Pty Ltd		8,724,543	6.63%

**Notes:**

1. Marfield Pty Ltd (**Marfield**) is the registered holder of Hannans Shares. Mr William Hicks is a director and shareholder of Marfield.

2. Based on the number of Hannans Shares held as stated in the relevant notices lodged with ASX.

3. Calculated using the number of Hannans Shares on issue as at 16 March 2012.

4. Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.

#### 4.9 Dividend History

Hannans has not previously and does not currently pay dividends.

## 5. PROFILE OF SCANDINAVIAN RESOURCES LIMITED

### 5.1 Disclaimer

This overview of SCR and all financial information concerning SCR contained in this Bidder's Statement has been prepared by the Company using publicly available information.

The information in this Bidder's Statement concerning SCR has not been independently verified. The Company does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on SCR is not considered to be comprehensive.

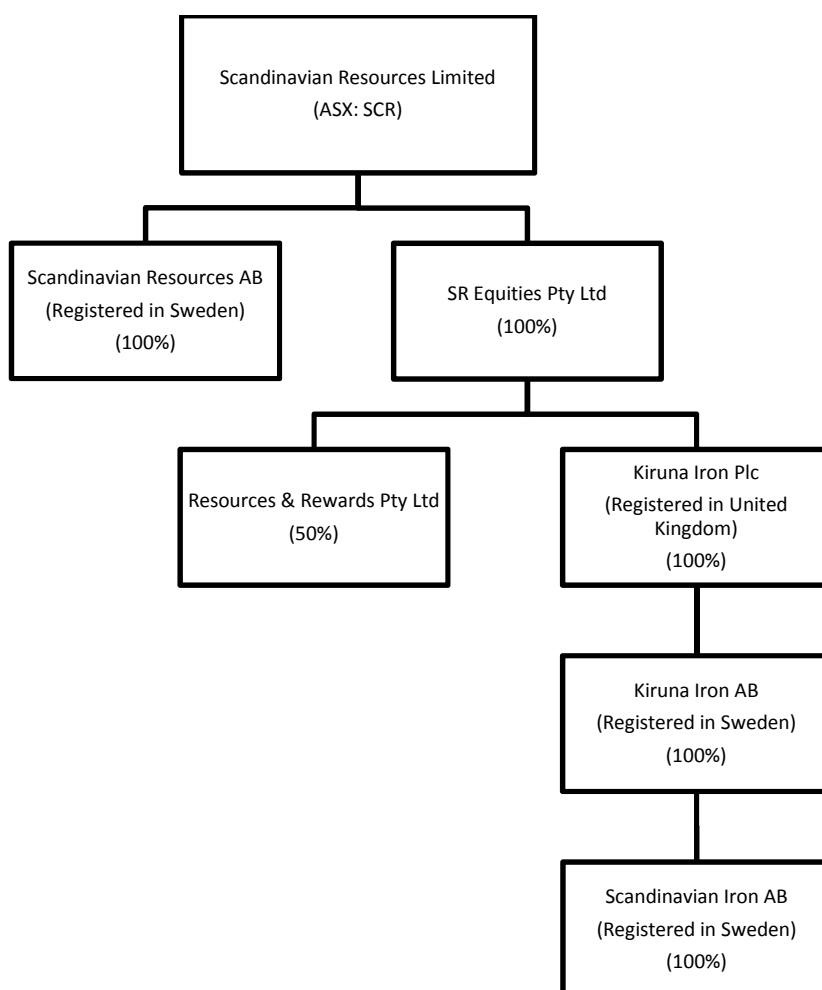
### 5.2 Overview of SCR

SCR was incorporated as a public company on 3 July 2008 as an iron, gold, copper, zinc and other base metals exploration company, and was admitted to the Official List of the ASX on 19 April 2010.

SCR's head office is located in Perth, Western Australia but it also maintains a regional office in Sweden.

As at 19 March 2012, SCR had a market capitalisation on ASX of \$29.8 million. As at 31 December 2011, SCR reported net cash holdings of \$1.46 million.

### 5.3 Corporate Structure



## 5.4 SCR Board of Directors

As at the date of this Bidder's Statement, the directors of SCR are:

- (a) Mr Damian Hicks – Non-Executive Chairman
- (b) Mr Olof Forslund – Technical Director
- (c) Mr Ian Gregory – Non-Executive Director and Company Secretary
- (d) Mr Markus Bachmann - Non-Executive Director

## 5.5 Information about SCR Securities

According to documents provided by SCR to ASX, as at the date of this Bidder's Statement, SCR's issued securities consisted of the securities set out in the following table:

<b>Class of security</b>	<b>Number</b>
SCR Shares on issue at date of Bidder's Statement	114,563,266 <sup>1</sup>
SCR Options (unlisted) exercisable at \$0.20 on or before 31 October 2012	7,986,673 <sup>2</sup>
SCR Options (unlisted) exercisable at \$0.20 on or before 31 October 2012 (classified as restricted securities and escrowed until 21 April 2012)	20,133,334
SCR Options (unlisted) exercisable at \$0.25 on or before 30 June 2013	400,000
SCR Options (unlisted) with an exercise price of \$0.50, exercisable on or before 30 June 2013	300,000
SCR Options (unlisted) exercisable at \$0.75 on or before 30 June 2013	300,000
SCR Options (unlisted) exercisable at \$0.20 on or before 31 October 2012	1,500,000
SCR Options (unlisted) exercisable at \$0.40 on or before 15 December 2012	500,000
SCR Options (unlisted) exercisable at \$0.40 on or before 1 February 2013	1,200,000
SCR Options (unlisted) exercisable at \$0.20 on or before 15 September 2013	604,162

### Notes:

1. This includes 22,633,335 SCR Shares classified as restricted securities escrowed until 21 April 2012.

2. On 12 March 2012 SCR released a 3B to ASX stating this value was 8,186,673, in actual fact this value should have been 7,986,673 which recognises 200,000 options being exercised and converted to SCR Shares which is consistent with Part 1, clause 2 of the 3B.

SCR Shares are listed on ASX. SCR Options are unlisted and cannot be traded on ASX.

## 5.6 Substantial Shareholders

Based on material lodged with ASX as at the date of this Bidder's Statement, each of the following persons had disclosed the following substantial shareholdings in the issued ordinary capital of SCR:

SCR Substantial Shareholder <sup>3</sup>	Disclosed number of SCR Shares held	Voting power (%)
Equity & Royalty Investments Ltd <sup>1</sup>	20,000,001	17.46
HR Equities Pty Ltd <sup>2</sup>	19,455,235	16.98
BlackRock Investment Management (Australia) Limited and associated entities	12,227,218	10.67
Craton Capital Precious Metal Fund	12,200,000	10.65
Grangesberg Iron AB	8,200,000	7.16

### Notes:

1. Equity & Royalty Investments Ltd (**ERI**) is the registered holder of Scandinavian shares. Mr Damian Hicks is a director of ERI.
2. HR Equities Pty Ltd is a 100% owned subsidiary of Hannans. Hannans currently hold 19,605,235 shares in SCR as at the date of this Bidder's Statement
3. Based on the number of SCR Shares held as stated in the relevant notices lodged with ASX. Calculated using the number of SCR Shares on issue as at 19 March 2012. Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.

## 5.7 Overview of SCR's Activities and Projects

SCR's business strategy is on the acquisition, incubation and exploration of mineral properties which are prospective for iron, gold, PGE and base metals in Sweden and Norway. SCR has interests in mining tenements for the exploration of iron, gold, copper and other base metals in both Sweden and Norway with particular focus on the following projects:

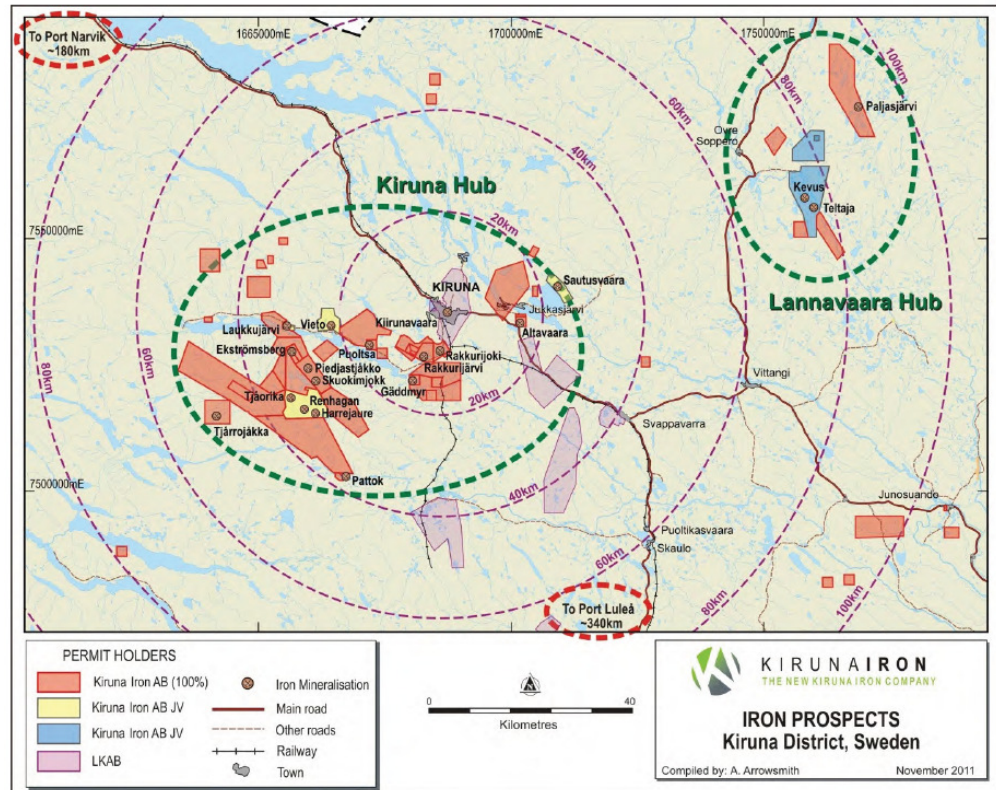
- (a) Kiruna Iron Projects – Sweden;
- (b) Finnmark and Troms Projects – Norway;
- (c) Caledonide Projects – Sweden; and
- (d) Other Projects – Sweden.

SCR owns the Kiruna Iron Project which is located 30km from the 2Bt Kiruna iron mine (owned by LKAB) – the world's largest and most modern underground iron mine.

SCR is one of the largest landholders (by area) of mineral exploration projects in Sweden and one of the largest landholders in the world class Kiruna IOCG district.

(a) **Kiruna Iron Project - Sweden**

The Kiruna Iron Project is SCR's main project and is held by SCR's wholly owned Swedish incorporated Subsidiary, Kiruna Iron AB (**Kiruna Iron**). The Kiruna Iron Project consists of the Kiruna Hub and the Lannavaara Hub (see Figure 1 below).



**Figure 1:** Kiruna Iron Project.

Kiruna Iron's business strategy is aimed at compiling 1Bt of iron resources within 80km of the Kiruna mining centre (home to Europe's largest iron mine), and developing a central facility to process ore from a number of satellite deposits and then produce a premium quality iron concentrate for use as pellet feed.

The Kiruna hub consists of the Rakkurijoki Project and the Altavaara Project, amongst others. The Kiruna hub is located near infrastructure (rail, power and services) with both the Rakkurijoki Project located <100m from a major road, <1km from rail and 6km from Kiruna. The Altavaara Project is located <650m from the E4 highway and 15km from Kiruna.

The Lannavaara Hub is also located near infrastructure with the project located 80km from Kiruna and close to Lannavaara. The Lannavaara Hub consists of the Paljasjärvi Project, the Kevus Project and the Teltaja Project, amongst others.

A joint venture agreement with Boliden at the Lannavaara hub provides for Kiruna Iron to own 100% of the iron rights only.

Details in respect of the work completed and exploration and drilling results undertaken by Kiruna Iron in respect of the Kiruna Iron Project are

located at [www.scandinavianresources.com](http://www.scandinavianresources.com), [www.kirunairon.com](http://www.kirunairon.com) and also the ASX website (ASX: SCR).

In addition, details of the permits held in respect of the Kiruna Iron Project are contained on page 10 of SCR's 2011 Annual Report, which are as at the date of SCR's 2011 Annual Report. A copy of SCR's 2011 Annual Report can be obtained from [www.scandinavianresources.com](http://www.scandinavianresources.com) and also the ASX website (ASX: SCR).

**(b) Precious and Base Metals Pipeline Projects**

The Precious and Base Metals Pipeline Projects are held by SCR's wholly owned Swedish incorporated Subsidiary, Scandinavian Resources AB (**SRAB**).

**(i) Finnmark and Troms Projects - Norway**

The Finnmark Project consists of the Njivlojávri Project and the Fiskarfjellet Project located in Finnmark, Northern Norway. The Troms Project consists of the Ringvassøya Project located in Troms, Northern Norway.

The Njivlojávri Project is located in the Kautokeino Greenstone Belt approximately 35km north-west of Kautokeino and is prospective for Bidjovagge-type copper-gold mineralisation.

The Fiskarfjellet Project is located in the Alta-Kvænangen tectonic window in Finnmark, approximately 20km south-west of Alta and is prospective for Nussir-type copper mineralisation.

The Ringvassøya Project is located within the Ringvassøy Greenstone Belt, an Archean supracrustal belt within the West Troms Basement Complex, 80km north of Tromsø, Norway. The Ringvassøya Project consists of the Sördalshøga, Holmvasshøgda and Hårskoltan prospects.

SCR is undertaking gold, copper and other base and precious metal exploration activities in respect of the Finnmark and Troms Projects.

Details in respect of the work completed and exploration and drilling results undertaken by SRAB in respect of the Finnmark and Troms Projects are located at [www.scandinavianresources.com](http://www.scandinavianresources.com) and also the ASX website.

In addition, details of the permits held in respect of the Finnmark and Troms Projects are contained on page 11 of SCR's 2011 Annual Report, which are as at the date of SCR's 2011 Annual Report. A copy of SCR's 2011 Annual Report can be obtained from the above sources.



**(ii) Caledonide Projects – Sweden**

The Caledonide Projects consist of the Särksjön Project, the Daningen Project and the Famnvatnet Project located in Sweden.

The Särksjön Project is located approximately 120km west of Vilhelmina, Sweden. The Daningen Project is located approximately 50km south-west of Tärnaby, Sweden. The Famnvatnet Project is located 50km west of Tärnaby, Sweden.

SCR is undertaking gold, copper and other base and precious metal exploration activities in respect of the Caledonide Projects.

Details in respect of the work completed and exploration and drilling results undertaken by SRAB in respect of the Caledonide Projects are located at [www.scandinavianresources.com](http://www.scandinavianresources.com) and also the ASX website.

