

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")

30 JUNE 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(1,654)	(5,521)
(b) development	-	-
(c) production	-	-
(d) administration	(814) ⁽¹⁾	(1,719)
1.3 Dividends received	-	186
1.4 Interest and other items of a similar nature received	11	300
1.5 Interest and other costs of finance paid	(78)	(163)
1.6 Income taxes paid	-	-
1.7 Other	149 ⁽²⁾	575
Net Operating Cash Flows	(2,386)	(6,342)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	(4,452)
(c) other fixed assets	(1)	(24)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	911 ⁽³⁾	8,564
(c) other fixed assets	-	-
1.10 Loans to other entities	703	(647)
1.11 Loans repaid by other entities	1,822	1,822
1.12 Other (Director Loan)	200	-
Net investing cash flows	3,635	5,263
1.13 Total operating and investing cash flows (carried forward)	1,249	(1,079)

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1.13	Total operating and investing cash flows (brought forward)	1,249	(1,079)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	223 ⁽⁴⁾	4,077
1.17	Repayment of borrowings	(1,773)	(3,364)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(1,550)	713
	Net increase (decrease) in cash held	(301)	(366)
1.20	Cash at beginning of quarter/year to date	709	774
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	408 ⁽⁷⁾	408 ⁽⁷⁾

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	116
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

Acquisition of Scandinavian Resources Ltd via the issue of 348,124,095 Hannans shares to Scandinavian shareholders at the consideration of 3 Hannans Shares for every 1 Scandinavian Resources share.

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 \$A000
3.1 Loan facilities	4,000	1,374 ⁽⁴⁾
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,200
4.2 Development	-
4.3 Production	-
4.4 Administration	400
Total	1,800

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	408	709
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	408	709

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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	P16/2690	Surrendered	100%	0%
		P16/2691	Surrendered	100%	0%
		P16/2692	Surrendered	100%	0%
		E77/1866	Surrendered	100%	0%
6.2	Interests in mining tenements acquired or increased	E771950	Granted	0%	100%
		E77/1951	Granted	0%	100%
		E77/1955	Granted	0%	100%
		E77/1959	Granted	0%	100%
		E77/1960	Granted	0%	100%
		P77/4155	Application	0%	0%
		P77/4156	Application	0%	0%
		Masugnsbyn 2	Granted	0%	100%
		Vittangi nr 3	Granted	0%	100%
		Brennfjellmyra	Granted	0%	100%
		Kvaefjord	Granted	0%	100%
		Nordkapp 1-7	Granted	0%	100%
		Salen	Granted	0%	100%
		Snefjord 1-6	Granted	0%	100%
		Straumfjellett	Granted	0%	100%
		Vaddas 11	Granted	0%	100%
		Aggojaure nr 1	Application	0%	0%
		Aggojaure nr 2	Application	0%	0%
		Vatmyrberget nr 5	Application	0%	0%

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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 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	479,772,810	479,772,810	-	-
7.4 Changes during quarter				
(a) Increases through issues	348,124,095	348,124,095	Refer 2.1	Refer 2.1
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	1,000,000	-	Exercise price 80 cents	Expiry date 31 July 2013
	2,000,000		20 cents	30 June 2013
	21,910,017		7 cents	31 October 2012
	3,000,000		13 cents	1 February 2013
	1,200,000		8 cents	30 June 2013
	900,000		17cents	30 June 2013
	900,000		25 cents	30 June 2013
	300,000		7 cents	15 September 2013
7.8 Issued during quarter	21,910,017		7 cents	31 October 2012
	3,000,000		13 cents	1 February 2013
	1,200,000	-	8 cents	30 June 2013
	900,000		17cents	30 June 2013
	900,000		25 cents	30 June 2013
	300,000		7 cents	15 September 2013
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	1,000,000		80 cents	30 June 2012
	100,000	-	40 cents	30 June 2012
	-		-	-

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7.11	Debentures (totals only)	-	-
7.12	Unsecured notes (totals only)	-	-

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 July 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.

Explanatory footnotes

- 1 "Payments for Administration", includes transaction costs of \$316,000 paid to third parties during the Quarter relating to the off market takeover of Scandinavian Resources Ltd.
- 2 "Other", includes fees earned for services provided by Corporate Board Services (BN11214156) being a division of Hannans and an underwriting fee.
- 3 "Proceeds from sale of equity investments", includes the proceeds from sale of 406,000 Atlas Iron Ltd (AGO) shares by HR Equities Pty Ltd (a wholly owned subsidiary of Hannans). As at 30 June 2012 Hannans owned 3,594,000 shares in AGO.
- 4 2,764,000 million AGO shares are held as security for a margin loan provided by Morgan Stanley Smith Barney. As at 31 July 2012, the margin loan has been drawn down to c.\$850,000.

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