HANNANS REWARD

Exploring for Gold and Base Metals

HANNANS REWARD LTD

ABN 52 099 862 129

Annual Report for the financial year ended 30 June 2009

www.hannansreward.com

Annual Report
for the financial year ended 30 June 2009

Corporate Directory

Board of Directors

Independent Non-Executive Chairman	Mr Richard Scallan
Managing Director	Mr Damian Hicks
Non-Executive Director	Mr William Hicks
Company Secretary	Mr Ian Gregory

Principal Office
Ground Floor, 28 Ord Street
West Perth, Western Australia 6005

Registered Office
Ground Floor, 28 Ord Street
West Perth, Western Australia 6005

Postal Address
PO Box 1227
West Perth, WA, 6872

Contact Details
+61 8 9324 3388 (Telephone)
+61 8 9324 3366 (Facsimile)
admin@hannansreward.com
www.hannansreward.com
ABN 52 099 862 129

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

Auditors
Stantons International
Level 1, 1 Havelock Street
West Perth, Western Australia 6005

Strategic Plan

Vision

To build a successful exploration and production company.

Mission

Our mission is to develop a company that has a material interest in a portfolio of mineral projects that are being rapidly progressed whether they are exploration, development or production assets.

We recognise that a professional, knowledgeable and ethical team of directors, employees and consultants is the key to our business.

Our focus is to provide shareholders with a satisfactory return on investment by managing our people, projects and capital in an entrepreneurial and responsible manner.

Snapshot View

Hannans Reward Ltd is a Western Australian focused minerals exploration company.

The following key attributes provide a 'Snapshot View' of Hannans Reward Ltd's current situation:

People
- A quality team of Directors, employees and consultants that continues to grow
- Supportive shareholders following rejection of a takeover offer and active participation in capital raisings

Projects
Tenure
- Owners of a major tenure position in the world-class Forrestania nickel belt
- Owners of a major tenure position in the Lake Johnston nickel belt

Owners of a major tenure position in the emerging East Pilbara mineral fieldJoint Ventures
- Vale, the world's second largest diversified metals company is exploring Hannans' Queen Victoria Rocks nickel project
- Newly ASX listed Triton Gold Ltd is actively exploring Hannans' Sunday gold project

Commodities
- Exposure to gold at Lake Johnston, Sunday and Forrestania
- Exposure to nickel sulphides at Forrestania, Queen Victoria Rocks and Lake Johnston
- Exposure to iron through shareholding in Atlas Iron Ltd (ASX:AGO) and Warwick Resources Ltd (ASX:WRK)
- Exposure to manganese at Jigalong
- Exposure to lead-zinc-silver at Jigalong
- Active exploration programs on Hannans controlled projects

Capital*
- $6 million cash at bank
- $13 million worth of shares in ASX listed companies
- $31 million market capitalisation
- 128 million shares on issue

* As at 18 September 2009 following completion of placement

Key Events

The following is a list of the key events that have taken place since 1 July 2008:

- People
  - The passing of founder technical director Dr Ernest Dechow PhD (Yale)
  - The resignation of two non-executive directors involved in the withdrawn takeover bid for Hannans

- Exploration Projects
  - Forrestania Project (Nickel & Gold)
    - Major transaction with Kagara Ltd (ASX:KZL) and St Barbara Ltd (ASX:SBM) giving Hannans access to new tenure with significant nickel sulphide potential, subject to settlement late September 2009
  - Queen Victoria Rocks (Nickel)
    - Joint venture announced with the world's second largest diversified metals companies, Companhia do Rio Doce (Vale) (www.vale.com)
    - Vale funding and managing exploration for nickel sulphides
  - Jigalong Project (Iron, Manganese & Base Metals)
    - Welcomed Jigalong Community Incorporated as a major shareholder of Hannans
    - Confirmation of Hannans 100% ownership of the Jigalong Project
    - Exploration discovery of a 'blind' iron deposit approximately 8km in length at a discovery cost of approximately $1.5 million
    - Sale of 100% of the iron rights for approximately $14.25 million (in today's dollars)
    - Identification of significant surface manganese
    - Identification of significant lead-zinc-silver anomalism
    - Drill testing of gold, base metals and uranium targets
  - Lake Johnston (previously referred to as Maggie Hays South) (Nickel & Gold)
    - Heritage approvals received enabling Lake based exploration activities for the first time
    - Reverse circulation drill testing of a 2km gold anomalous corridor currently in progress
    - Major new land positions added to existing large tenure holding
  - Sunday (Gold)
    - Joint venture partner Triton Gold Ltd managing and funding gold exploration
    - Triton intersect high grade gold on Sunday project in reverse circulation drilling during August 2009