In addition, details of the permits held in respect of the Caledonide Projects are contained on page 11 of SCR's 2011 Annual Report, which are as at the date of SCR's 2011 Annual Report. A copy of SCR's 2011 Annual Report can be obtained from the above sources.

**(iii) Other Projects - Sweden**

SCR also holds permits in respect of its Näsberg-Våtmyrberget Project located in Sweden.

SCR has also recently acquired the Korpilombolo Project, located approximately 50km south-west of Pajala, northern Sweden.

Further details in respect of the Näsberg-Våtmyrberget Project and the Korpilombolo Project are located at [www.scandinavianresources.com](http://www.scandinavianresources.com) and also the ASX website.

In addition, details of the permits held in respect of the Näsberg-Våtmyrberget Project are contained on page 11 of SCR's 2011 Annual Report, which are as at the date of SCR's 2011 Annual Report. A copy of SCR's 2011 Annual Report can be obtained from the above sources.

**5.8 SCR Financial Information**

**(a) Consolidated Statement of Financial Position**

The historical consolidated statements of financial position of SCR are set out below and have been extracted from:

- (i) the audited consolidated statement of financial position as at 30 June 2009, 30 June 2010 and 30 June 2011, being the last three audited consolidated statements of financial position prior to the date of this Bidder's Statement; and

- (ii) the reviewed consolidated statement of financial position as at 31 December 2011.

**(b) Consolidated Statement of Comprehensive Income**

The historical consolidated statements of comprehensive income of SCR are set out below and have been extracted from:

- (i) the audited consolidated statement of comprehensive income for the financial years ending 30 June 2009, 30 June 2010 and 30 June 2011, being the last three audited consolidated statements of financial position prior to the date of this Bidder's Statement; and
- (ii) the reviewed consolidated statement of comprehensive income for the half year ended 31 December 2011.

**SCANDINAVIAN RESOURCES CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	6 months ended		12 months ended	
	31 December 2011 \$	30 June 2011 \$	30 June 2010 \$	30 June 2009 \$
<b>Current assets</b>				
Cash and cash equivalents	1,459,264	128,430	5,754,683	47,468
Trade and other receivables	568,569	821,538	61,853	6,089
<b>Total current assets</b>	<b>2,027,833</b>	<b>949,968</b>	<b>5,816,536</b>	<b>53,557</b>
<b>Non-current assets</b>				
Trade and other receivables	7,291	7,504	28,049	-
Property, plant and equipment	74,842	79,775	1,343	-
Other financial assets	1	1	-	-
<b>Total non-current assets</b>	<b>82,134</b>	<b>87,280</b>	<b>29,392</b>	<b>53,557</b>
<b>TOTAL ASSETS</b>	<b>2,109,967</b>	<b>1,037,248</b>	<b>5,845,928</b>	<b>53,557</b>
<b>Current liabilities</b>				
Trade and other payables	1,290,214	1,860,000	280,059	71,548
Employee benefits	5,172	5,172	-	-
Deferred consideration	-	3,734,944	-	-
Other financial liabilities	5,652,744	3,540,590	-	466,578
<b>Total current liabilities</b>	<b>6,948,160</b>	<b>9,140,706</b>	<b>280,059</b>	<b>537,126</b>
<b>TOTAL LIABILITIES</b>	<b>6,948,160</b>	<b>9,140,706</b>	<b>280,059</b>	<b>537,126</b>
<b>NET (LIABILITIES)/ASSETS</b>	<b>(4,838,193)</b>	<b>(8,103,458)</b>	<b>5,565,869</b>	<b>(483,569)</b>
<b>Equity</b>				
Issued capital	21,691,064	12,195,148	7,255,888	2
Reserves	1,383,609	1,008,504	(170,876)	(141,846)
Accumulated losses	(27,912,866)	(21,307,110)	(1,519,143)	(341,725)
<b>TOTAL (DEFICIENCY)/EQUITY</b>	<b>(4,838,193)</b>	<b>(8,103,458)</b>	<b>5,565,869</b>	<b>(483,569)</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended	12 months ended		
	31 December 2011 \$	30 June 2011 \$	30 June 2010 \$	30 June 2009 \$
Employee and contractors expenses	(225,879)	(350,448)	(36,624)	-
Depreciation expense	(26,630)	(22,420)	(79)	-
Consultants expenses	(423,313)	(223,397)	(115,282)	(72,174)
Occupancy expenses	(36,281)	(67,921)	(43,291)	-
Marketing expenses	(79,064)	(35,631)	(42,513)	-
Travel expenses	(72,301)	-	-	-
Exploration and evaluation expenses	(3,919,384)	(18,562,689)	(875,820)	(233,283)
Provision against recoverability of loan	-	(14,108)	-	-
Other expenses	(117,474)	(188,458)	(114,275)	(768)
<b>Loss from operating activities</b>	<b>(4,900,326)</b>	<b>(19,465,072)</b>	<b>(1,227,884)</b>	<b>(306,225)</b>
Finance Income	(21,677)	608,071	65,393	56
Finance costs	(1,727,107)	(930,966)	(14,927)	(35,556)
<b>Net finance costs</b>	<b>(1,705,430)</b>	<b>(322,895)</b>	<b>50,466</b>	<b>(35,500)</b>
<b>Loss before income tax expense/benefit</b>	<b>(6,605,756)</b>	<b>(19,787,967)</b>	<b>(1,177,418)</b>	<b>(341,725)</b>
Income tax expense/benefit	-	-	-	-
<b>Loss attributable to owners of the Company</b>	<b>(6,605,756)</b>	<b>(19,787,967)</b>	<b>(1,177,418)</b>	<b>(341,725)</b>
<b>Other comprehensive income for the year</b>				
Foreign currency translation differences for foreign operations	(308,324)	514,306	(29,030)	(13,678)
<b>Total comprehensive loss for the year attributable to owners of the Company</b>	<b>(6,297,432)</b>	<b>(19,273,661)</b>	<b>(1,206,448)</b>	<b>(355,403)</b>

### 5.9 Recent Announcement to ASX by SCR

Since 30 June 2011, the following announcements have been made by SCR to ASX:

Date Lodged	Description of Document
19/03/2012	HNR: Hannans-T/O offer supported by ScanRes shareholders
15/03/2012	ScanRes – Investor Presentation Dates
15/03/2012	ScanRes – Financial Report Half Year
15/03/2012	ScanRes - Appendix 3Y
12/03/2012	ScanRes - Appendix 3B Options Exercised

09/03/2012	ScanRes - Take No Action
09/03/2012	HNR: Hannans - Letter to Hannans Shareholders
05/03/2012	ScanRes - Sarksjon Project Update
29/02/2012	ScanRes - Response to Takeover Offer
29/02/2012	HNR: Hannans - Proposal to Acquire Scandinavian Resources
28/02/2012	Amending Annexure to original notice - Form 603
28/02/2012	Request for Trading Halt
28/02/2012	Trading Halt
24/02/2012	Becoming a substantial holder
01/02/2012	ScanRes - 2nd Quarter Activities Report
01/02/2012	ScanRes - 2nd Quarter Cashflow Report
01/02/2012	ScanRes - Appendix 3B
31/01/2012	Notice of Ceasing to be a Substantial Holder from OMH
23/01/2012	ScanRes - Kiruna Iron Investor Presentation
23/01/2012	ScanRes - Managing Director Appointed at Kiruna Iron
17/01/2012	Kiruna Iron - JORC Resource Update
16/01/2012	Kiruna Iron - Altavaara Exploration Target Increase
13/01/2012	ScanRes - Resignation of Director
10/01/2012	ScanRes - Change of Address
29/12/2011	Kiruna Iron - Wide Iron Intercepts
22/12/2011	Kiruna Iron - Renhagen Iron Results
02/12/2011	ScanRes - Completion of Acquisition
29/11/2011	ScanRes - 2011 AGM Presentation
25/11/2011	ScanRes - 2011 AGM Voting Results
25/11/2011	ScanRes - Completion of Acquisition
16/11/2011	Kiruna Iron - RMG Investor Presentation
14/11/2011	Change of Interests of Substantial Holder from OMH
11/11/2011	ScanRes - Substantial Holder Notices

11/11/2011	Hannans - Completion of Option Underwriting
11/11/2011	ScanRes - Updated Capital Structure
07/11/2011	Kiruna Iron - Harrejaure Project Drill Results
01/11/2011	ScanRes - Copper and Gold Discoveries
31/10/2011	ScanRes - 1st Quarter Cashflow Report
31/10/2011	ScanRes - 1st Quarter Activities Report
27/10/2011	ScanRes - Underwriting of Options
27/10/2011	HNR: Hannans - Underwriting of Options
27/10/2011	ScanRes - 2011 General Meeting Results
25/10/2011	ScanRes - Appendix 3B Exercise of Options
25/10/2011	ScanRes - Change of Interest of Substantial Shareholder
25/10/2011	ScanRes - Notice of Meeting 2011 AGM
21/10/2011	ScanRes - Appendix 3B
21/10/2011	ScanRes - Sarksjon Project
21/10/2011	Kiruna Iron - Harrejaure Project
17/10/2011	Kiruna Iron - High Grade Iron results (Updated)
17/10/2011	Kiruna Iron - High Grade Iron Results
14/10/2011	ScanRes - Appendix 3B Options Exercised
13/10/2011	ScanRes - Kiruna Iron Funding Mandate
12/10/2011	ScanRes - Appendix 3B Options Exercised
07/10/2011	ScanRes - Appendix 3B Options Exercised
03/10/2011	ScanRes - Annual Report 2011
03/10/2011	ScanRes - Annual Report 2011
30/09/2011	Change of Interests of Substantial Holder from OMH
29/09/2011	ScanRes - Appendix 3B Options Exercised
29/09/2011	ScanRes - Investor Presentation
26/09/2011	ScanRes - Grant of Waiver
23/09/2011	SCR - Notice of General Meeting

22/09/2011	ScanRes - Appendix 3B Options Exercised
16/09/2011	ScanRes - Appendix 3B
15/09/2011	Kiruna Iron -Pricing,Logistics and Exploration Presentations
12/09/2011	ScanRes - App 3B Options Exercised
08/09/2011	ScanRes - 2011 General Meeting Results
07/09/2011	Kiruna Iron - Drilling and Assay Update
07/09/2011	Kiruna Iron - Drilling and Assay Update
06/09/2011	ScanRes - Cooperation Agreement with Boliden
06/09/2011	Kiruna Iron Drilling and Assay Update
05/09/2011	Kiruna Iron Metallurgical Summary
01/09/2011	ScanRes - Options Conversion Documents
26/08/2011	ScanRes - Appendix 3B Options Exercised
22/08/2011	ScanRes - Appendix 3B Options Exercised
12/08/2011	ScanRes - App 3B Options Exercised
10/08/2011	ScanRes - 2011 General Meeting Results
08/08/2011	ScanRes - Notice of General Meeting
02/08/2011	ScanRes - Cleansing Prospectus
01/08/2011	ScanRes - Change of Interests of Substantial Holder
01/08/2011	ScanRes - 4th Quarter Cashflow Report
01/08/2011	ScanRes - 4th Quarter Activities Report
29/07/2011	ScanRes - JORC Resources Significantly Exceed Targets
25/07/2011	ScanRes - Appendix 3B Options Exercised
22/07/2011	ScanRes - General Meeting
13/07/2011	Kiruna Iron Project - Update
11/07/2011	ScanRes - Appendix 3B Options Exercised
08/07/2011	ScanRes - Notice of General Meeting
04/07/2011	Change of Interests of Substantial Holder from OMH

## **5.10 SCR Website**

SCR maintains a website, [www.scandinavianresources.com](http://www.scandinavianresources.com), which contains further information about SCR and its operations.

In addition, Kiruna Iron also maintains a website in respect of the Kiruna Iron Project, [www.kirunairon.com](http://www.kirunairon.com), which contains further information in respect of the Kiruna Iron Project.

## **5.11 Publicly available information about SCR**

SCR is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. SCR is subject to the ASX Listing Rules which require continuous disclosure of any information SCR has concerning itself that a reasonable person would expect to have a material effect on the price of value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. SCR file is available for inspection at ASX during normal business hours.

SCR is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by SCR may be obtained from, or inspected at, an ASIC office.

The most recent audited financial statements of SCR for the year ended 30 June 2011 were lodged with ASX on 3 October 2011.

A substantial amount of information about SCR is available in electronic form from [www.scandinavianresources.com](http://www.scandinavianresources.com) and on the ASX website.

Further information about SCR will be contained in its target statement.

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## **6. MERGED ENTITY**

### **6.1 Approach**

This Section 6 provides an overview of the Company and its subsidiaries following the acquisition by the Company of all, or a portion of the SCR Shares on issue (**Merged Entity**), in the various scenarios following the Offer and the effect of the Offer on the Company and SCR.

### **6.2 Disclaimer Regarding SCR and the Merged Entity Information**

In preparing the information relating to SCR and the Merged Entity contained in this Bidder's Statement, the Company has relied on publicly available information relating to SCR and this has not been independently verified by the Company or its Directors. Risks may exist in relation to SCR (which may affect the Merged Entity) of which the Company is unaware. If any material risks are known to the directors of SCR, they must be disclosed in the target's statement to be issued by SCR.

Accordingly, subject to any applicable laws, the Company makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

### **6.3 Profile of the Merged Entity**

If the Offer is successful, SCR Shareholders will receive three (3) Hannans Shares in exchange for every one (1) SCR Share held by a SCR Shareholder. After the Offer, if the Company is successful in obtaining effective control of SCR, all of the Company's shareholders (including SCR Shareholders who have received Hannans Shares pursuant to the Offer) will be shareholders in the Merged Entity.

### **6.4 Effect of the Completion the Offer**

The Company plans to hold a global portfolio of mineral exploration assets in Sweden, Norway and Australia.

The merged entity will lead to a strengthening and simplification of the current management arrangements and should achieve cost savings by reducing corporate overheads.

SCR and Hannans existing shareholders will retain their exposure to the benefits of the merged entity and the upside inherent in the combined group's portfolio of mineral assets.

### **6.5 Effect on the Assets and Operations of the Merged Entity**

Other than as referred to elsewhere in this Bidder's Statement, the acquisition of SCR is not expected to have a material effect on the existing assets and operations of Hannans.

The merger will consolidate SCR and Hannans' strategic portfolios in Sweden, Norway and Australia under a single entity listed on ASX, creating a simpler and stronger platform to promote the Merged Entity to investors and key stakeholders.



The Merged Entity will have a stronger financial position with an unaudited pro forma net cash position of approximately \$12.2m<sup>3</sup> (excluding any cash to be received from the conversion of in the money options) and the following portfolio of mineral assets.

