

# HANNANS REWARD LTD

ABN 52 099 862 129

Financial Report for the half-year ended 31 December 2012

[www.hannansreward.com](http://www.hannansreward.com)

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## CORPORATE DIRECTORY

### Board of Directors

<b>Managing Director</b>	Mr Damian Hicks	<b>Company Secretary</b>	Mr Ian Gregory
<b>Non-Executive Director</b>	Mr Jonathan Murray	<b>Company Secretary</b>	Mr Michael Craig
<b>Non-Executive Director</b>	Mr Markus Bachmann		
<b>Non-Executive Director</b>	Mr Olof Forslund		

### Principal Office

6 Outram Street, West Perth, Western Australia, 6005

### Postal Address

PO Box 1227,  
West Perth, Western Australia, 6872

### Contact Details

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+61 8 9324 3366 (Facsimile)  
admin@hannansreward.com  
www.hannansreward.com  
ABN 52 099 862 129

### Auditors

Ernst & Young  
Ernst & Young Building  
11 Mounts Bay Road, Perth, Western Australia, 6005

### Registered Office

6 Outram Street, West Perth, Western Australia, 6005

### Social Network Sites

Twitter – @hannansreward  
Facebook – Hannans Reward

### Share Registry

Computershare  
Level 2, 45 St George's Terrace  
Perth, Western Australia, 6000  
1300 557 010 (Telephone)  
www.computershare.com.au

### Lawyers

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street, Perth, Western Australia, 6000

## DIRECTORS' REPORT

The Directors of Hannans Reward Limited submit the financial report for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names of the Directors of the Company who have held office during and since the end of the half-year are:

### **Independent Non Executive Chairman**

Mr Richard Scallan (*Resigned on 21 November 2012*)

### **Managing Director**

Mr Damian Hicks

### **Non Executive Directors**

Mr William Hicks (*Resigned on 21 November 2012*)

Mr Jonathan Murray

Mr Olof Forslund (*Appointed on 2 August 2012*)

Mr Markus Bachmann (*Appointed on 2 August 2012*)

The directors held their position throughout the entire financial interim period and up to the date of this report unless stated otherwise.

### **Principal activities**

The principal activity of the Group during the interim period was exploration and evaluation of mineral interests.

### **Results**

The net loss of the Group for the interim period after income tax expense was \$270,703 (2011: \$282,143 Profit).

### **Review of operations**

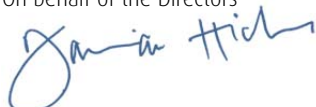
Other than exploration, equity investments and corporate activities as detailed in the reports released to the market, there have been no other significant operations by the Group during the six months ended 31 December 2012.

### **Auditor's independence declaration**

The auditor's independence declaration is included on page 5 and forms part of the Directors' report for the six months ended 31 December 2012.

Signed in accordance with a resolution of directors.

On behalf of the Directors



Damian Hicks

Managing Director

15 March 2013

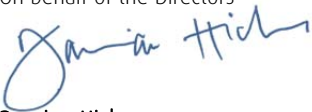
## DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, subject to the achievability of the matters set out in note 3, Going Concern, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 2 and giving a true and fair view of the financial position and performance of the consolidated entity for the half-year ended 31 December 2012.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink that reads "Damian Hicks". The signature is written in a cursive style with a large initial 'D'.

**Damian Hicks**

Managing Director

Perth, Western Australia this 15th day of March 2013

# INDEPENDENCE DECLARATION TO THE DIRECTORS OF HANNANS REWARD LTD



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11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843  
Tel: +61 8 9429 2222  
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www.ey.com/au

## Auditor's Independence Declaration to the Directors of Hannans Reward Ltd

In relation to our review of the financial report of Hannans Reward Ltd for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'G A Buckingham'.