- Capital
  - Capital Raisings
    - Share purchase plan completed in October 2008 at 10.8 cents raised $650,000
    - Placement in August 2009 at 15.5 cents raised $4.5 million
    - Shareholder share purchase plan in August 2009 at 15.5 cents raised $1 million
  - Equity in ASX listed companies
    - Owners of 700,000 shares in iron mining company Atlas Iron Ltd (ASX:AGO)
    - Owners of 22.3 million shares in iron exploration company Warwick Resources Ltd (ASX:WRK) (Warwick)
    - On 8 September 2009 Atlas Iron Ltd and Warwick Resources Ltd announced their intention to merge. Hannans is the second largest shareholder of Warwick.
  - Takeover Bid for Hannans
    - Takeover bid for Hannans announced on 19 March 2009 and withdrawn on 9 June 2009
  - Debt
    - Nil

Directors' Report

Before commencing this Annual Report I would like to acknowledge the professionalism and support provided to me by the Board, Hannans' employees and a broad range of skilled technical consultants during the year. In particular I would like to thank Mrs Amanda Arrowsmith (Exploration Manager), Mr Michael Craig (Finance & Compliance Manager) and Mr Ian Gregory (Company Secretary) who continue to serve the Board and shareholders extremely well.

The Directors of Hannans Reward Ltd ("Hannans") submit the annual financial report of the Group, being the Company and its controlled entities for the financial year ended 30 June 2009.

Outstanding Exploration Portfolio

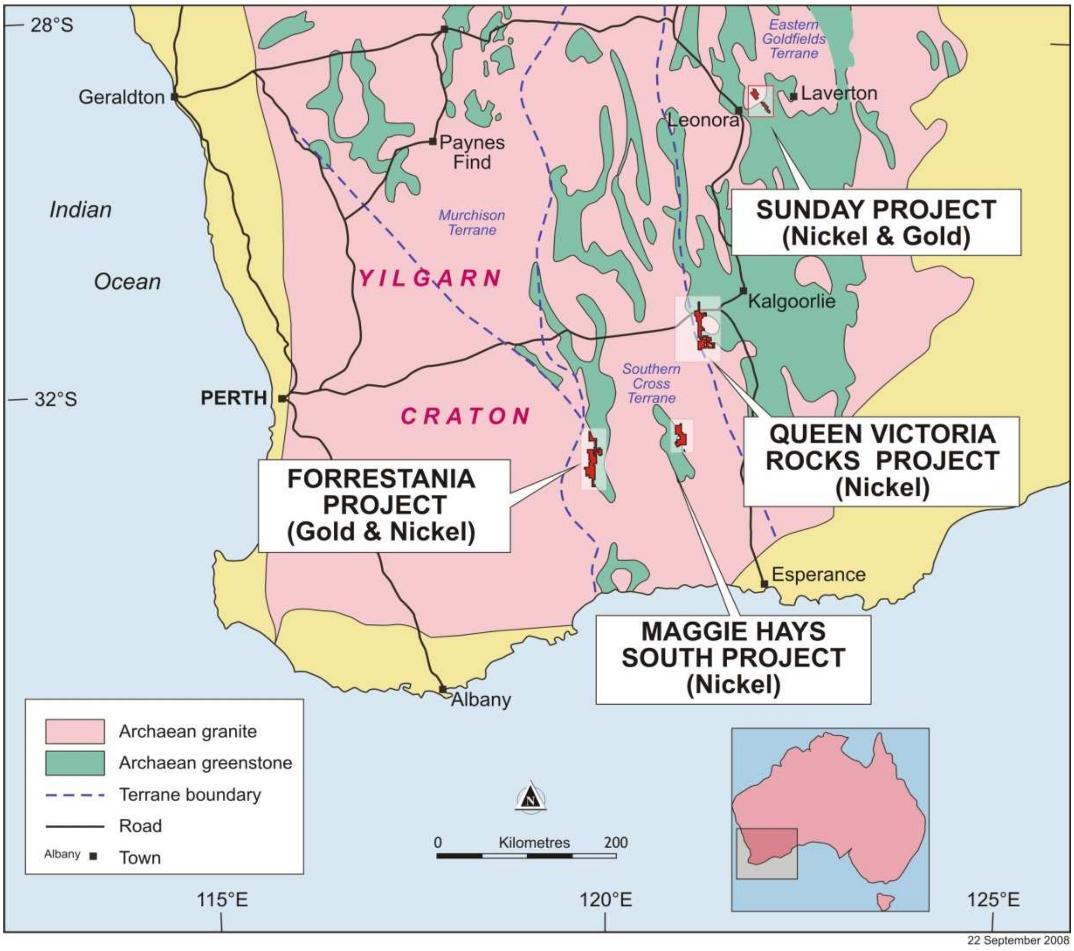
Hannans' principal activity is exploration for minerals with the objective of identifying economic mineral deposits within its Western Australian focussed exploration portfolio. Hannans will continue to seek opportunities to grow beyond its existing portfolio where potential exists to add significant value for shareholders.