Location	Project	Resource type
Sweden	Kiruna Iron	Iron, copper and gold
	Nasberg-Vatmyberget and Korpilombolo	Gold, iron and copper
	Caledonides	Lead, zinc and silver
Norway	Finnmark and Troms	Precious and base metals
Australia	Forrestania	Nickel, gold and iron
	Lake Johnston	Nickel and gold
	Queen Victoria Rocks	Nickel and gold
	East Pilbara	Gold and base metals

## 6.6 Effect of the Offer on the Company's Capital Structure

Shares	Number	Merger Ratio (%)
Hannans Shares on issue at date of Bidder's Statement	131,648,715	32%
Hannans Shares to be issued under the Offer <sup>1</sup>	284,874,093	68%
<b>Total Hannans Shares on issue at completion of the Offer</b>	<b>416,522,808</b>	<b>100%</b>

Options	Number
Hannans Options currently on issue (unlisted) exercisable at \$0.80 on or before 30 June 2012	1,000,000
Hannans Options currently on issue (unlisted) exercisable at \$0.40 on or before 30 June 2012	100,000
Hannans Options currently on issue (unlisted) exercisable at \$0.80 on or before 30 June 2013	1,000,000
Hannans Options currently on issue (unlisted) exercisable at \$0.20 on or before 30 June 2013	2,000,000
<b>Total Hannans Options on issue at completion of the Offer</b>	<b>4,100,000</b>

### Notes:

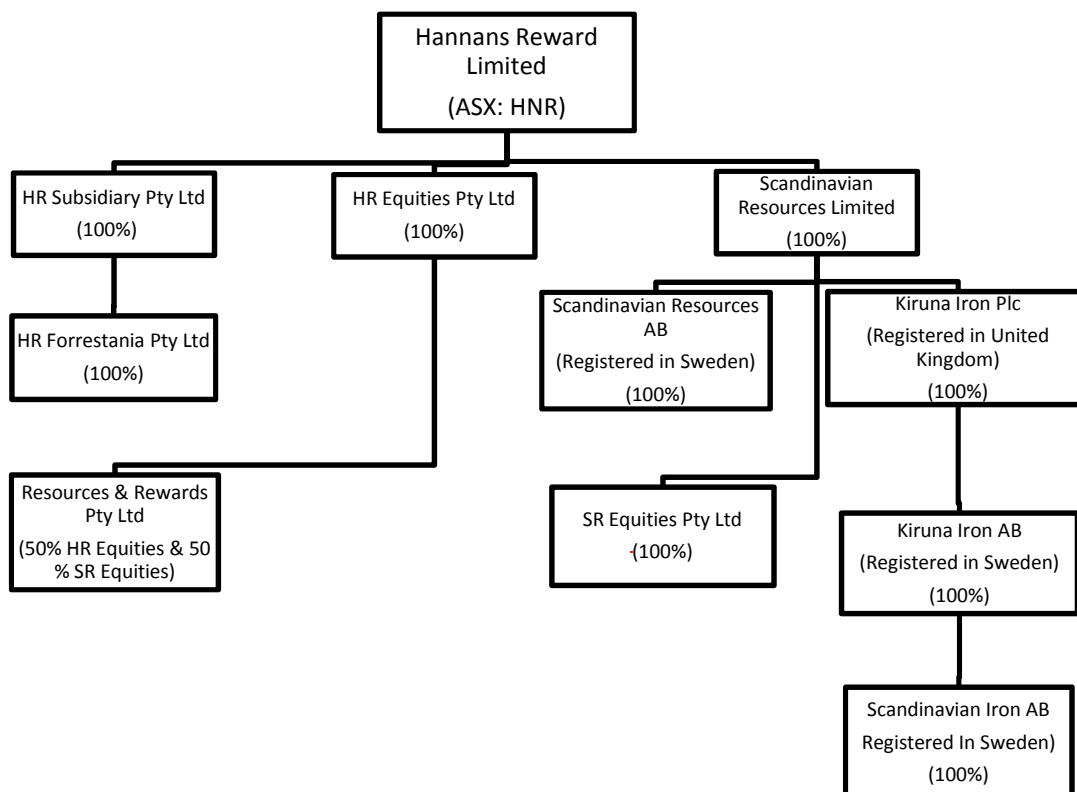
- The number of Hannans Shares offered to SCR Shareholders assumes:
  - all of SCR's options existing as at 19 March are dealt with by way of private treaty arrangements (as defined in Section 10.5 of this Bidders Statement);

<sup>3</sup> Based on SCR and Hannans' cash and bonds at 31 December 2011 of A\$1.46 million and A\$0.43 million respectively plus 4 million Atlas Iron Limited (**Atlas**) shares (ASX:AGO) at A\$3.04 being the ASX closing price for Atlas shares on 19 March 2012 less the margin loan of A\$1.86 million as at 31 January 2012. Disclosed in Hannans' unaudited "Appendix 5B – 2<sup>nd</sup> Quarter Cash flow Report for the period ended 31 December 2011" released to the ASX on 1 February 2012 and the Hannans and SCR "Financial Report for Half Year" both released to the ASX on 15 March 2012.

- no SCR Options are exercised after 19 March; and
  - 100% acceptance of the Offer (excluding approximately 19.6 million SCR Shares currently held by Hannans) and that no other SCR Shares are otherwise issued after 19 March 2012.
2. Assumes that no Hannans options (as listed above and Section 4.1 of this Bidders Statement) are exercised after 19 March 2012.
  3. The capital structure above also assumes that scrip consideration is not used to acquire any outstanding SCR options.

## 6.7 Corporate Structure of the Merged Entity

If the Offer is successful and the Company acquires all SCR Shares on issue, the corporate structure of the Merged Entity will be as shown in the diagram.



## 6.8 Basis for preparation of the unaudited pro forma consolidated statement of financial position

The unaudited pro forma consolidated statement of financial position has been prepared in connection with the proposed acquisition of SCR by Hannans. The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the acquisition by Hannans pursuant to the assumptions described in Section 6.10. The unaudited pro forma consolidated statement of financial position as at 31 December 2011 gives effect to the transaction by Hannans as if it had occurred as of 31 December 2011.

The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been achieved if the transaction had been completed on the dates or for the periods presented,

nor do they purport to project the results of operations or financial position of the consolidated entities for any future period or as of any future date. The unaudited pro forma consolidated statement of financial position does not reflect any special items such as integration costs or operating synergies that may be incurred or achieved as a result of the acquisition.

The pro forma adjustments and allocations of the purchase price for the proposed acquisition of SCR is based on a preliminary determination that the fair value of net assets acquired will be treated as goodwill on the basis SCR does not have any capitalised exploration expenditure and no material property, plant and equipment. The final purchase price allocation will be completed after the transaction is complete.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (**IFRS**).

In preparing the unaudited pro forma consolidated statement of financial position in accordance with IFRS, the following historical information was used:

- (a) the reviewed half year consolidated financial report of Hannans as of and for the year ended 31 December 2011; and
- (b) the reviewed half year consolidated financial report of SCR as of and for the year ended 31 December 2011.

In preparing the pro forma consolidated statement of financial position no alignment has been made between the accounting policies of Hannans and SCR.

The unaudited pro forma consolidated statement of financial position should be read in conjunction with the historical financial statements including the notes thereto, as listed *above*.

## **6.9 Acquisition of SCR by Hannans**

On 29 February 2012, Hannans announced a proposal to acquire all of the outstanding fully paid ordinary shares in SCR by way of an off-market takeover bid. Under the offer, accepting SCR shareholders will receive three (3) Hannans Shares for every one (1) SCR Share held, implying a value of A\$0.285 per SCR share, based on the closing price of Hannans Shares on 19 March 2012 of \$0.095 per share being the last trading day prior to the lodgement of the Bidders Statement.

For the purpose of determining the preliminary purchase price allocation we have assumed 367,853,112 Hannans Shares valued at \$34.9 million will be issued to SCR shareholders. The number of Hannans Shares to be issued is based on the number of outstanding SCR Shares as at 19 March 2012 and the assumed conversion of \$0.20 SCR options.

Based on a Hannans share price as at 19 March 2012 of \$0.095, the assumed purchase price equates to a total consideration of \$34.9 million in Hannans Shares (367,853,112 shares). The purchase consideration for the proposed acquisition of SCR will be measured as the fair value of the Hannans Shares issued at the date of exchange. Consequently the value of the purchase consideration for accounting purpose will differ from the amount assumed in the pro forma consolidated statement of financial position due to future changes in the market price of Hannans Shares.

The difference between the fair value of the purchase consideration transferred by Hannans (as discussed in the prior paragraph) and the book value of the net assets of SCR has been treated as goodwill for pro forma purposes (for reasons described in Section 6.8).

The acquisition of SCR, if completed, will be accounted for as a business combination with Hannans as the acquirer of SCR.

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2011**

	Hannans	SCR	Pro forma Adjustments	Section 6.10	Hannans Consolidated Pro forma
<b>Current assets</b>					
Cash and cash equivalents	218,292	1,459,264	5,537,334 (365,750)	(a) (b)	6,849,140
Trade and other receivables	254,542	568,569	(77,678)	(e)	745,433
Other financial assets	19,563,345	-	(3,974,678) (3,744,767)	(g) (f)	11,843,900
<b>Total current assets</b>	<b>20,036,179</b>	<b>2,027,833</b>	<b>(2,625,539)</b>		<b>19,438,473</b>
<b>Non-current assets</b>					
Goodwill on acquisition of SCR	-	-	30,424,365	(c)	30,424,365
Trade and other receivables	312,227	7,291	-		319,518
Property, plant and equipment	148,145	74,842	-		222,987
Other financial assets	300,000	1	-		300,001
<b>Total non-current assets</b>	<b>760,372</b>	<b>82,134</b>	<b>30,424,365</b>		<b>30,424,365</b>
<b>Total assets</b>	<b>20,796,551</b>	<b>2,109,967</b>	<b>27,798,830</b>		<b>59,705,348</b>
<b>Current liabilities</b>					
Trade and other payables	1,338,037	1,290,214	(77,678)	(e)	2,550,573
Provisions	101,279	5,172	-		106,451
Borrowings	1,050,134	-	-		1,050,134
Other financial liabilities	20,901	5,652,774	(3,744,767)	(f)	1,928,908
<b>Total current liabilities</b>	<b>2,510,351</b>	<b>6,948,160</b>	<b>(3,822,445)</b>		<b>5,636,066</b>
<b>Non-current liabilities</b>					
Provisions	36,854	-	-		36,854
Other financial liabilities	65,680	-	-		65,680
Deferred tax liability	251,045	-	235,329	(g)	486,374
<b>Total non-current liabilities</b>	<b>353,579</b>	<b>-</b>	<b>235,329</b>		<b>588,908</b>
<b>Total liabilities</b>	<b>2,863,930</b>	<b>6,948,160</b>	<b>(3,587,116)</b>		<b>6,224,974</b>
<b>Net assets</b>	<b>17,932,621</b>	<b>(4,838,193)</b>	<b>31,385,946</b>		<b>44,480,374</b>
<b>Equity</b>					
Issued capital	20,135,891	21,691,064	5,537,334 (365,750) (4,759,108) (21,691,064) 34,946,046	(a) (b) (g) (d) (a)	55,494,413
Reserves	9,420,435	1,383,609	(235,329) (1,383,609) 784,430	(g) (d) (g)	9,969,536
Accumulated losses	(11,623,705)	(27,912,866)	18,552,996	(d)	(20,983,575)
<b>Total equity</b>	<b>17,932,621</b>	<b>(4,838,193)</b>	<b>31,385,946</b>		<b>44,480,374</b>

## **6.10 Effect of transaction on the unaudited pro forma statement of financial position**

The pro forma consolidated statement of financial position incorporates the following pro forma assumptions in relation to Hannans proposed acquisition of SCR:

- (a) The pro forma adjustment reflects:
  - (i) consideration of 367,853,112 million Hannans Shares valued at \$34.9 million; and
  - (ii) receipt of cash of \$5.54 million and issue of 27.7 million SCR Shares in relation to the exercise of options based on a strike price of \$0.20 per option.
- (b) The pro forma adjustment provides for the expensing of Hannans costs of the transaction totalling approximately \$0.37 million. It is assumed that share issuance costs are an immaterial amount of this total. These costs have not been tax affected.
- (c) The preliminary assessment of the acquisition of SCR gives rise to goodwill of \$30.4 million. As described in Section 6.9, the assessment is subject to change once the values of all assets and liabilities to be acquired have been finalised.
- (d) The pro forma adjustment eliminates the historical equity accounts of SCR.
- (e) The pro forma adjustment eliminates Hannans receivables for corporate services provided to SCR against trade and other payables of SCR.
- (f) The pro forma adjustment eliminates convertible notes issued to Hannans by SCR.
- (g) The pro forma adjustment eliminates the value of SCR ordinary shares and unlisted options held by Hannans.

## **6.11 Outlook for the Merged Entity**

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to the Company, SCR or the Merged Entity.

The Company considers that the inclusion of financial forecasts would be speculative and potentially misleading given that:

- (a) the projects and prospects of the Company and SCR have not reached a stage in their exploration where a reasonable assessment of future earnings can be made;
- (b) the rate of project exploration is subject to inherent risks associated with mineral grades and quantities, mining and process equipment availability, port and rail access, the granting of production licences, extraction and logistics costs; and
- (c) the future market prices for minerals in projects held by the Company and SCR are inherently uncertain.

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## 7. RATIONALE FOR THE OFFER AND INTENTIONS OF HANNANS

### 7.1 Disclosure Regarding Forward-Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on the Company's current expectations and predictions about future events including the Company's intentions (which include those set out in this Section 7). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of the Company, SCR and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in this Bidder's Statement.

None of the Company, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

### 7.2 Rationale for the Offer

The Company believes that there are a number of key strategic and financial benefits that will arise from the successful acquisition of SCR by the Company. These include:

**(a) Creation of a simplified mining company better placed to enhance the value of the merged entity's assets**

The merger will consolidate SCR's and Hannans' strategic portfolios in Sweden, Norway and Australia under a single entity listed on ASX, creating a simpler and stronger platform to promote the Merged Entity to investors and stakeholders.

The simplification of the corporate structure, cross directorships and removal of cross-ownership issues is expected to provide additional synergies and resourcing efficiencies within the Merged Entity.

If the Offer is successful, SCR Shareholders will retain exposure to SCR's project portfolio, including the Kiruna Iron Project through a majority shareholding in the Merged Entity and gain exposure to the potential upside within Hannans' exploration and investment portfolio.

**(b) The Merged Entity will be well financed through the next phase of exploration and resource definition**

The Independent Directors consider that the combination of Hannans' and SCR's exploration expertise, technical capability and financial resources will provide the Merged Entity with improved opportunity to maximise the value of SCR's Projects.

**(i) Financial Resources**

The Merged Entity will have a stronger financial position based on an expected pro-forma net liquid investment position of approximately 12.2 million<sup>4</sup> (excluding any cash to be received from the conversion of in the money options) as at 19 March 2012.