G A Buckingham  
Partner  
Perth  
15 March 2013

GB:MM:HANNAN:012

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under Professional Standards Legislation

# INDEPENDENT REVIEW REPORT TO THE MEMBERS OF HANNANS REWARD LTD



Ernst & Young Building  
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## Independent review report to the members of Hannans Reward Ltd

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hannans Reward Ltd, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hannans Rewards Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hannans Reward Ltd is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

## Emphasis of Matter

Without qualification to the conclusion expressed above, attention is drawn to the following. As a result of the matters described in Note 3 "Going Concern" of the financial report, there is material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'G A Buckingham'.

G A Buckingham  
Partner  
Perth  
15 March 2013

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 31 December 2012

	Note	Half-year ended 31 Dec 2012 \$	Restated Half-year ended 31 Dec 2011 \$
Revenue		24,923	299,140
Other income		77,473	538,386
Gain on disposal of shares		4,088,415	5,560,601
<b>Total revenue</b>		<b>4,190,811</b>	<b>6,398,127</b>
Employee and contractors expenses		(611,022)	(388,864)
Depreciation expense		(35,623)	(21,378)
Consultants expenses		(61,682)	(140,859)
Interest expense		(58,278)	(41,841)
Occupancy expenses		(158,006)	(37,809)
Marketing expenses		(41,752)	(26,157)
Exploration and evaluation expenses		(1,681,900)	(3,323,160)
Other expenses		(231,832)	(133,310)
<b>Profit from continuing operations before income tax expense/benefit</b>		<b>1,310,716</b>	<b>2,284,749</b>
Income tax expense	13	(1,581,419)	(2,002,606)
<b>(Loss)/Profit from continuing operations attributable to members of the parent entity</b>		<b>(270,703)</b>	<b>282,143</b>
<b>Other comprehensive income/(loss) for the period</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences – foreign operations		106,767	–
Net change in fair value of available-for-sale financial assets	13	(1,182,787)	(4,005,695)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	13	(2,506,996)	(3,557,995)
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>(3,583,016)</b>	<b>(7,563,690)</b>
Items that will not be reclassified to profit or loss		–	–
<b>Total other comprehensive loss for the period</b>		<b>(3,583,016)</b>	<b>(7,563,690)</b>
<b>Total comprehensive loss for the period</b>		<b>(3,853,719)</b>	<b>(7,281,547)</b>
<b>Net (loss)/profit attributable to the parent entity</b>		<b>(270,703)</b>	<b>282,143</b>
<b>Total comprehensive loss attributable to the parent entity</b>		<b>(3,853,719)</b>	<b>(7,281,547)</b>
<b>(Loss)/Earnings per share:</b>			
Basic (cents per share)		(0.05)	0.21
Diluted (cents per share)		(0.05)	0.21

The accompanying notes form part of the financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Note	31 Dec 2012 \$	Restated 30 Jun 2012 \$
<b>Current assets</b>			
Cash and cash equivalents		2,131,592	167,740
Trade and other receivables		152,354	339,532
Other financial assets	4	17,966	7,277,652
<b>Total current assets</b>		<b>2,301,912</b>	<b>7,784,924</b>
<b>Non-current assets</b>			
Other receivables		282,256	262,232
Property, plant and equipment		188,088	210,910
Other financial assets		144,242	300,000
Capitalised mineral exploration and evaluation expenditure	5	29,002,434	28,275,372
<b>Total non-current assets</b>		<b>29,617,020</b>	<b>29,048,514</b>
<b>TOTAL ASSETS</b>		<b>31,918,932</b>	<b>36,833,438</b>
<b>Current liabilities</b>			
Trade and other payables		892,080	1,794,290
Provisions		206,075	184,822
Borrowings	6	–	1,373,930
Other financial liabilities	7	894,174	1,302,365
<b>Total current liabilities</b>		<b>1,992,329</b>	<b>4,655,407</b>
<b>Non-current liabilities</b>			
Provisions		42,291	39,941
Other financial liabilities	7	9,622	66,262
<b>Total non-current liabilities</b>		<b>51,913</b>	<b>106,203</b>
<b>TOTAL LIABILITIES</b>		<b>2,044,242</b>	<b>4,761,610</b>
<b>NET ASSETS</b>		<b>29,874,690</b>	<b>32,071,828</b>
<b>Equity</b>			
Issued capital	8	41,951,288	40,294,707
Reserves	9	1,148,780	4,731,796
Accumulated losses	10	(13,225,378)	(12,954,675)
<b>TOTAL EQUITY</b>		<b>29,874,690</b>	<b>32,071,828</b>