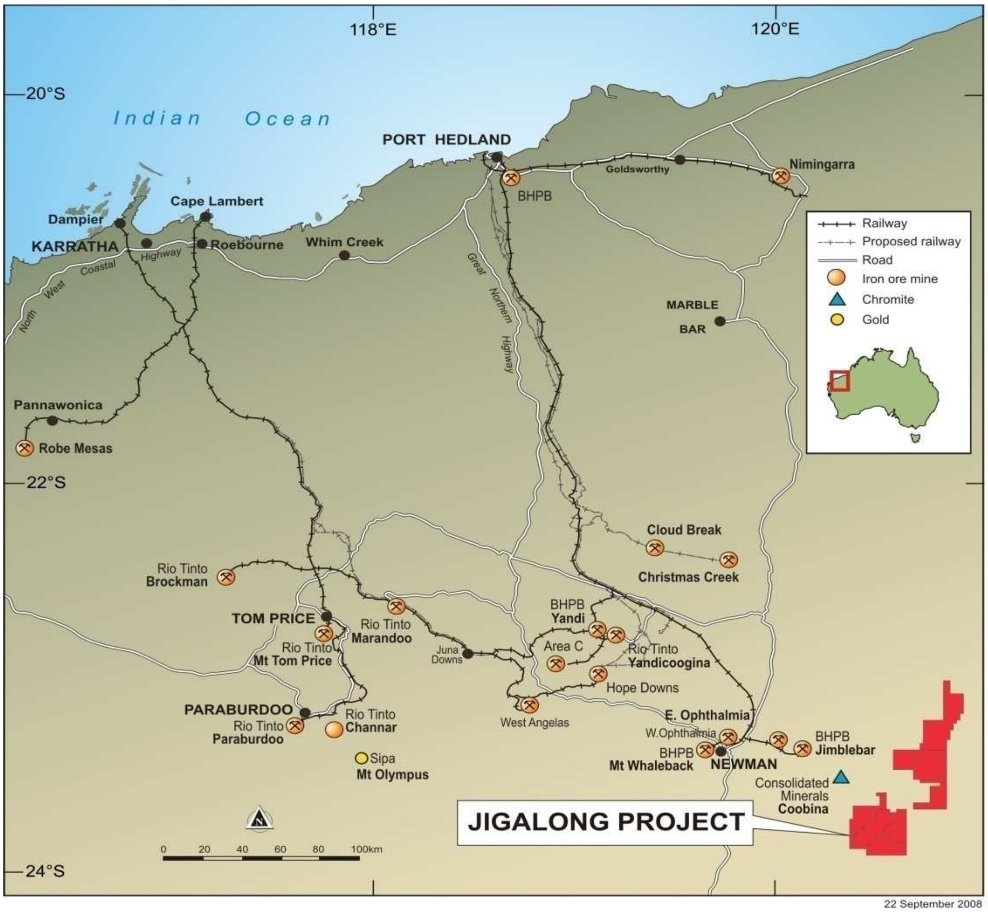
There was no significant change in the nature of the Group's activities during the year and below is a summary of the Group's main exploration projects and activities that have taken place throughout the year to 30 June 2009. The high level overview that follows should be supplemented by a thorough review of the Group's ASX releases made throughout the year and with that in mind we encourage you to visit www.hannansreward.com.