The Merged Entity's enlarged size and stronger balance sheet should improve access to future equity funding than what either Hannans or SCR could achieve on their own. It is anticipated to also provide the Merged Entity with the flexibility to support near term project funding and accelerate exploration activities.

**(ii) Significant Exploration Portfolio**

The Merged Entity will have a dual exploration strategy focused on the Kiruna Iron Project in Sweden, supplemented with precious and other base metals projects located in Norway and Australia in the portfolio.

Hannans' greenfields exploration portfolio includes a number of prospective projects within Western Australia targeting nickel and gold, whilst the flagship exploration project is its Forrestania Project.

**7.3 Hannans' Intentions Regarding SCR**

**(c) Overview**

By way of general comment, the Company intends to maintain a focused approach to the timely exploration of the SCR Projects including the Kiruna Iron Project.

The Company intends to continue the business of SCR in the manner in which it is currently conducted and maintain SCR's assets and projects in good standing until it is able to complete the strategic review outlined at Section 7.4(a) below, subject to any variations that the Company considers necessary in light of its technical and operational experience and expertise and the resources of the Merged Entity.

**(a) Approach**

Sections 7.3, 7.4, 7.5 and 7.6 set out the intentions of the Company on the basis of facts and information concerning SCR which are known to the Company at the time of preparation of this Bidder's Statement. However, the Company will only reach final decisions in light of material facts and circumstances at the relevant time. Accordingly, the statements set out in Sections 7.3, 7.4, 7.5 and 7.6 are statements of

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<sup>4</sup> Based on SCR and Hannans' cash and bonds at 31 December 2011 of A\$1.46 million and A\$0.43 million respectively plus 4 million Atlas Iron Limited (**Atlas**) shares (ASX:AGO) at A\$3.04 being the ASX closing price for Atlas shares on 19 March 2012 less the margin loan of A\$1.86 million as at 31 January 2012. Disclosed in Hannans' unaudited "Appendix 5B – 2<sup>nd</sup> Quarter Cash flow Report for the period ended 31 December 2011" released to the ASX on 1 February 2012 and the Hannans and SCR "Financial Report for Half Year" both released to the ASX on 15 March 2012.



current intentions only which may vary as new information becomes available or circumstances change.

## **7.4 Intentions Upon Acquisition of 90% or More of SCR**

This Section 7.4 describes the Company's intentions if the Company and its Associates acquire a Relevant Interest in 90% or more of SCR Shares under the Offer, and so becomes entitled to proceed to compulsory acquisition of outstanding SCR Shares in accordance with Part 6A.1 of the Corporations Act.

### **(a) Strategic review**

Subject to what is disclosed elsewhere in Section 7.4, the Company intends to undertake a detailed review of SCR's activities, assets and liabilities to evaluate their prospects, strategic relevance, funding requirements and financial performance. This may lead to modification of some of SCR's existing projects and activities. This strategic review will provide the main platform for the Company to identify and assess the specific areas that may provide benefits to the Company and the expected costs and time frames.

### **(b) SCR Project Expenditure**

The Company intends to continue with the current budgeted expenditure program in relation to the SCR Projects. In this regard, Hannans intends to use funds of the Merged Entity of approximately \$12.2 million<sup>5</sup> plus (see the unaudited Pro Forma Statement of Financial Position in Section 6.8 for further details), funds raised from the exercise of Hannans Options and SCR Options (if any). Further funding will be required to advance the SCR Projects and Hannans will seek to raise additional capital as appropriate. Hannans believes it has sufficient working capital to carry out these objectives in the short to medium term.

### **(c) Composition of the Board**

The Company intends to replace some or all of the members of the Board of Directors of SCR. The Hannans nominees have not yet been identified and their identity will depend on the circumstances at the relevant time.

In addition, it is the Company's current intention, in the event that the Offer is successful, to seek to reflect in the organisation structure of the Merged Entity, SCR personnel whose skills are highly regarded and who have extensive knowledge of SCR's assets.

### **(d) Corporate Matters**

The Company intends to:

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<sup>5</sup> Based on SCR and Hannans' cash and bonds at 31 December 2011 of A\$1.46 million and A\$0.43 million respectively plus 4 million Atlas Iron Limited (**Atlas**) shares (ASX:AGO) at A\$3.04 being the ASX closing price for Atlas shares on 19 March 2012 less the margin loan of A\$1.86 million as at 31 January 2012. Disclosed in Hannans' unaudited "Appendix 5B – 2<sup>nd</sup> Quarter Cash flow Report for the period ended 31 December 2011" released to the ASX on 1 February 2012 and the Hannans and SCR "Financial Report for Half Year" both released to the ASX on 15 March 2012.

- (i) if entitled to do so, proceed with the compulsory acquisition of any SCR Shares not acquired under the Offer and any other SCR securities on issue which it is entitled to compulsorily acquire in accordance with Part 6A.1 of the Corporations Act;
- (ii) arrange for SCR to be removed from the Official List of the ASX;
- (iii) amend the constitution of SCR to reflect its status as a wholly owned subsidiary of Hannans; and
- (iv) enter into private treaty arrangements with the holders of SCR Options which have not been exercised and that have not expired or lapsed.

**(e) Corporate Office and Employees**

Subject to the strategic review, the Company intends to continue to conduct the SCR business in the ordinary course. The Company will, however, consider centralising the corporate head office of SCR by incorporating those functions performed by it into the administrative structure of the Company. It is proposed that functions such as company secretarial, financial management and accounting will be centralised. It is intended that the centralised corporate office will be in Perth, Western Australia.

SCR and its subsidiaries do not have a significant number of employees, however, some of these employees may undertake functions that will be centralised in the Merged Entity. Some job losses may occur as a result, however, the incident, extent and timing of such job losses cannot be predicted in advance. The Company intends to discuss employment arrangements with the existing personnel.

**(f) General Business Integration**

As part of the strategic review, the Company intends to undertake a specific review of:

- (i) SCR's assets and liabilities; and
- (ii) the possible synergies and benefits between the Company and SCR. The Company intends to prepare a business integration plan and implement that plan.

**(g) Balance Sheet Date and Accounting Policy**

The Company intends to conduct a review of SCR's accounting policies. It is expected that this review will result in the adoption of the Company's accounting policies.

## **7.5 Intentions Upon Gaining Control but Less Than 90% of SCR**

This Section 7.5 describes the Company's intentions if SCR becomes a controlled entity of the Company, but the Company is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act.

The Offer is conditional upon the Company acquiring a Relevant Interest in at least 90% of the SCR Shares on issue. While the Company has no current

intention to waive that condition, it is open to the Company to either rely on that condition or waive it, at its discretion, in accordance with the Corporations Act. Should the Company choose to waive that condition, it may, as a result of its Offer, acquire less than 90% of SCR.

On completion of the Offer, the Company may hold a sufficient number of SCR Shares to exercise control over the management and operations of SCR, but may not be entitled to compulsorily acquire all outstanding SCR Shares. The Company's intentions in those circumstances are as follows:

**(a) General**

The Company will implement the intentions described in Section 7.4 above to the extent that it is economically feasible and subject to the requirements of the Corporations Act and any other applicable laws or regulations. These intentions specifically include those in respect of strategic review, corporate matters, corporate office and employees and general business integration.

**(b) SCR Project Expenditure**

The Company intends to continue with the current budgeted expenditure program in relation to the SCR Projects.

**(c) Composition of the Board**

The Company intends, subject to the Corporations Act and the constitution of SCR, to seek to replace some or all of the members of the board of directors of SCR. The majority would be replaced with nominees of the Company. At this time the Company has not determined which board members will be replaced.

**(d) Listing on the Official List of the ASX**

The Company intends to maintain SCR's listing on the Official List of the ASX, while it continues to meet its ASX listings requirements. Shareholders of SCR are alerted that in this circumstance the liquidity of SCR Shares may be materially decreased.

If Hannans does not become entitled to compulsorily acquire SCR Shares under Section 661A of the Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under Part 6A.2 of the Corporations Act in the future. Hannans intends to exercise that power in respect of SCR Shares if it becomes entitled to do so.

**(e) Elimination of Duplication**

To the extent that activities and functions, including management, presently carried out by the Company and SCR will be duplicated, such duplication will be eliminated where it is economically efficient to do so.

**(f) Remaining SCR Shareholders**

If the Company acquires less than 90% of the SCR Shares on issue, then SCR Shareholders should be aware that if they do not accept the Offer they may become a "locked-in" minority after the end of the offer

period for the Offer (i.e. if the Company holds a majority of SCR Shares but is not entitled to compulsorily acquire the remaining SCR Shares).

**(g) Dividends and Funding**

SCR does not currently pay dividends. The payment of dividends by SCR is at the discretion of the SCR Board, the majority of which will comprise the Company's nominees. The Company has not formed an intention about retaining or varying the current dividend policy of SCR (through its nominee's on the board of SCR), and will do so when the strategic review in Section 7.4(a) is completed.

**(h) Limitations in Giving Effect to Intentions**

There may be limitations to the Company's intentions as outlined in this Section 7.5 due to the legal obligations of SCR's directors to have regard to the best interests of SCR and its shareholders, including the rights of minority shareholders, and the requirements of the Corporations Act and other applicable laws, and ASX Listing Rules relating to transactions between related parties. The Company may require legal and financial advice before deciding what action to take in connection with the intentions outlined in this Section 7.5.

**7.6 Intentions if Hannans does not Acquire Effective Control of SCR**

Hannans reserves its right to declare the Offer free from the 90% minimum acceptance Condition (or any other Condition) to the Offer. However, Hannans has not decided whether it will free the Offer from the 90% minimum acceptance Condition (or any other Condition).

This section sets out Hannans' intentions if it were to declare the Offer free of the Conditions and the Offer closes and Hannans does not gain effective control of SCR. In that circumstance:

- (a) Hannans does not expect to be in a position to give effect to the intentions set out in Sections 7.4 or 7.5 of this Bidder's Statement; and
- (b) Hannans would have regard to the circumstances at the time and consider the appropriate courses of action that are in the best interests of Hannans Shareholders. Such courses of action might include, but not be limited to, disposing of its shareholding in SCR, acquiring further SCR Shares as permitted by law, seeking representation on the SCR Board and exercising its voting rights as a major shareholder as it deems fit.

**7.7 Intentions Generally**

Except for the changes and intentions set out in Sections 7.3, 7.4 and 7.5, it is the present intention of the Company (based on the information presently available to it) to:

- (c) continue to hold the key assets of SCR and not to redeploy its fixed assets;
- (a) substantially continue to conduct SCR's business in its current manner;

- (b) subject to the strategic review, not make any major changes to the business or assets of SCR and not redeploy any of the fixed assets of SCR; and
- (c) continue the employment of retained employees of SCR.

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## 8. AUSTRALIAN TAX CONSIDERATIONS

The following summary is a general description of the Australian income tax and CGT consequences for SCR Shareholders who accept the Offer and dispose of their SCR Shares to Hannans in accordance with the Offer.

The summary is based on taxation law and practice in effect at the date of the Offer. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular shareholders. Further, it does not deal with the taxation consequences of disposing of SCR Shares or SCR Options which may have been issued under an employee shares scheme, which may be subject to specific tax provisions.

The Australian tax consequences for SCR Shareholders of disposing of their SCR Shares will depend on a number of factors including:

- (a) whether they are an Australian resident or non-resident for tax purposes;
- (b) whether they hold their SCR Shares on capital, revenue account or as trading stock;
- (c) when they acquired their SCR Shares;
- (d) whether they are an individual, a company or a trustee of a complying superannuation entity; and
- (e) whether scrip for scrip rollover relief is available – see Section 8.2 below.

**Given the complexity of the taxation legislation, SCR Shareholders should seek independent taxation advice regarding the tax consequences of disposing of SCR Shares given the particular circumstances which apply to them.**

### 8.1 Taxation Consequences for SCR Shareholders

#### (a) Shareholders holding SCR Shares as trading stock

SCR Shareholders who hold their SCR Shares as trading stock (e.g., as a share trader) will be required to include the value of the consideration from the disposal of their SCR Shares in their assessable income.

#### (b) Shareholders holding SCR Shares on Revenue Account

The Australian tax consequences for SCR Shareholders who hold their SCR Shares on revenue account and who accept the Offer will be able to include the amount received (the market value of the Hannans Shares) over the cost of acquisition of the SCR Shares as ordinary assessable income. Where the market value of Hannans Shares is less than the cost of SCR Shares the loss may be claimed as a tax deduction.

#### (c) Non-resident shareholders holding SCR Shares as trading stock or on revenue account

SCR Shareholders who are a non-resident of Australia and whose SCR Shares were acquired as trading stock or otherwise on revenue account, should seek their own professional advice. The Australian tax treatment will depend on the source of any gain and whether a double tax agreement exists between their country of residence and Australia.

**(d) SCR Shareholders holding SCR Shares on Capital Account**

In broad terms, the Australian tax consequences for SCR Shareholders who hold their SCR Shares on capital account and who accept the Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available and, if available, is elected. The following discussion considers the general Australian tax consequences for SCR Shareholders where:

- (i) rollover relief is not available or is not elected; and
- (ii) rollover relief is available and is elected.

**8.2 Acceptance of the Offer where Rollover Relief is Available and is Elected**

Australian-resident SCR Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration referable to Hannans Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that Hannans must make an offer to all shareholders in SCR to acquire their voting shares on substantially the same terms and Hannans must become the owner of at least 80% of the voting shares in SCR as a consequence of the Offer.

If the qualifying conditions are satisfied and an SCR Shareholder elects for rollover relief to apply, the rollover relief is available.

The effect of the rollover relief is that the SCR Shareholder's total capital gain will be deferred until the Hannans Shares are disposed of.

The CGT cost base of the new Hannans Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the SCR Shares for which a rollover was obtained. For example, the CGT cost base for one (1) SCR Share will be apportioned to the three (3) Hannans Shares received for each SCR Share. Further, the SCR Shareholders will be taken to acquire their Hannans Shares at the time they originally acquired their SCR Shares (for the purpose of determining any entitlement to a discount on an otherwise assessable capital gain in relation to a subsequent dealing in their new Hannans Shares).

As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and SCR Shareholders elect to apply for it. Further, rollover relief is not available if SCR Shareholders realise a capital loss on the disposal of their SCR Shares.

Scrip for scrip rollover relief does not apply automatically and must be elected. The election to utilise scrip for scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent to keep a written record of that election with your tax records.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, SCR Shareholders should seek independent taxation advice regarding their particular circumstances.

Non-resident SCR Shareholders could only obtain rollover relief in very limited circumstances. It is imperative that non-residents seek independent tax advice to confirm their Australian tax position.

### **8.3 Acceptance of the Offer where Rollover Relief is Not Available or is Not Elected**

Acceptance of the Offer is likely to involve a disposal by an SCR Shareholder of their SCR Shares for CGT purposes.

An Australian-resident SCR Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their SCR Shares, or whether those capital proceeds are less than the cost base of those shares.