The accompanying notes form part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2012

For the half-year ended 31 December 2012	Note	Attributable to equity holders			Total Equity \$
		Ordinary Shares \$	Reserves \$	Accumulated Losses \$	
Balance as at 1 July 2012 (Restated)	13	40,294,707	4,731,796	(12,954,675)	32,071,828
<b>Total comprehensive income</b>					
Loss for the period		-	-	(270,703)	(270,703)
Other comprehensive loss for the period		-	(3,583,016)	-	(3,583,016)
Total comprehensive loss for the period		-	(3,583,016)	(270,703)	(3,853,719)
<b>Transactions with owners recorded direct to equity</b>					
Issue of shares		1,714,600	-	-	1,714,600
Share issue expense		(58,019)	-	-	(58,019)
Total transactions with owners		1,656,581	-	-	1,656,581
<b>Balance as at 31 December 2012</b>		<b>41,951,288</b>	<b>1,148,780</b>	<b>(13,225,378)</b>	<b>29,874,690</b>

Restated For the half-year ended 31 December 2011	Note	Attributable to equity holders			Total Equity \$
		Ordinary Shares \$	Other Reserves \$	Accumulated Losses \$	
Balance as at 1 July 2011 (Restated)		20,135,891	16,056,541	(7,807,878)	28,384,554
<b>Total comprehensive income</b>					
Profit for the period	13	-	-	282,143	282,143
Other comprehensive loss for the period	13	-	(7,563,690)	-	(7,563,690)
Total comprehensive loss for the period		-	(7,563,690)	282,143	(7,281,547)
<b>Transactions with owners recorded direct to equity</b>					
Issue of options		-	110,603	-	110,603
Total transactions with owners		-	110,603	-	110,603
<b>Balance as at 31 December 2011 (Restated)</b>		<b>20,135,891</b>	<b>8,603,454</b>	<b>(7,525,735)</b>	<b>21,213,610</b>

The accompanying notes form part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2012

	Half-year ended 31 Dec 2012 \$	Half-year ended 31 Dec 2011 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	56,944	392,406
Payments for exploration and evaluation	(2,284,592)	(2,376,723)
Payments to suppliers and employees	(1,224,898)	(565,266)
Interest received	30,771	56,082
Interest on loan paid	(57,765)	(27,991)
<b>Net cash used in operating activities</b>	<b>(3,479,540)</b>	<b>(2,521,492)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(594,262)	-
Payment for investment securities	-	(4,447,734)
Proceeds on sale of investment securities	6,076,898	6,705,077
Amounts received from/(advanced to) related parties	154,500	(200,000)
Amounts advanced to outside entities	-	(1,300,000)
Payment for property, plant and equipment	(9,620)	(7,559)
Repayment of loans from outside entities	-	226,536
Dividends received	-	169,281
<b>Net cash provided by investing activities</b>	<b>5,627,516</b>	<b>1,145,601</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities	1,714,600	-
Payment for share issue costs	(58,019)	-
Proceeds from borrowings	1,800,000	2,571,900
Repayment of borrowings/finance leases	(3,642,148)	(1,548,557)
<b>Net cash (used in)/ provided by financing activities</b>	<b>(185,567)</b>	<b>1,023,343</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,962,409</b>	<b>(352,548)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>167,740</b>	<b>570,840</b>
Effects of exchange rate fluctuations on cash held	1,443	-
<b>Cash and cash equivalents at the end of the financial period</b>	<b>2,131,592</b>	<b>218,292</b>

The accompanying notes form part of the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2012

## 1. Reporting Entity

Hannans Reward Ltd ('Hannans' or the 'Company') is a company limited by shares, incorporated in Australia, and whose shares are publicly traded on the Australian Securities Exchange. The consolidated half-year financial report of the Group as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the 'Group').