Hannans firmly believes the following projects have the potential to host economic minerals deposits:

- Forrestania (80km east of Hyden, Western Australia);
    - Nickel and Gold
- Queen Victoria Rocks (50km south-west of Coolgardie, Western Australia);
    - Nickel and Gold
- Lake Johnston (50km west of Norseman, Western Australia);
    - Nickel and Gold
- Jigalong (110km east of Newman, Western Australia);
    - Iron, Manganese and Base Metals
- Sunday (10km east of Leonora, Western Australia).
    - Gold and Base Metals

The location of each of these projects is highlighted on the following page.


28°S
32°S
Geraldton
Paynes Find
Leonora
Laverton
Eastern Goldfields Terrane
Indian
Ocean
Murchison Terrane
YILGARN
CRATON
SUNDAY PROJECT (Nickel & Gold)
Kalgoorlie
PERTH
Southern Cross Terrane
QUEEN VICTORIA ROCKS PROJECT (Nickel)
FORRESTANIA PROJECT (Gold & Nickel)
Esperance
MAGGIE HAYS SOUTH PROJECT (Nickel)
Albany
Archaean granite
Archaean greenstone
Terrane boundary
Road
Town
0 Kilometres 200
115°E
120°E
125°E
22 September 2008


118°E
120°E
20°S
Indian Ocean
PORT HEDLAND
BHPB
Goldsworthy
Nimingarra
Cape Lambert
Dampier
KARRATHA
Roebourne
Whim Creek
North West Coastal Highway
Great Northern Highway
MARBLE BAR
Railway
Proposed railway
Road
Iron ore mine
Chromite
Gold
Pannawonica
Robe Mesas
22°S
Cloud Break
Christmas Creek
Rio Tinto Brockman
TOM PRICE
Rio Tinto Marandoo
Rio Tinto Mt Tom Price
BHPB Yandi
Area C
Rio Tinto Yandicoogina
Juna Downs
Hope Downs
West Angelas
PARABURDOO
Rio Tinto Paraburdoo
Rio Tinto Channar
Sipa Mt Olympus
E. Ophthalmia
W.Ophthalmia
BHPB Mt Whaleback
NEWMAN
BHPB Jimblebar
Consolidated Minerals Coobina
JIGALONG PROJECT
0 20 40 60 80 100km
24°S
22 September 2008

Forrestania

Without doubt the Forrestania project is Hannans flagship exploration project.

It has the potential to host high grade nickel sulphides and gold.

Hannans' Forrestania project, comprising ground in joint venture and wholly owned tenements, is located within the world-class Forrestania nickel belt and adjoins ground owned by major mining companies Western Areas (ASX:WSA), Kagara (ASX:KZL) and St Barbara Ltd (ASX:SBM) (refer attached Location Map).

Exploration discovery by Hannans in one of the richest nickel belts in Australia will undoubtedly lead to an immediate re-rating of the stock. It has already attracted corporate interest from national and international nickel focused companies looking to gain a foothold in the Forrestania region. The recent discovery of the Spotted Quoll nickel deposit in 2008 by Hannans' neighbour highlights the fact that opportunity remains for the discovery of high grade close-to-surface nickel sulphide deposits within the Forrestania region.