SCR Shareholders who are not resident in Australia for tax purposes will generally be subject to Australian CGT on the disposal of SCR Shares if:

- (a) together with their Associates, they directly or indirectly own at least 10% or more (by value) of the shares in SCR:
  - (i) at the time of the sale; or
  - (ii) throughout a 12 month period beginning no earlier than 24 months before the time of the sale and ending no later than the time of the sale; and
- (b) if more than 50% of the value of SCR's assets is attributable to Australian real property,

subject to the terms of any applicable double tax agreement. It is imperative that non-residents independently confirm their Australian tax position.

The capital proceeds that an SCR Shareholder will be taken to have received in respect of the disposal of their SCR Shares will generally be the market value of Hannans Shares on the date of implementation of the Offer.

The cost base of SCR Shares will generally be the cost at which they were acquired including any incidental costs of acquisition.

Where the amount of capital proceeds received by an SCR Shareholder in respect of the disposal of their SCR Shares is greater than the cost base of those SCR Shares, then the shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by an SCR Shareholder in respect of the disposal of their SCR Shares is less than the reduced cost base of those SCR Shares, then the SCR Shareholder should realise a capital loss for Australian CGT purposes. Where it is expected that a capital gain will result, if an SCR Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where SCR Shares have been held for at least 12 months before their disposal, a shareholder who is an individual, a complying superannuation entity or the trustee of a trust should be able to reduce the capital gain arising from the disposal of SCR Shares by the CGT discount (see below).

The CGT discount will be available if the relevant SCR Shares have been held for at least 12 months.



Subject to the SCR Shareholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible SCR Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of SCR Shares by one-half. For individuals, this reduced gain should be assessed at the shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the SCR Shareholder having any capital losses or net capital losses from previous income years, where SCR Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses or net capital losses from previous income years. SCR Shareholders having any capital losses or net capital losses from previous income years should seek independent advice in relation to the potential availability of the CGT discount.

#### **8.4 SCR Shareholders who are Companies will Not be Entitled to the CGT Discount**

Companies are not entitled to the CGT discount. The capital gain or capital loss will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from previous income years. We recommend that companies seek advice from their professional tax advisor in relation to the availability and deductibility of capital losses.

#### **8.5 GST**

GST should not apply to the disposal of SCR Shares under the Offer, the issue of Hannans Shares under the Offer, or any subsequent disposal of Hannans Shares.

SCR Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in Hannans or SCR. SCR Shareholders should seek their own tax advice in this respect.

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## **9. RISK FACTORS**

### **9.1 Overview**

If the Offer becomes unconditional, SCR Shareholders who accept the Offer will become Hannans Shareholders. In those circumstances, SCR Shareholders will:

- (a) continue to be exposed to the risks associated to the investment in SCR as a result of their indirect interest in SCR through Hannans;
- (b) be exposed to the risks which are specific to an investment in Hannans; and
- (c) be exposed to additional risks relating to the Offer and the Merged Entity.

These risks are explained below. SCR Shareholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offer. By accepting the Offer, SCR Shareholders will be investing in Hannans.

The business activities of Hannans are subject to various risks that may impact on the future performance of Hannans. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Hannans and cannot be mitigated.

Accordingly, an investment in Hannans carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

### **9.2 Risks Relating to the Offer**

#### **(a) Issue of Hannans Shares as consideration**

SCR Shareholders are being offered specific quantities of Hannans Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of Hannans Shares at any given time. Accordingly, the market value of the Hannans Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer.

#### **(b) Rollover Relief**

A condition of the Offer is that the level of acceptance must result in Hannans obtaining a Relevant Interest in at least 90% of all SCR Shares.

If Hannans does not acquire a Relevant Interest in at least 80% of SCR Shares, scrip-for-scrip CGT rollover relief will not be available to SCR Shareholders.

#### **(c) Sale of Hannans Shares**

Under the Offer, Hannans will issue a significant number of new Hannans Shares. Some holders of SCR Shares may not intend to continue to hold their Hannans Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for Hannans Shares. Unless Hannans otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the

Offer to an SCR Shareholder in the relevant jurisdiction and to issue Hannans Shares to such a SCR Shareholder on acceptance of the Offer, and that it is not unlawful for such SCR Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

**(d) Acquisition of Less than 90% of SCR Shares**

It is possible that Hannans could acquire a Relevant Interest of less than 90% of SCR Shares on issue under the Offer. The existence of a minority interest in SCR may have an impact on the operations of the Merged Entity, although this impact will depend upon the ultimate level of SCR ownership acquired by Hannans.

**(e) Merger Integration**

If Hannans acquires a substantial interest in SCR pursuant to the Offer, integrating Hannans and SCR may create some risks, including the integration of management, information systems and work practices. Furthermore, there is no guarantee that any synergy benefits or costs savings will be achieved on time or at all.

**(f) Stamp Duty and Government Charges**

Stamp duty and other government charges may be payable by Hannans in relation to the Offer. The amount of these duties and charges may be material.

**(g) Forward Looking Information**

Certain information in this Bidder's Statement constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Merged Entity to be different from the expectations expressed or implied in this Bidder's Statement

**(h) Due Diligence**

In preparing the information relating to SCR contained in this Bidder's Statement, Hannans has relied on publicly available information relating to SCR. Risks may exist in relation to SCR (which will affect the Merged Entity) of which Hannans is unaware. If any material risks are known to the directors of SCR, they must be disclosed in the target's statement to be issued by SCR.

**9.3 Risks Relating to the Merged Entity**

This Section 9.3 sets out risks that are specific to Hannans and SCR as the Merged Entity. This Section 9.3 also sets out general and industry risks relating to Hannans and SCR as the Merged Entity.

**(a) Specific risks relating to Hannans and SCR as the Merged Entity**

**(i) Additional Requirements for Capital**

Hannans will be required to raise additional funds in the future in the event exploration costs exceed Hannans' estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint

ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which Hannans may incur.

Hannans may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for Hannans' activities and future projects may result in delay and indefinite postponement of exploration, development or production on Hannans' properties, including the SCR Projects, or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to Hannans and might involve substantial dilution to Shareholders.

Further, Hannans, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. Hannans' ability to provide such assurances is subject to external financial and credit market assessment, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by Hannans may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that Hannans would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by Hannans or default under a finance lease could also result in the loss of assets.

**(ii) Exploration Success**

The SCR Projects and Hannans Projects are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the SCR Projects and Hannans Projects, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of Hannans may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of Hannans.

In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the SCR Projects and Hannans Projects, a reduction in the cash reserves of Hannans and possible relinquishment of the

tenements which comprise the SCR Projects and/or Hannans Projects.

The exploration costs of Hannans are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect Hannans' viability.

**(iii) Development and Production Risks**

The development and operation of any mine by Hannans within the SCR Projects and Hannans Projects may be affected by various factors, including failure to achieve predicted grades in exploration and mining; failure to obtain or maintain any necessary regulatory approvals, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

**(iv) Extraterritorial Risks**

SCR has interests in assets overseas and in that respect such assets are subject to risks particular to their extraterritoriality such as changes in laws, practices and policies in the relevant jurisdictions, including laws that deal with overseas investors. In particular, logistical difficulties may arise due to the assets being located overseas including the incurring of additional costs with respect to overseeing and managing the same, including costs associated with taking advice in relation to the application of local laws as well as the cost of establishing a local presence in that jurisdiction and/or infrastructure as necessary. Fluctuations in the currency of the relevant jurisdiction may also affect the dealings and operations of the Merged Entity in such jurisdiction.

Scandinavia's risk profile is slightly greater than that of Western Australia's (Scandinavia was ranked 15th in the 2009 Resource Stocks World Risk Survey), whereas Western Australia was ranked 12th). Accordingly, investors in the Merged Entity may be exposed to an increased risk compared to other mineral companies with activities in Western Australia.

Furthermore, the Merged Entity will be subject to the risks associated in operating in Sweden and Norway. Such risks could potentially include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital,

environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.

Changes to Sweden's and/or Norway's mining or investment policies and legislation or a shift in political attitude may adversely affect the Merged Entity's operations and profitability. In particular, while there are currently no restrictions on foreign ownership of mining companies in Sweden and Norway, there can be no assurance that the requirements of the various governments in respect of foreign ownership and control of mining companies will not change. It is not possible for the Merged Entity to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Merged Entity's operations.

**(v) Commodity Price Volatility and Exchange Rate Risks**

If Hannans achieves success leading to mineral production in respect of any of the SCR Projects or Hannans Projects, the revenue it will derive through the sale of commodities exposes the potential income of Hannans to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Hannans. Such factors include general world economic activity, world demand, supply and demand fluctuations for precious and base metals, forward selling activities, gold reserve movements at central banks, costs of production by gold and other base metals producers, inflationary expectations, interest rates and other macro-economic and political factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Swedish krona, the Norwegian krone and the Australian dollar as determined in international markets.

**(vi) Trading Price of Hannans Shares**

Hannans' credit quality, operating results, economic and financial prospects and other factors will affect the trading price of the Hannans Shares. In addition, the price of Hannans Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the Australian dollar, the Swedish krona, the Norwegian krone and United States dollar performance on world markets, commodity price fluctuations, fluctuations in the global market for gold and other base metals, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general or Australian mining stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Hannans Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that Hannans' market performance will not be adversely affected by any such market fluctuations or factors.

**(vii) Tenure and Access**

Mining and exploration permits are subject to periodic renewal. There is no guarantee that current or future permits or future applications for production concessions will be approved. Permits are subject to numerous legislation conditions. The renewal of the term of a granted permit is also subject to the discretion of the relevant Mining Inspector. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Furthermore, if a permit is not renewed or granted, the Merged Entity may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

SCR's permits may also be subject to access by third parties including, but not limited to, the native Sami people. This access could potentially impact the Merged Entity's activities and/or may involve payment of compensation to parties whose existing access to the land may be affected by the Merged Entity's activities. Hannans expects to hold discussions with the Sami people in the near future regarding SCR's proposed exploration programs.

**(viii) Native Title**

The Hannans Projects extend over areas in which legitimate common law native title rights of indigenous Australians may exist. The ability of Hannans to gain access to its Hannans Projects and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title agreements.

The Directors will closely monitor the potential effect of native title claims involving Hannans Projects in which Hannans has or may have an interest.

**(ix) Aboriginal Heritage**

Archaeological and ethnographic surveys in the Hannans Projects have identified a number of sites of significance which have been registered with the Department of Indigenous Affairs in Western Australia. Approvals are required if these sites will be impacted by exploration or mining activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

**(x) Joint Venture Risk**

The Merged Entity is subject to the risk that changes in the status of any of the Merged Entity's joint ventures (including changes caused by financial failure or default by a participant in the joint venture) may adversely affect the operations and performance of the Company.

**(b) General and industry risks relating to Hannans and SCR as the Merged Entity**

**(i) Mineral Resource Estimates**

Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect Hannans' operations.

**(ii) Failure to Satisfy Expenditure Commitments**

Interests in the Hannans Projects in Australia and SCR Projects in Sweden and Norway are governed by the respective State or country legislation and are evidenced by the granting of licences or leases. Each tenement which comprises the SCR Projects and Hannans Projects is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Hannans could lose title to or its interest in the tenements which comprise the SCR Projects or Hannans Projects if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

**(iii) Title Risk**

Hannans cannot give any assurance that title to such tenements will not be challenged or impugned. The tenements which comprise the SCR Projects or Hannans Projects may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects or native title claims.

**(iv) Environmental and Safety Risks**

The operations and proposed activities of Hannans are subject to the laws in Australia, Sweden and Norway and regulations concerning the environment. As with most exploration projects and mining operations, Hannans' activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. While Hannans does not expect, from the information available, that these factors will impact on its ability to carry out its operations, there is always the possibility that there could be an adverse impact. It is Hannans' intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.



**(v) Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of Hannans depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on Hannans if one or more of these employees cease their employment.

**(vi) Competition Risk**

The industry in which Hannans will be involved is subject to domestic and global competition. Although Hannans will undertake all reasonable due diligence in its business decisions and operations, Hannans will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of Hannans' projects and business.

**(vii) Economic, Taxation and Insurance Risk**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Hannans' exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of Hannans' quoted securities regardless of Hannans' operating performance. Share market conditions are affected by many factors such as general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital, and terrorism or other hostilities.

In addition, future changes in taxation law in Australia, Sweden and Norway, may affect taxation treatment of an investment in Hannans, or the holding or disposal of Hannans Shares or the way in which Hannans operates. This may impact Hannans' future tax liabilities and may affect Hannans' ability to provide returns to shareholders and/or alter the post-tax returns to shareholders.

Hannans intends to insure its operations in accordance with industry practice. However, in certain circumstances, Hannans' insurance may not be of a nature or level to provide adequate insurance cover.

**(viii) Regulatory Risk**

Hannans' mining operations are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. Hannans requires permits from regulatory authorities to authorise

Hannans' operations. These permits may relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict Hannans from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of Hannans' activities or forfeiture of one or more of the SCR Projects and/or Hannans Projects.

**(ix) Force Majeure**

The Hannans Projects and the SCR Projects now or in the future may be adversely affected by risks outside the control of Hannans and SCR including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

**(x) Litigation Risks**

Hannans and SCR are exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, Hannans and SCR may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on Hannans' and SCR's operations, financial performance and financial position. Hannans is not currently engaged in any litigation.

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## 10. ADDITIONAL INFORMATION

### 10.1 Hannans' Interest in SCR Shares

As at the date of this Bidder's Statement:

- (a) Hannans' voting power in SCR was approximately 17.11%;
- (b) Hannans has a Relevant Interest in 19,605,235 SCR Shares; and
- (c) Hannans does not have a Relevant Interest in any SCR Options.

Immediately before the first Offer is sent:

- (a) Hannans' voting power in SCR was approximately **(leave blank in lodged version)%**;
- (b) Hannans has a Relevant Interest in **(leave blank in lodged version)** SCR Shares; and
- (c) Hannans has a Relevant Interest in **(leave blank in lodged version)** SCR Options.

### 10.2 Acquisitions of SCR Shares by Hannans and its Associates

#### (a) Previous 4 months

Neither Hannans nor any Associate of Hannans has provided, or agreed to provide, consideration for SCR Shares under any purchase or agreement during the period beginning 4 months before the date of this Bidder's Statement ending on the day immediately before the date of this Bidder's Statement, other than as disclosed below:

Date	Number	Price (\$/share)
24-Nov-11	50,000	0.22
15-Dec-11	10,000	0.21
16-Dec-11	20,000	0.20
19-Dec-11	50,000	0.20
05-Jan-12	7,500	0.20
09-Feb-12	12,500	0.20
<b>Total</b>	<b>150,000</b>	

#### (b) Period before Offer

Neither Hannans nor any Associate of Hannans has provided, or agreed to provide, consideration for SCR Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

### **10.3 No Escalation Agreements**

Neither Hannans nor any Associate of Hannans has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

### **10.4 Collateral Benefits**

#### **(a) Previous 4 months**

During the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither Hannans nor any Associate of Hannans gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Offer; or
- (ii) dispose of their SCR Shares,

and which is not offered to all holders of SCR Shares under the Offer.