The financial report of Hannans for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the Directors on 15 March 2013.

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2012 is available upon request from the Company's registered office at 6 Outram Street, West Perth, Western Australia, 6005 or at [www.hannansreward.com](http://www.hannansreward.com).

## 2. Basis of preparation and changes in accounting policy

### (a) Basis of Preparation

This condensed general purpose financial report for the half-year ended 31 December 2012 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and considered together with any public announcements made by the company during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half year financial report has been prepared on a historical cost basis.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

### (b) Changes in accounting policies

From 1 July 2012, the Company has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2012. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

## 3. Going concern

The consolidated entity recorded a loss of \$270,703 (31 December 2011: \$282,143 profit) for the half year ended 31 December 2012 and had a net cash inflow of \$1,962,409 (31 December 2011: \$352,548 net outflow) during the six month period. The consolidated entity had cash and cash equivalents at 31 December 2012 of \$2,131,592 (30 June 2012: \$167,740) and has a working capital surplus of \$309,583 (30 June 2012: \$3,129,517).

The Group's forecast cashflow requirements for the 15 months ending 31 March 2014 reflects cash outflows from operating and investing activities. These requirements reflect a combination of committed and uncommitted but current planned expenditure. The Group's forecasts reflect that they will need to raise additional working capital during the period ended 31 March 2014 to be able to continue to meet their incurred, committed and currently planned expenditure.

The directors of the parent entity are always investigating funding initiatives to provide additional working capital to ensure the Company can aggressively explore and develop its projects. The directors are satisfied they will be able to raise additional working capital when required to enable the Group to continue to meet its debts as and when they fall due. In this regard the directors are currently engaging with certain parties around options to inject further capital into the Company.

Accordingly, they consider it is appropriate for the financial statements to be prepared on a going concern basis.

In the unlikely event that the Group is unable to raise additional funds to meet the Group's ongoing working capital requirements when required, there is a significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2012

	31 Dec 2012 \$	30 Jun 2012 \$
<b>4. Current other financial assets</b>		
Investment in Equity & Royalty Investments Ltd (i)	1	1
Investments in listed entities (ii)	17,965	7,277,651
	<u>17,966</u>	<u>7,277,652</u>
(i) HR Subsidiary Pty Ltd (a wholly owned subsidiary of Hannans Reward Ltd) holds 1 share at \$1 in Equity & Royalty Investments Ltd. The principal activity of the Company is the investment in equity and royalties in other companies with the objective of realising gains through equity and generating an income stream through the royalties.		
(ii) Investments in listed entities include the following:		
a) 20,000 ordinary fully paid shares in Brighton Mining Group Ltd;		
b) 50,000 ordinary fully paid shares in Highfield Resources Ltd;		
c) 20,000 ordinary fully paid shares in Lithex Resources Ltd; and		
d) 125,000 ordinary fully paid shares in Naracoota Resources Ltd.		
<b>5. Non-current capitalised mineral exploration and evaluation expenditure</b>		
In the exploration and evaluation phase		
Cost brought forward	28,275,372	-
Exploration expenditure during the period	594,262	-
Foreign currency translation movement during the period	132,800	-
Capitalised acquisition costs	-	28,275,372
Cost carried forward	<u>29,002,434</u>	<u>28,275,372</u>
The recoverability of the carrying amount of the capitalised acquisition costs and the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.		
<b>6. Borrowings</b>		
Margin lending facility	-	1,373,930
	<u>-</u>	<u>1,373,930</u>
In the prior year, a wholly owned subsidiary, HR Equities Pty Ltd, opened a margin lending facility which was secured by 20% of the underlying market value of shares pledged to the lender as security for the loan. The loan was fully repaid on 30 August 2012.		
<b>7. Other financial liabilities</b>		
<b>Current</b>		
Convertible notes (i)		
Amounts outstanding at the beginning of the period	799,364	-
Amount classified as equity	-	992,744
Amounts repaid	(344,114)	(221,392)
Accrued and imputed interest	47,500	28,012
Carrying amount of liability at the end of the period	<u>502,750</u>	<u>799,364</u>
Finance lease liabilities	69,691	25,586
Loan from Errawarra Pty Ltd (ii)	321,733	477,415
	<u>894,174</u>	<u>1,302,365</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2012

