

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

HANNANS REWARD LTD

ABN

52 099 862 129

Quarter ended ("current quarter")

31 DECEMBER 2011

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,398)	(2,378)
(b) development	-	-
(c) production	-	-
(d) administration	(280)	(608)
1.3 Dividends received	186	186
1.4 Interest and other items of a similar nature received	239	268
1.5 Interest and other costs of finance paid	(44)	(46)
1.6 Income taxes paid	-	-
1.7 Other <sup>(9)</sup>	393	418
<b>Net Operating Cash Flows</b>	<b>(904)</b>	<b>(2,160)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(4,448)	(4,448)
(c) other fixed assets	(3)	(8)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	5,927	6,723
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(1,300)
1.11 Loans repaid by other entities	-	-
1.12 Other (Director Loan)	-	(200) <sup>(6)</sup>
<b>Net investing cash flows</b>	<b>1,478</b>	<b>(767)</b>
1.13 Total operating and investing cash flows (carried forward)	572	(1,393)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	572	(1,393)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,114 <sup>(7)</sup>	2,614
1.17	Repayment of borrowings	(1,569)	(1,574)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	(455)	(1,040)
	<b>Net increase (decrease) in cash held</b>	117	(353)
1.20	Cash at beginning of quarter/year to date	304	774
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	421 <sup>(8)</sup>	421 <sup>(8)</sup>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	97
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 – Payment of executive and non-executive director's fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Margin Loan Facility up to \$4 Million	1,050,000 <sup>(7)</sup>
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation (Outflow)	1,000
4.2 Development	-
4.3 Production	-
4.4 Administration	
• Administration (Outflow)	320
• Margin Loan Repayment (Outflow)	1,800
• Loan repayment (Inflow)	(3,800)
<b>Total</b>	<b>(680)</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	412	304
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>412<sup>(8)</sup></b>	<b>304</b>

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	P77/4062	Withdrawal	100%	0%
	P37/7166	Surrendered	100%	0%
	P37/7167	Surrendered	100%	0%
	P37/7163	Surrendered	100%	0%
	P37/7164	Surrendered	100%	0%
6.2 Interests in mining tenements acquired or increased	E45/3990	Application	0%	0%
	E45/3991	Application	0%	0%
	E63/1429	Granted	0%	100%
	E77/1764	Granted	0%	100%
	E77/1866	Granted	0%	100%
	P77/4035	Granted	0%	100%

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	131,648,715	131,648,715	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,000,000		<i>Exercise price</i> 80 cents	<i>Expiry date</i> 30 June 2012
	100,000		40 cents	30 June 2012
	1,000,000		80 cents	31 July 2013
	2,000,000		20 cents	30 June 2013
	300,000		20 cents	20 July 2013
	300,000		75 cents	20 July 2013
	300,000		100 cents	20 July 2013
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001.
- 2 This statement does give a true and fair view of the matters disclosed.



Michael Craig  
Company Secretary  
31 January 2012

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6 Interest at 20% per annum, repayable on or before 1 April 2012
- 7 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.
- 8 In addition to cash as at 31 December 2011 HR Equities Pty Ltd (wholly owned subsidiary of Hannans Reward Ltd) owned 4,300,000 shares in AGO. As at 31 January 2012 HR Equities Pty Ltd owned 4,000,000 shares in AGO (last trade \$3.10) and 19,585,235 shares in SCR (last trade \$0.25).
- 9 Fees earned for services provided by Corporate Board Services and an Underwriting fee. For further information on the underwriting fee refer to ASX announcement dated 27 October 2011, titled 'Underwriting of Options'.

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