#### **(b) Period before Offer**

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer, neither Hannans nor any Associate of Hannans gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Offer; or
- (ii) dispose of their SCR Shares,

and which is not offered to all holders of SCR Shares under the Offer.

### **10.5 Effect of Offer on SCR Options**

The Offer does not extend to the SCR Options. However, the Offer extends to all SCR Shares that are issued during the period from the Record Date to the end of the Offer Period due to the exercise of the SCR Options.

Hannans intends to make private treaty offers to holders of SCR Options to acquire or cancel their options subject to the Offer becoming or being declared unconditional.

If not all the SCR Options are exercised (or otherwise cancelled or acquired by Hannans pursuant to private treaty agreements or other arrangements), and Hannans is entitled to compulsorily acquire any outstanding SCR Shares, Hannans presently intends to seek to compulsorily acquire or cancel any outstanding SCR Options pursuant to Part 6A.1 of the Corporations Act, although it reserves the right not to do so.

### **10.6 Disclosure of Information**

Due to the fact that Hannans is offering SCR Shares as consideration for the acquisition of SCR Shares under the Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of SCR Shares under Sections 710 to 713 of the Corporations Act.

As a company whose shares are quoted on ASX, Hannans is subject to regular disclosure requirements. In particular, Hannans is required to disclose information concerning its finances, activities and performance. This disclosure is available on Hannans' website as well as on the ASX website (ASX Code: HNR).

Please refer to Section 3.8 for further details in relation to Hannans' continuous disclosure obligations and the availability of public information in respect of Hannans.

## 10.7 Interests and Benefits Relating to the Offer

### (a) Interests

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (i) director or proposed director of Hannans;
- (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (iii) promoter of Hannans; or
- (iv) broker or underwriter in relation to the issue of Hannans Shares pursuant to the Offer or financial services licensee named in this Bidder's Statement as being involved in the issue of Hannans Shares,

(together, the **Interested Persons**) has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (v) the formation or promotion of Hannans;
- (vi) any property acquired or proposed to be acquired by Hannans in connection with its formation or promotion or in connection with the offer of Hannans Shares under the Offer; or
- (vii) the offer of Hannans Shares under the Offer.

### (b) Implied Value of the Offer

Based on the closing price of a Hannans Share on ASX on 27 February 2012 (the last trading day before the announcement of the Offer) of \$0.094, the implied value of the Offer is \$0.28 per SCR Share.

Based on the closing price of a Hannans Share on ASX on 19 March 2012 (the last practicable trading day before this Bidder's Statement was lodged with ASIC), of \$0.095, the implied value of the Offer is \$0.285 per SCR Share.

The implied value of the Offer will change as a consequence of changes in the market price of Hannans Shares from time to time. The following table may assist SCR Shareholders to determine the implied value of the Offer at different Hannans Share price levels. The table is not an indication of prices at which Hannans Shares may trade – Hannans Shares may trade within this range or at higher or lower levels.

<b>Price of a Hannans Share (\$)</b>	<b>Implied offer price for a SCR Share (\$)</b>
\$0.08	\$0.24
\$0.09	\$0.27
\$0.10	\$0.30
\$0.11	\$0.33
\$0.12	\$0.36
\$0.13	\$0.39
\$0.14	\$0.42
\$0.15	\$0.45

(c) **Disclosure of Fees and Benefits Received by Certain Persons**

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a director or proposed director of Hannans to induce them to become, or to qualify as, a director of Hannans; or
- (ii) for services provided by an Interested Person in connection with the formation or promotion of Hannans or the offer of Hannans Shares under the Offer.

The fees paid in connection with the preparation and distribution of this Bidder's Statement and for services provided in connection with the Offer, including financial, legal and registry fees, are expected to total approximately \$332,500 (excluding GST).

Steinepreis Paganin has agreed to act as legal advisor to Hannans in relation to the Offer and will be entitled to receive professional fees in accordance with its normal time based charges. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, Hannans has paid or agreed to pay Steinepreis Paganin approximately \$75,000 for services in respect of the Offer and will pay further amounts in accordance with standard agreements. Mr Jonathan Murray, a director of Hannans, is also a Partner of Steinepreis Paganin.

**10.8 Disclosure of Interests of Directors**

The directors of Hannans have the following interests in Hannans securities and SCR securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement.

Director <sup>1</sup>	Hannans Shares	Hannans Options	SCR Shares	SCR Options
Mr Richard Scallan	Nil	Nil	Nil	Nil
Mr Damian Hicks	302,259	Nil	Nil	Nil
Mr William Hicks	12,058,086	Nil	1,259,567	666,667 <sup>2</sup>
Mr Jonathan Murray	391,775	Nil	275,000	266,667 <sup>3</sup>

**Notes:**

1. This table includes interests held by related parties of the Directors.
2. 16,667 of the SCR Options Mr Jonathan Murray has an interest in are exercisable at \$0.20 on or before 15 September 2013, 50,000 of the SCR Options Mr Jonathan Murray has an interest in are exercisable at \$0.40 on or before 1 February 2013 and the remaining 200,000 SCR Options Mr Jonathan Murray has an interest in are exercisable at \$0.20 on or before 31 October 2012.
3. The 666,667 SCR Options Mr William Hicks has an interest in are exercisable at \$0.20 on or before 31 October 2012.
4. Each of Mr William Hicks and Mr Jonathan Murray have indicated that it is their present intention to accept the Offer in respect of the SCR Shares they currently hold an interest in and also in respect of any SCR Shares acquired as a result of the exercise of any of the SCR Options they currently hold an interest in.

Mr Jonathan Murray has provided a loan of \$250,000 to SCR as part of the total convertible loan funding that SCR currently has in place to fund its exploration activities. As a fee for providing the loan Mr Murray received 66,667 of the SCR Options he currently has an interest in as disclosed in the table above.

## 10.9 Fees and Benefits of Directors

The Constitution of Hannans provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by Hannans in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

The annual remuneration (inclusive of superannuation) of the Directors for the last two financial years and the current financial year is as follows:

Director	2010 Financial Year	2011 Financial Year	2012 Financial Year*
Mr Richard Scallan	\$38,714	\$40,401	\$25,900
Mr Damian Hicks	\$303,299	\$278,800	\$184,264
Mr William Hicks	\$35,914	\$39,568	\$25,900
Mr Jonathan Murray	\$15,031	\$39,593	\$25,900

\*This column sets out the remuneration of Directors for the period between 1 July 2011 to 28 February 2012.

Hannans' financial year end is 30 June.

Directors, companies associated with the Directors or their Associates are also

reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Hannans and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by Hannans. The figures for the 2012 Financial Year are current as at the date of this Bidder's Statement.

#### ***Executive Services Agreement – Damian Hicks***

Hannans has entered into an executive services agreement with Mr Damian Hicks to act as Managing Director of Hannans (**ESA**) effective on and from 21 December 2009. Under the ESA, Mr Hicks will be paid \$230,000 per annum (exclusive of superannuation), and entitled to reimbursement of work related expenses, provision of a motor vehicle and a provision for a performance based bonus as determined by the Hannans Board. Either party may terminate the ESA with three months written notice and payment by Hannans of all statutory annual and long service leave entitlements. Mr Hicks' salary was increased to \$241,500 per annum from 1 July 2010.

#### ***Deeds of indemnity, insurance and access***

Hannans has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, our Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. Hannans is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

### **10.10 Expenses of the Offer**

The total amount of cash that Hannans may become obliged to pay to satisfy all expenses incurred by Hannans and relating to the Offer will be provided from Hannans' existing cash balances.

Hannans estimates it will incur fees for services provided in connection with the Offer, including for legal, taxation, financial advisers, share register and ASX and other professional fees, in the amount of approximately \$332,500 (excluding GST).

### **10.11 Material Litigation**

Hannans is not aware of any litigation or threatened, or other legal proceedings in relation to Hannans.

### **10.12 Ineligible Foreign Shareholders**

SCR Shareholders who are Ineligible Foreign Shareholders will not be entitled to receive Hannans Shares as consideration for their SCR Shares pursuant to the Offer.

An SCR Shareholder is an Ineligible Foreign Shareholder for the purposes of the Offer if their address as shown in the register of members of SCR is in a jurisdiction other than Australia or its external territories or New Zealand. However, such a person will not be an Ineligible Foreign Shareholder if Hannans is satisfied that it is not legally or practically constrained from making the Offer to an SCR Shareholder in the relevant jurisdiction and to issue Hannans Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction.



Notwithstanding anything else in this Bidder's Statement, Hannans is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Hannans Shares which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Sale Nominee who will sell these shares. The proceeds of the sale (less any transaction costs) of such shares will then be remitted to the relevant Ineligible Foreign Shareholders. See Section 1.8 of Annexure A for further details.

### **10.13 Unmarketable Parcels**

If the total number of Hannans Shares which an SCR Shareholder is entitled to receive as consideration under the Offer is an Unmarketable Parcel, that SCR Shareholder will be an Unmarketable Parcel Shareholder and will not be entitled to receive Hannans Shares as consideration for its SCR Shares pursuant to the Offer.

The Hannans Shares which would otherwise have been issued to Unmarketable Parcel Shareholders will instead be issued to the Sale Nominee who will sell those shares. The proceeds of the sale (less any transactions costs) of such shares will then be remitted to the relevant Unmarketable Parcel Shareholders. See Section 1.9 of Annexure A for further details.

### **10.14 Status of Conditions**

The conditions of the Offer are set out in Section 1.10 of Annexure A. Hannans will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, Hannans is not aware of any events which would result in a breach or inability to satisfy the Conditions.

Hannans will give a notice of the status of the Conditions in accordance with the Corporations Act on ***(leave blank in lodged version)*** (subject to extension if the Offer Period is extended).

### **10.15 Consents**

Each of the parties referred to in this Section 10.15:

- (a) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 10.15; and
- (b) has not caused or authorised the issue of this Bidder's Statement.

Each of the following has consented to being named in this Bidder's Statement in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) Steinepreis Paganin as Australian legal advisors to the Company in relation to the Offer;
- (a) Gresham Investment House as corporate advisor to the Company in relation to the Offer;

- (b) Computershare Investor Services Pty Limited as the share registry of the Company; and
- (c) KD Johns & Co as tax advisors to the Company in relation to the Offer.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcement platform of ASX. Under the Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact Hannans on +61 8 9324 3388.

As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains ASX share price trading information sourced from ASX without its consent.

#### **10.16 Other Material Information**

There is no other information material to the making of a decision by a holder of SCR Shares whether or not to accept the Offer being information that is known to Hannans and which has not previously been disclosed to SCR Shareholders other than as is contained elsewhere in this Bidder's Statement.

#### **10.17 Expiry Date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

#### **10.18 Date for Determining Holders**

For the purposes of Section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

#### **10.19 ASIC Modifications and Exemptions, ASX Waivers**

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Hannans, in relation to the operation of Chapter 6 of the Corporations Act. Hannans may rely on this "Class Order" relief.

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**11. DIRECTORS AUTHORISATION**

This Bidder's Statement is dated 20 March 2012 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of Hannans.

**Signed for and on behalf of  
Hannans Reward Limited  
Richard Scallan  
Chairman**

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## 12. DEFINITIONS AND INTERPRETATION

### 12.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

**\$** or **Dollar** means Australian dollars.

**Acceptance Form** means the form of acceptance for the Offer accompanying this Bidder's Statement or alternatively any acceptance form sent to an SCR Shareholder by Hannans' share registry in relation to the Offer, as the context requires.

**Announcement Date** means 29 February 2012, being the date the Offer was announced on ASX.

**Associate** has the meaning given in chapter 6 of the Corporations Act.

**ASIC** means the Australian Securities and Investments Commission.

**ASX Settlement Corporation** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

**ASX Listing Rules** means the official listing rules of ASX, as amended from time to time.

**Bid Period** has the meaning given to that term in the Corporations Act.

**Bidder's Statement** means this document including the Annexures.

**Board** or **Hannans Board** means the board of directors of Hannans.

**Bt** means billion tonnes.

**Business Day** means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

**CGT** means capital gains tax as defined in the *Income Tax Assessment Act 1997* (Cth).

**CHESS** means Clearing House Electronic Subregister System as defined in Rule 2.3.1 of the ASX Settlement Operating Rules.

**CHESS Holding** means a number of SCR Shares which are registered on SCR's share register being a registered administered by the ASX Settlement Corporation and which records uncertified holdings of shares.

**Conditions** means the conditions set out in Section 1.8(a) of Annexure A.

**Constitution** means the constitution of Hannans.

**Controlling Participant** in relation to Your Shares has the same meaning as in the ASX Settlement Operating Rules.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of Hannans as at the date of this Bidder's Statement.

**Foreign Law** means a law of a jurisdiction other than Australia.

**Government Agency** means a government or government department, a governmental or semi-governmental or judicial person (whether autonomous or not) charged with the administration of any applicable law.

**Hannans** or **Company** means Hannans Reward Limited (ABN 52 099 862 129).

**Hannans** means Hannans and its related entities.

**Hannans Option** means an option to acquire a Hannans Share.

**Hannans Projects** means the projects held by Hannans as outlined in Section 3.

**Hannans Share** means a fully paid ordinary share in the capital of Hannans.

**Hannans Shareholder** means a holder of a Hannans Share.

**Independent Directors** means Mr Richard Scallan, Mr William Hicks and Mr Jonathan Murray.

**Ineligible Foreign Shareholder** means any SCR Shareholder whose address, as entered in the register of members of SCR, is in a jurisdiction other than Australia (and its external Territories) and New Zealand, unless Hannans otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to an SCR Shareholder in the relevant jurisdiction and to issue Hannans Shares to such an SCR Shareholder on acceptance of the Offer, and that it is not unlawful for such an SCR Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

**IOCG** means Iron Oxide Copper Gold.

**Issuer Sponsored Holding** means a holding of SCR Shares on SCR's issuer sponsored subregister.

**JORC Code** means the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

**Kiruna Iron** means Kiruna Iron AB, a wholly owned Swedish incorporated subsidiary of SCR.

**Kiruna Iron Project** means the Kiruna iron project held by Kiruna Iron, as described in Section 5.7 of this Bidder's Statement.

**Kiruna Raising** means the US\$12,500,000 SCR is currently seeking to secure in pre-IPO funds for the Kiruna Iron Project, as referred to in the announcement made by Hannans to ASX dated 29 February 2012.

**LKAB** means Luossavaara Kiirunavaara AB (Publ); Corp. ID No: 556001-5835.

**Merged Entity** means Hannans and its subsidiaries following the acquisition by Hannans of all, or a portion of SCR Shares on issue.