	31 Dec 2012 \$	30 Jun 2012 \$
<b>7. Other financial liabilities (cont'd)</b>		
<b>Non-current</b>		
Finance lease liabilities	9,622	66,262
	<u>9,622</u>	<u>66,262</u>

- (i) In the previous year, a wholly owned subsidiary, Scandinavian Resources Ltd (SCR) entered into a convertible note with Mathew Walker (lender) which allows \$1.25 million to be drawn down as and when required with interest payable at the rate of 12.5% per annum. In the current period the loan facility expired. The drawn down loan is now required to be repaid within 14 days written notice from the lender and interest is payable monthly. The lender has a second mortgage over the assets of SCR. The lender may at its election at any time convert the amount drawn down into fully paid ordinary shares at a rate of 3 shares for every dollar drawn down. During the period \$344,114 of the convertible note was repaid.
- (ii) The loan arose on the deconsolidation of Errawarra Pty Ltd in the prior year. The loan is unsecured, non-interest bearing and has no fixed terms of repayment. During the period \$155,682 of the loan was repaid.

## 8. Issued capital

580,631,730 fully paid ordinary shares (30 June 2012: 479,772,810)	41,951,288	40,294,707
	<u>41,951,288</u>	<u>40,294,707</u>

	31 Dec 2012		30 Jun 2012	
	No.	\$	No.	\$
<b>Fully paid ordinary shares</b>				
Balance at beginning of financial year	479,772,810	40,294,707	131,648,715	20,135,891
Issue of shares	100,858,920	1,714,600	<sup>(i)</sup> 348,124,095	20,887,446
In specie distribution (ii)	-	-	-	(728,630)
Share issue costs	-	(58,019)	-	-
Balance at end of financial year	<u>580,631,730</u>	<u>41,951,288</u>	<u>479,772,810</u>	<u>40,294,707</u>

- (i) Shares issued pursuant to Hannans Reward's off market takeover offer to acquire the remaining shares in Scandinavian Resources Ltd.
- (ii) On 13 February 2012 Hannans Reward issued 131,648,715 ordinary shares in Errawarra Resources Ltd to its shareholders through an in-specie distribution amounting to \$728,630.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	31 Dec 2012 \$	Restated 30 Jun 2012 \$
<b>9. Reserves</b>		
Balance at the beginning of the financial period	4,731,796	16,056,541
Movement in reserves:		
Option reserve	-	110,603
Available for sale revaluation reserve	(5,271,202)	(15,652,143)
Deferred tax liabilities	1,581,419	4,519,157
Foreign currency translation differences	106,767	(302,362)
<b>Balance at the end of the period</b>	<u>1,148,780</u>	<u>4,731,796</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2012

	31 Dec 2012 \$	Restated 30 Jun 2012 \$
<b>9. Reserves (cont'd)</b>		
The balance of reserves is made up as follows:		
Option reserve	1,368,809	1,368,809
Revaluation reserve	(24,434)	3,665,349
Foreign currency translation reserve	(195,595)	(302,362)
	<u>1,148,780</u>	<u>4,731,796</u>

## 10. Accumulated losses

Balance at the beginning of the financial period	(12,954,675)	(7,807,878)
Loss attributable to members of the parent entity	(270,703)	(5,146,797)
Balance at the end of the financial period	<u>(13,225,378)</u>	<u>(12,954,675)</u>

## 11. Segment reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's Chief Operating Decision Maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position. The Group operates in the mineral exploration industry, both in Australia and overseas. The segment information provided to the Board for the reportable segments is as follows and the financial results from these segments are equivalent to the financial statements of the Group as a whole:

Segment revenue	Interest		Total revenue	
	31 Dec 2012 \$	31 Dec 2011 \$	31 Dec 2012 \$	31 Dec 2011 \$
Australia	24,790	299,140	4,186,368	6,398,127
Scandinavia	133	-	4,443	-
Consolidated	<u>24,923</u>	<u>299,140</u>	<u>4,190,811</u>	<u>6,398,127</u>

	31 Dec 2012 \$	Restated 31 Dec 2011 \$
<b>Segment result</b>		
Australia	2,882,190	2,284,749
Scandinavia	(1,571,474)	-
	<u>1,310,716</u>	<u>2,284,749</u>
Profit before income tax benefit	1,310,716	2,284,749
Income tax expense	(1,581,419)	(2,002,606)
(Loss)/Profit for the period	<u>(270,703)</u>	<u>282,143</u>

Segment assets and liabilities	Assets		Liabilities	
	31 Dec 2012 \$	30 Jun 2012 \$	31 Dec 2012 \$	30 Jun 2012 \$
Australia	1,763,527	7,802,788	(29,655,183)	540,363
Scandinavia	30,155,405	29,030,650	31,699,425	4,221,247
Consolidated	<u>31,918,932</u>	<u>36,833,438</u>	<u>2,044,242</u>	<u>4,761,610</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2012

## 12. Contingencies and commitments

There has been no significant change in contingent liabilities and commitments since the last annual reporting date.

## 13. Prior period restatement

In prior periods the deferred tax liability arising on the Group's unrealised gains on available-for-sale investments has been offset fully or in part by the Group's previously unrecognised carried forward tax losses.

The recognition of the Group's tax losses to reduce the deferred tax liability has been recorded through the reserve in equity rather than through the profit and loss account in the tax expense.

The impact of the correction of the error on the 31 December 2011 comparatives is summarised as follows:

	Half-year ended 31 December 2011 \$	Impact of correction of prior period error \$	Restated Half-year ended 31 December 2011 \$
<b>Statement of Comprehensive Income (Extract)</b>			
<i>Profit from continuing operations before income tax expense</i>	2,284,749	-	2,284,749
Income tax expense	-	(2,002,606)	(2,002,606)
<i>Profit from continuing operations attributable to members of the parent entity</i>	2,284,749	(2,002,606)	282,143
<i>Other comprehensive income/(loss) for the period</i>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale financial assets	(4,005,695)	-	(4,005,695)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(5,560,601)	2,002,606	(3,557,995)
<i>Total items that may be reclassified subsequently to profit or loss</i>	(9,566,296)	2,002,606	(7,563,690)
Basic and Diluted Earnings per share (cents per share)	1.74	(1.52)	0.21

The impact of the correction of the error on the 30 June 2012 comparatives is summarised as follows:

	30 June 2012 \$	Impact of correction of prior period error \$	Restated 30 June 2012 \$
<b>Statement of Financial Position (Extract)</b>			
Reserves	6,313,215	(1,581,419)	4,731,796
Accumulated losses	(14,536,094)	1,581,419	(12,954,675)
<b>TOTAL EQUITY</b>	<b>(8,222,879)</b>	<b>-</b>	<b>(8,222,879)</b>

## 14. Subsequent events

No matters or circumstances have arisen since 31 December 2012 that may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years except as stated below.

Hannans Reward Ltd and Avalon Minerals Limited announced on 16 October 2013 that they had signed a binding Heads of Agreement in relation to the sale and purchase of the Discovery Zone Prospect, located in Kiruna, Sweden. On 26 November 2012 the companies agreed to extend the Due Diligence period through to 21 December 2012. By 24 December 2012 the companies announced that the aim was to reach a new binding agreement during January 2013. On 28 February 2013, the companies advised that the proposed sale of the Discovery Zone Prospect would not proceed as the parties were unable to agree terms. There are no assets or liabilities on the consolidated statement of financial position as at 31 December 2012 relating to the above transaction.