**Mineral Resources** has the meaning given in the JORC Code.

**Offer** means the off market takeover offer by Hannans of three (3) Hannans Share for every one (1) SCR Share on the terms and conditions set out in this Bidder's Statement.

**Offer Consideration** means three (3) Hannans Shares for every one (1) SCR Share.

**Offer Period** means the period during which the Offer is open for acceptance.

**Official List of the ASX** means the official list of entities that ASX has admitted and not removed.

**Participant** means an entity admitted to participate in the Clearing House Subregister System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

**Perth Time** means Perth (Western Australia) Standard Time.

**Pre-Announcement Price** means the closing price of SCR Shares on ASX or Hannans Shares on ASX, as the case may be, on 27 February 2012, being the last trading day prior to the announcement of the Offer.

**Public Authority** means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchanges.

**Record Date** means the date set by Hannans under Section 633(2) of the Corporations Act, being 5:00pm (Perth time) on *(leave blank in lodged version)*.

**Relevant Interest** has the meaning given in Section 9 of the Corporations Act.

**Rights** means all accreditations, benefits and rights attaching to or arising from SCR Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by SCR).

**Sale Nominee** has the meaning given in Section 1.8 of Annexure A to this Bidder's Statement.

**SRAB** means Scandinavian Resources AB, a wholly owned Swedish incorporated subsidiary of SCR.

**SCR** means Scandinavian Resources Limited (ABN 99 132 035 842).

**SCR Board** means the board of directors of SCR.

**SCR Group** means SCR and its related entities.

**SCR Option** means an option to acquire an SCR Share.

**SCR Projects** means the projects held by SCR as outlined in Section 5.7 of this Bidder's Statement.

**SCR Share** means a fully paid ordinary share in the capital of SCR.

**SCR Shareholders** means all persons who hold SCR Shares.

**Shareholder** means a holder of Hannans Shares.

**Subsidiary** means a subsidiary within the meaning given to that term in Section 9 of the Corporations Act.

**Sydney Time** means Sydney (New South Wales) Standard Time.

**Unmarketable Parcel** means a number of Hannans Shares which is less than a "marketable parcel" under the market rules of the ASX (currently a parcel of less than \$500), calculated based on the highest closing price for Hannans Shares published during the Bid Period (or, in relation to Hannans Shares issued in respect of accepting SCR Shareholders during the Bid Period, based on the highest closing price for Hannans Shares published between the start of the Bid Period until the last trading day before Hannans issues those Hannans Shares).

**Unmarketable Parcel Shareholder** means an SCR Shareholder in respect of whom the total number of Hannans Shares to which that SCR Shareholder would be entitled to receive as consideration under the Offer is an Unmarketable Parcel.

**VWAP** means volume weighted average price of 'on market' trades on ASX (i.e. normal trades, cross trades, stabilisation trades and short sell trades).

**Your Shares** means the SCR Shares: (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of SCR at the opening of business (Sydney Time) on the Record Date; or (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.

## 12.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a Section is to a Section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;

- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.



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## ANNEXURE A – TERMS OF OFFER

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### 1.1 General Terms

- (a) Hannans offers to acquire all of Your Shares, together with all Rights attached to them, on the following terms and conditions set out in this Offer.
- (b) The Offer Consideration being offered by Hannans for the acquisition of all of Your Shares is three (3) Hannans Shares for every one (1) SCR Share you own, subject to the terms and conditions set out in this Offer.
- (c) If, you become entitled to a fraction of a Hannans Share under the Offer, the number of Hannans Shares will be rounded up to the nearest whole Hannans Share (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).
- (d) If you are an Ineligible Foreign Shareholder at the time the Offer is made to you then, despite any other provision of this Offer, you are offered and will receive for Your Shares a cash amount calculated under Section 1.8 of this Annexure A.
- (e) If you accept the Offer and are eligible under the Offer to be issued an Unmarketable Parcel of Hannans Shares, the Hannans Shares to which you would otherwise be entitled under the Offer will be sold by the Sale Nominee as if you were an Ineligible Foreign Shareholder, with the proceeds of the sale (less any transaction costs) remitted to you in accordance with Section 1.9 of this Annexure A.
- (f) The Hannans Shares to be issued pursuant to this Offer will be fully paid and, from their date of issue, rank equally in all respects with existing Hannans Shares currently on issue.
- (g) The rights and obligations of the Hannans Shares to be issued under the Offer are summarised in Section 4 of the Bidder's Statement.
- (h) The Offer is dated ***(leave blank in lodged version)***.

### 1.2 Offer Period

- (a) Unless withdrawn, this Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 5:00 pm (Perth Time) on the later of:
  - (i) ***(leave blank in lodged version)***; or
  - (ii) any date to which the Offer Period is extended, in accordance with the Corporations Act.
- (b) Hannans reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
  - (i) the Offer is varied to improve the consideration offered; or
  - (ii) Hannans' voting power in SCR increases to more than 50%,

then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with Section 624(2) of the Corporations Act.

### 1.3 Who May Accept

- (a) An Offer in this form and bearing the same date is being made to each person registered as a holder of SCR Shares on SCR's register of members at open for business (Perth Time) on the Record Date.
- (b) The Offer also extends to each person who, during the period from the Record Date until the end of the Offer Period, becomes registered as a holder of SCR Shares due to the conversion of, or exercise of rights conferred by SCR Options that are on issue at the Record Date and any person who becomes registered as the holder of Your Shares during the Offer Period.
- (c) A person who:
  - (i) is able during the Offer Period to give good title to a parcel of SCR Shares; and
  - (ii) has not already accepted this Offer which relates to those SCR Shares,may accept as if an Offer from Hannans on terms identical with this Offer had been made to that person in relation to those SCR Shares.
- (d) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of Your Shares, then:
  - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those SCR Shares; and
  - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other SCR Shares you hold to which the Offer relates; and
  - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (e) If at any time during the Offer Period you are registered as the holder of one or more parcels of SCR Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each distinct parcel, you must comply with the procedure in Section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Hannans on +61 8 9324 3388 to request those additional copies.
- (f) This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). The Offer is not registered in New

Zealand, but is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002. It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.

- (g) If Your Shares are registered in the name of broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting this Offer.

#### **1.4 How to Accept this Offer**

- (a) You may only accept this Offer in respect of all (and not a lesser number) of Your Shares. For example, if you have 10,000 SCR Shares and you wish to accept the Offer, you may only accept this Offer in respect of 10,000 SCR Shares.

- (b) You may accept this Offer at any time during the Offer Period.

##### **(c) SCR Shares held in your name on SCR's issuer sponsored subregister**

To accept this Offer for SCR Shares held in your name on SCR's issuer sponsored subregister (in which case your Securityholder Reference Number will commence with 'I'), you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.

##### **(d) SCR Shares held in your name in a CHESS Holding**

- (i) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you should instruct your Controlling Participant (this is normally the stockbroker either through whom you bought Your Shares or through whom you ordinarily acquire shares on ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (ii) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you must initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iii) Alternatively, to accept this Offer for SCR Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must:

- (A) sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
  - (B) ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received in sufficient time to pass on your instructions for action before the end of the Offer Period, at the address shown on the Acceptance Form.
- (iv) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASX Settlement Operating Rules.

**(e) Acceptance Form and Other Documents**

- (i) The Acceptance Form forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer.
- (ii) For your acceptance to be valid you must ensure that your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) are posted or delivered in sufficient time for it to be received by Hannans at the address shown on the Acceptance Form before the end of the Offer Period.
- (iii) The postage and transmission of the Acceptance Form and other documents is at your own risk.
- (iv) When accepting the Offer, you must also forward for inspection:
  - (A) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
  - (B) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased SCR Shareholder, the relevant grant of probate or letters of administration.

**1.5 Validity of Acceptances**

- (a) Subject to this Section 1.5 of this Annexure A, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in Section 1.4 of this Annexure A.
- (b) Hannans may, in its sole discretion, at any time deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares even if a requirement for acceptance has not been complied with.
- (c) Hannans may at any time in its sole discretion:
  - (i) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have

not been complied with and without further communication to you; and

- (ii) where you have satisfied the requirements for acceptance in respect of only some of your SCR Shares, treat the acceptance as a valid acceptance in respect of all of your SCR Shares.
- (d) In respect of any part of an acceptance treated by it as valid, Hannans will provide you with the relevant consideration in accordance with Section 1.7(a) of this Annexure A, and the exercise of Hannans' rights under this Section 1.5 of this Annexure A will be conclusive and only evidenced by its so doing. The payment of consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Hannans.
- (e) This Section is not a condition of this Offer.

## **1.6 The Effect of Acceptance**

- (a) Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of Your Shares, except as follows:
  - (i) if, by the times specified in Section 1.6(b) of this Annexure A, the conditions in Section 1.10(a) of this Annexure A have not all been fulfilled or waived, the Offer will automatically terminate and Your Shares will be returned to you; or
  - (ii) if the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Hannans has to meet its obligations under the Offer, and, at the time, the Offer is subject to one or more of the conditions in Section 1.10(a) of this Annexure A, you may be able to withdraw your acceptance in accordance with Section 650E of the Corporations Act.
- (b) The relevant times for the purposes of Section 1.6(a) are:
  - (i) in relation to the condition in Section 1.10(a)(iii) of this Annexure A, the end of the third business day after the end of the Offer Period; and
  - (ii) in relation to all other conditions in Section 1.10(a) of this Annexure A, the end of the Offer Period.
- (c) By following the procedures described in Section 1.4 of this Annexure A, you will be deemed to have:
  - (i) accepted this Offer (and any variation to it) in respect of the SCR Shares registered in your name to which this Offer relates, regardless of the number of SCR Shares specified in the Acceptance Form;
  - (ii) agreed to the terms of the Offer and, subject to the conditions contained in Section 1.10(a) of this Annexure A being fulfilled or

waived, agreed to transfer to Hannans all of your SCR Shares and all of the Rights attached to those SCR Shares;

- (iii) agreed to accept the consideration being offered by Hannans and have authorised Hannans to place your name on its register of shareholders in respect of Hannans Shares offered by Hannans as consideration, and agreed to be bound by the Constitution of Hannans;
- (iv) authorised Hannans to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:
  - (A) to make the Acceptance Form an effective acceptance of this Offer; and/or
  - (B) to enable registration of the transfer to Hannans of your SCR Shares;
- (v) irrevocably authorised and directed SCR to pay to Hannans or to account to Hannans for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Offer in respect of your SCR Shares (subject to Hannans accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
- (vi) represented and warranted to Hannans that:
  - (A) Hannans will acquire good title to and beneficial ownership of all of your SCR Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
  - (B) you have paid SCR all amounts which are due in respect of your SCR Shares;
  - (C) all of your SCR Shares are fully paid; and
  - (D) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of your SCR Shares (together with all Rights attached to them) to Hannans;
- (vii) unless you are an Ineligible Foreign Shareholder (as that expression is defined in Section 12.1 of this Bidder's Statement), or entitled to an Unmarketable Parcel of Hannans Shares under the Offer, agreed to accept the Hannans Shares to which you become entitled by accepting this Offer subject to the Constitution and the terms of issue of the Hannans Shares and to have authorised Hannans to place your name on its register of shareholders as the holder of the Hannans Shares issued to you under the Offer;

- (viii) acknowledged and agreed that if you are an Ineligible Foreign Shareholder, Hannans will arrange for any Hannans Shares otherwise issuable to you to be issued and sold, and the proceeds (less any transaction costs) to be remitted to you, as described in Section 1.8 of this Annexure A;
- (ix) represented and warranted to Hannans that the making by Hannans to you, and your acceptance, of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer, and to your acceptance of this Offer;
- (x) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) Hannans and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your SCR Shares or in exercise of any right or power derived from the holding of your SCR Shares including, without limitation:
  - (A) attend and vote in respect of your SCR Shares at any and all meetings of SCR;
  - (B) requisition or join with other holders of SCR Shares in requisitioning and/or convening a meeting of the members of SCR;
  - (C) demand a poll for any vote to be taken at any meeting of SCR Shareholders;
  - (D) propose or second any resolutions to be considered at any, and all meetings of SCR Shareholders;
  - (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Hannans as a proxy in respect of all or any of your SCR Shares and a transfer form for your SCR Shares), proxies, consents, agreements and resolutions relating to your SCR Shares;
  - (F) request SCR to register in the name of Hannans or its nominee your SCR Shares which you hold on any register of SCR; and
  - (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Hannans as the beneficial owner and intended registered holder of your SCR Shares in respect of which you have accepted this Offer and to have further agreed to do all such acts, matters and things that Hannans may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of SCR) if requested by

Hannans. This appointment is irrevocable and terminates upon registration of a transfer to Hannans or your SCR Shares;

- (xi) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, agreed not to vote in person at any general meeting of SCR or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Hannans and the directors, secretaries and other officers of Hannans by Section 1.6(c)(x) of this Annexure A;
  - (xii) irrevocably authorised Hannans to notify SCR on your behalf that your place of address for the purposes of serving notices in respect of your SCR Shares is the address specified by Hannans in the notification;
  - (xiii) represented and warranted to Hannans that, unless you have notified it in accordance with Section 1.3(e) of this Annexure A, your SCR Shares do not consist of a separate parcel of shares; and
  - (xiv) agreed, subject to the conditions of this Offer in Section 1.10(a) of this Annexure A being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Hannans may consider necessary or desirable to convey your SCR Shares registered in your name and Rights to Hannans.
- (d) The representations, warranties, undertakings and authorities referred to in this Section 1.6 of this Annexure A will (unless otherwise stated) remain in force after you receive the consideration for your SCR Shares and after Hannans becomes the register as the holder of them.

## **1.7 Payment of Consideration**

- (a) Subject to the terms of this Offer and the Corporations Act, Hannans will provide the consideration for Your Shares on or before the earlier of:
  - (i) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Offer, regardless of any delay in providing the consideration or any extension of the Offer.
- (c) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
  - (i) if that document is given with your acceptance, Hannans will provide the consideration in accordance with Section 1.7(a) of this Annexure A;
  - (ii) if that document is given after acceptance and before the end of the Offer Period while this Offer is subject to a defeating



condition, Hannans will provide the consideration by the end of whichever of the following periods ends earlier:

- (A) within one month after this Offer become unconditional; or
  - (B) 21 days after the end of the Offer Period;
- (iii) if that document is given after Acceptance Form of the Offer Period while this Offer is not subject to a defeating condition, Hannans will provide the consideration due to you on or before the earlier of:
- (A) one month after that document is given to Hannans; and
  - (B) 21 days after the end of the Offer Period; and
- (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Hannans will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event of circumstances referred to in Section 652C(1) or (2) of the Corporations Act, Hannans will provide the consideration for you within 21 days after the Offer becomes unconditional.
- (d) Subject to Sections 1.8 and 1.9 of this Annexure A, the obligation of Hannans to allot and issue any Hannans Shares to which you are entitled under the Offer will be satisfied by:
- (i) entering your name on the register of members of Hannans; and
  - (ii) dispatching or procuring the dispatch to you by pre-paid post to your last recorded address on the most recent copy of SCR's register of members after the Offer goes unconditional, a confirmation of the issue of Hannans Shares in your name. If Your Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to the last recorded address on the most recent copy of SCR's register of members.
- (e) If, at the time you accept the Offer, any of the following:
- (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
  - (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
  - (iii) Charter of the United Nations (Sanctions – Al-Qaida and the Taliban) Regulations 2008 (Cth);
  - (iv) Charter of the United Nations (Sanctions - Iraq) Regulations 2008 (Cth); or
  - (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for Your Shares, or would make it unlawful for Hannans to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by Hannans. As far as Hannans is aware, as at the date of this Bidder's Statement, the persons to whom this Section 1.7(e) of this Annexure A will apply are: prescribed supporters of the former government of Yugoslavia; ministers and senior officials of the Government of Zimbabwe; persons associated with the former government of Iraq (including senior officials, immediate family members of senior officials, or entities controlled by any of those persons); Osama bin Laden; the Taliban; members of the Al Qaida organisation; and a person named in the list maintained pursuant to Section 2 of Resolution 1390 of the Security Council of the United Nations.

## 1.8 Ineligible Foreign Shareholders

- (a) If you are an Ineligible Foreign Shareholder (as that expression is defined in Section 12.1 of this Bidder's Statement), you will not be entitled to receive Hannans Shares as the consideration for Your Shares as a result of accepting the Offer, and Hannans will:
- (i) arrange for the issue to a nominee approved by ASIC (the **Sale Nominee**) of the number of Hannans Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for Section 1.1(d) of this Annexure A and the equivalent provision of each other offer under the Offer;
  - (ii) cause the Hannans Shares so issued to be offered for sale by the Sale Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
  - (iii) cause the Sale Nominee to pay, to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Ineligible Foreign Shareholders who accept the Offer receive the same proceeds per SCR Share, subject to rounding):

$$\frac{\text{Net Proceeds of Sale} \times \text{YS}}{\text{TS}}$$

Where:

**Net Proceeds of Sale** is the amount received by the Sale Nominee upon the sale of Hannans Shares under this Section 1.8 of this Annexure A, less the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges);

**YS** is the number of Hannans Shares which would, but for Sections 1.8(a) and 1.1(d) of this Annexure A, have been allotted and issued to you; and

**TS** is the total number of Hannans Shares allotted and issued to the Sale Nominee under this Section 1.8 of this Annexure A in respect of the SCR Shares held by all Ineligible Foreign Shareholders.

- (b) You will be paid your share of the proceeds of the sale of Hannans Shares by the Sale Nominee in Australian currency.
- (c) Payment will be made by cheque payable in Australian Dollars and drawn on an Australian bank branch posted to you at your risk by ordinary mail (or in the case of overseas shareholders by airmail) as soon as practicable and in any event within the period required by the Corporations Act to your address recorded on the latest copy of the SCR shareholders register.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Hannans Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

### **1.9 Unmarketable Parcels**

If you accept the Offer and are eligible under the Offer to be issued an Unmarketable Parcel of Hannans Shares, the Hannans Shares to which you would otherwise be entitled under the Offer will be sold by the Sale Nominee as if you were an Ineligible Foreign Shareholder, with the proceeds of the sale (less any transaction costs) remitted to you in accordance with Section 1.8 of this Annexure A with references to "Ineligible Foreign Shareholder" read accordingly.

### **1.10 Conditions of this Offer**

- (a) Subject to Sections 1.10(b) and 1.10(c) of this Annexure A, the Offer and any contract that results from acceptance of the Offer is subject to the fulfilment of the following conditions:

- (i) **Minimum acceptance**

- At or before the end of the Offer Period, Hannans has a Relevant Interest in such number of SCR Shares which represents at least 90% of the aggregate of all the SCR Shares on issue and becomes entitled to compulsorily acquire all outstanding SCR Shares under Part 6A.1 of the Corporations Act.

- (ii) **No spin out of SCR iron assets**

- During the period from Announcement Date to the end of the Offer Period, neither SCR nor any Subsidiary of SCR (**SCR Subsidiary**) proceeds with its proposed capital raising as contemplated by SCR's announcement to ASX dated 13 October 2011, or a similar transaction or arrangement which would result in a similar effect.

- (iii) **No prescribed occurrences**

- During the period from Announcement Date to the day that is 3 Business Days after the end of the Offer Period (each inclusive), none of the following occurrences (being the prescribed

occurrences listed in Section 652C of the Corporations Act) happens:

- (A) SCR converts all or any of its shares into a larger or smaller number of shares under Sections 254H of the Corporations Act;
- (B) SCR or a Subsidiary of SCR resolves to reduce its share capital in any way;
- (C) SCR or a Subsidiary of SCR enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under Sections 257C(1) or 257D(1) of the Corporations Act;
- (D) SCR or a Subsidiary of SCR issues shares (other than as a result of the exercise of any SCR Options or grants an option over its shares, or agrees to make such an issue or grant such an option);
- (E) SCR or a Subsidiary of SCR issues, or agrees to issue, convertible notes;
- (F) SCR or a Subsidiary of SCR disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (G) SCR or a Subsidiary of SCR charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (H) SCR or a Subsidiary of SCR resolves to be wound up;
- (I) a liquidator or provisional liquidator of SCR or of a Subsidiary of SCR is appointed;
- (J) a court makes an order for the winding up of SCR or of a Subsidiary of SCR;
- (K) an administrator of SCR or of a Subsidiary of SCR is appointed under Sections 436A, 436B or 436C of the Corporations Act;
- (L) SCR or a Subsidiary of SCR executes a deed of company arrangement; or
- (M) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of SCR or a Subsidiary of SCR.

**(iv) No action by Government Agency adversely affecting the Offer**

During the period from Announcement Date to the end of the Offer Period:

- (A) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;

- (B) no action or investigation is instituted, or threatened by any Government Agency with respect to SCR or any Subsidiary of SCR; or
- (C) no application is made to any Government Agency (other than an application by Hannans or any company within the Hannans, an application under Section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer),

in consequence of, or in connection with, the Offer, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Offer or the completion of any transaction contemplated by the Bidder's Statements (including implementing the intentions expressed therein) or seeks to require the divestiture by Hannans of any SCR Shares, or the divestiture of any assets by SCR or by any Subsidiary of SCR or by any company within the Hannans.

**(v) Conduct of business**

Except for any proposed transaction publicly announced by SCR before the Announcement Date, none of the following events occur during the period from Announcement Date to the end of the Offer Period:

- (A) SCR, or any Subsidiary of SCR, acquires, offers to acquire or agrees to acquire one or more companies, businesses, trusts or assets (or an interest in one or more companies, businesses, trusts or assets) for an amount in aggregate greater than \$250,000 or makes an announcement about such an acquisition;
- (B) SCR, or any Subsidiary of SCR, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies, trusts or assets (or an interest in one or more companies, trusts or assets) for an amount in aggregate greater than \$250,000 or makes an announcement about such a disposal;
- (C) SCR, or any Subsidiary of SCR, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership involving a commitment of (or foregoing of revenue of) greater than \$250,000 or dual listed company structure, or makes an announcement about such a commitment;
- (D) SCR, or any Subsidiary of SCR, incurs or commits to, or grants to another person a right the exercise of which would involve SCR or any Subsidiary of SCR incurring or committing to any capital expenditure or liability for one or more related items of greater than \$250,000 or makes an announcement about such a commitment; or

- (E) SCR, or any Subsidiary of SCR, declares, pays or distributes any dividend, bonus or other share of its profits or assets.

**(vi) No force majeure event**

During the Offer Period:

- (A) no outbreak of hostilities (whether war is declared or not) or terrorism, mobilisation of armed forces, civil or political unrest or labour disturbance, fire or natural disaster, material increase in the intensity of any of the above events or other event beyond the control of SCR or the relevant Subsidiary of SCR occurs which affects or is likely to affect the assets, liabilities, financial position, performance, profitability or prospects of SCR or any of its subsidiaries; and
- (B) there is no amendment made (or proposed to be made) to any law, regulation or similar applying to SCR or any of its Subsidiaries that is reasonably likely to have an adverse affect on the assets, liabilities, financial position, performance, profitability or prospects of the SCR Group; and
- (C) there is no widespread disruption to global financial markets, or the financial markets of Australia, Sweden or Norway.

**(vii) No material adverse change to SCR**

Between the Announcement Date and the end of the Offer Period, no matter, event, change, condition, circumstance, information or thing (**Change(s)**) occurs, is announced, becomes likely to occur or becomes known to Hannans (in any such case, individually or when aggregated with all such Change(s) and whether or not becoming public) that discloses (or could reasonably be inferred from the disclosure that), would result in and/or would reasonably be likely to result in:

- (A) the value of the consolidated net assets of the SCR Group being reduced by at least A\$2 million against what they would reasonably have been expected to have been but for the Change(s) (as the case may be); or
- (B) a material adverse effect on the business, assets, liabilities, financial position or performance, profitability or prospects of the SCR Group taken as a whole, or the status or terms of any of the exploration or mining tenements owned by the SCR Group.

- (b) Each condition in Section 1.10(a) of this Annexure A is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of Hannans alone and may only be relied upon by Hannans.

- (c) All the conditions in Section 1.10(a) of this Annexure A are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the conditions in Section 1.10(a)(iii) of this Annexure A, until the end of the third business day after the end of the Offer Period), prevent a contract to sell Your Shares from arising, but entitles Hannans by written notice to you, to rescind the contract resulting from your acceptance of this Offer.

#### **1.11 Freeing the Offer of Conditions**

Hannans may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 1.10(a) of this Annexure A by giving notice to SCR declaring the Offer to be free from the relevant conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given:

- (a) in relation to the condition in Section 1.10(a)(iii) of this Annexure A that comprise an event or circumstance referred to in Sections 652C(1) or (2) of the Corporations Act in relation to SCR – not later than 3 business days after the end of the Offer Period; and
- (b) in relation to all other conditions in Section 1.10(a) not less than 7 days before the end of the Offer Period.

#### **1.12 Freeing the Offer from Conditions**

- (a) If, at the end of the Offer Period (or in the case of the condition at Section 1.10(a)(iii) of this Annexure A, at the end of the third business day after the end of the Offer Period), the conditions in Section 1.10(a) of this Annexure A have not been fulfilled and Hannans has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.
- (b) Subject to the provisions of the Corporations Act, Hannans alone will be entitled to the benefit of the conditions in Section 1.10(a) of this Annexure A and any breach or non-fulfilment thereof may be relied upon only by Hannans.

#### **1.13 Notice of Status of Conditions**

The date for giving the notice required by Section 630(1) of the Corporations Act is ***(leave blank in lodged version)***, subject to extension in accordance with 630(2) if the Offer Period is extended.

#### **1.14 Quotation**

- (a) An application will be made within 7 days after the start of the Bid Period to ASX for the granting of quotation of the Hannans Shares to be issued in accordance with the Offer. However, quotation is not granted automatically on application.
- (b) Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for quotation by ASX (as the circumstances require) of the Hannans Shares to be issued pursuant to the Offer being granted no later than 7 days after the end of the Bid Period. If this condition is not fulfilled, all

contracts resulting from the acceptance of the Offers will be automatically void.

#### **1.15 Withdrawal of Offer**

Hannans may withdraw this Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, Hannans will give notice of the withdrawal to ASX and to SCR and comply with any other conditions imposed by ASIC.

#### **1.16 Variation**

Hannans may vary this Offer in accordance the Corporations Act.

#### **1.17 Stamp Duty or Other Costs**

- (a) All costs and expenses of the preparation, dispatch and circulation of this Offer and any stamp duty payable in respect of the transfers will be paid by Hannans.
- (b) As long as your SCR Shares are registered in your name and you deliver them directly to Hannans, you will not incur any brokerage in connection with your acceptance of this Offer.

#### **1.18 Governing Law**

This Offer and any contract that results from your acceptance of this Offer is governed by the laws in force in Western Australia.

#### **1.19 Date of Offer**

This Offer is dated *(leave blank in lodged version)*.



## ANNEXURE B – HANNANS’ ASX ANNOUNCEMENTS

The Company has lodged the following announcements with ASX since 1 July 2011:

<b>Date Lodged</b>	<b>Description of Document</b>
19/03/2012	Hannans-Takeover offer supported by ScanRes shareholders
15/03/2012	Hannans - Financial Report for Half Year
15/03/2012	Hannans - Appendix 3Y
12/03/2012	Hannans - Updated Capital Structure
09/03/2012	SCR: ScanRes - Take No Action
09/03/2012	Hannans - Letter to Hannans Shareholders
06/03/2012	Hannans - Shareholder Audio Broadcast
29/02/2012	SCR: ScanRes - Response to Takeover Offer
29/02/2012	Hannans - Proposal to Acquire Scandinavian Resources
28/02/2012	Request for Trading Halt
28/02/2012	Trading Halt
13/02/2012	Hannans - Errawarra Resources (Manganese) Spin Out
03/02/2012	Hannans - Resignation of Exploration Manager
01/02/2012	Hannans - 2nd Quarter Activities Report
01/02/2012	Hannans - 2nd Quarter Cashflow Report
30/03/2012	Hannans - 2011 AGM Results
30/01/2012	Hannans - AGM Presentation
10/01/2012	Hannans - Change of Address
28/12/2011	Hannans - Annual General Meeting
22/12/2011	Hannans - Encouraging Results at Jigalong Project
22/12/2011	Hannans - Drilling Update at Lake Johnston Project
17/11/2011	Hannans - 2011 AGM Update
14/11/2011	Hannans - Drilling Commences at Lake Johnston Project
11/11/2011	Hannans - Completion of Option Underwriting
01/11/2011	Hannans - Manganese at Jigalong
01/11/2011	Hannans - 1st Quarter Activities Report

31/10/2011	Hannans - 1st Quarter Cashflow Report
27/10/2011	SCR: ScanRes - Underwriting of Options
27/10/2011	Hannans - Underwriting of Options
30/09/2011	Hannans - 2011 Annual Report
29/09/2011	Hannans - Investor Presentation
15/09/2011	Hannans - Manganese Drilling Begins at Jigalong Project
07/09/2011	CUL: Drilling commenced on two projects
02/09/2011	Hannans - Forrestania Project Commencement of Drilling
01/08/2011	Hannans - Unlisted Options
29/07/2011	Hannans - 4th Quarter Cashflow Report
29/07/2011	Hannans - 4th Quarter Activities Report
20/07/2011	Hannans - Forrestania Project Exploration Update
06/07/2011	Hannans - Jigalong Project Exploration Update
04/07/2011	Hannans - Lake Johnston Project Exploration Update
01/07/2011	Hannans - Unlisted Options