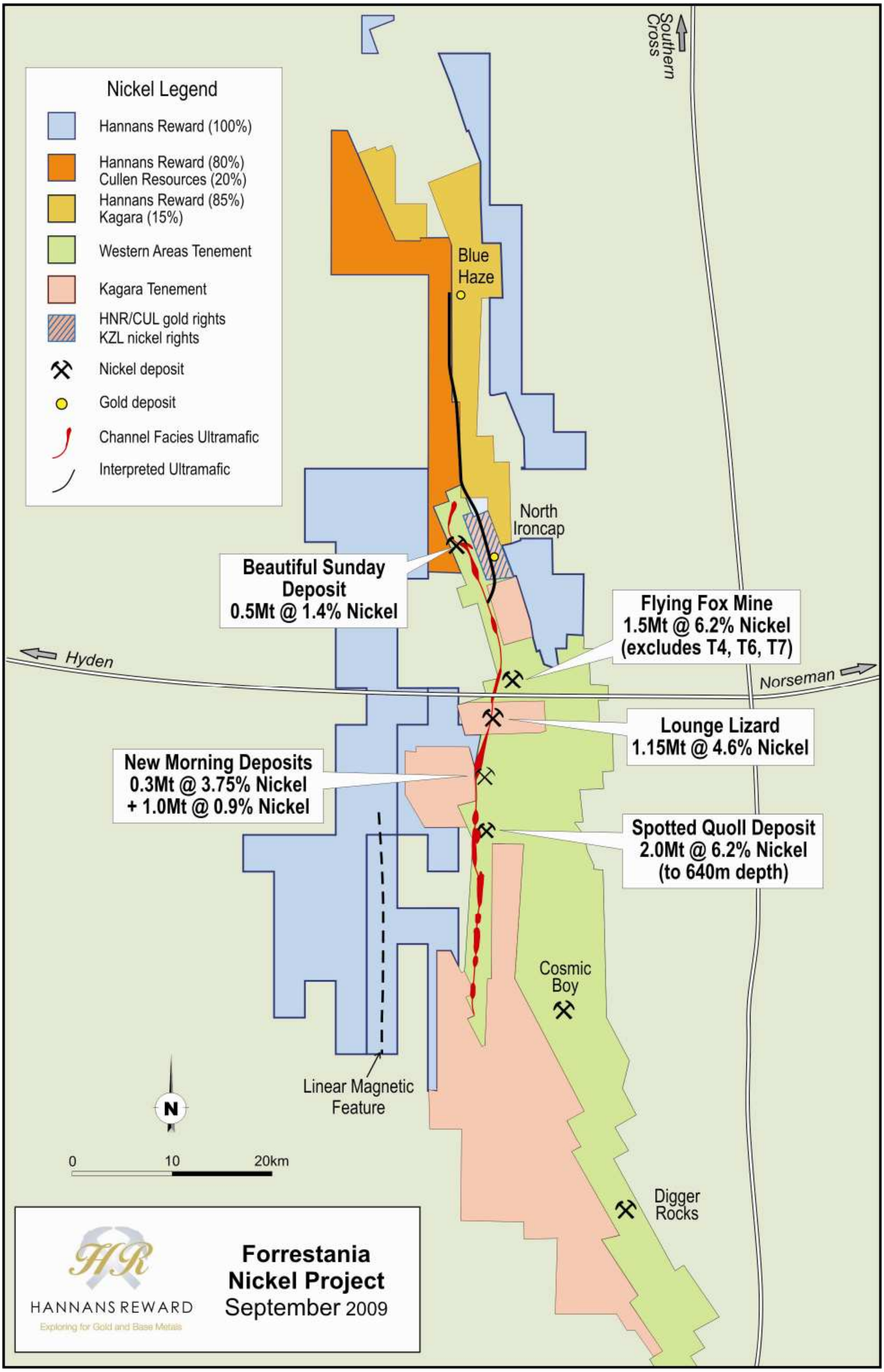
Hannans continues to accumulate ground at Forrestania that has nickel and gold potential. Subsequent to the end of the financial year Hannans entered into an agreement with Kagara Ltd and St Barbara Ltd to access more strategic ground in the Forrestania region. The tenure is considered to be underexplored and covers the interpreted northern extension of western ultramafic that hosts high grade nickel mines and deposits including Flying Fox, Lounge Lizard and Spotted Quoll. The ground position is adjacent to Hannans' existing Stormbreaker Project thereby enabling the first nickel and gold exploration program in more than 10 years to cover the full width of interpreted ultramafic unit. As a result Hannans has become controlling holder of northern extension of western ultramafic. Hannans will manage and fund the exploration and free-carry both Kagara and St Barbara as a 15% interest. This transaction, which is conditional on a number of matters within the sole control of Kagara and St Barbara, is expected to settle by 30 September 2009. During the last few years Hannans has successfully grown a limited tenement position into one of the largest landholdings of prospective ground in the nickel belt.

By way of background, one of the main tools for nickel sulphide exploration is the use of geophysics. Surveys can be completed in the air (via fixed wing aircraft or helicopter) or on the ground. Hannans completed a number of ground based geophysical surveys during the year and will continue utilising this tool to guide its drill targeting. Hannans has planned a helicopter borne geophysical survey (VTEM) and is shortly due to commence drill testing three geophysical targets and any additional targets that emerge from the on-going geophysical surveys.

The Forrestania project has the potential to be a company maker for Hannans.

The following is a list of ASX announcements made from 1 July 2008 that relate to the work completed at Forrestania by Hannans.

Date	Announcement Title
31-Jul-2009	4th Quarter Activities Report
30-Jul-2009	Hannans Kagara St Barbara Forrestania Agreement
10-Jun-2009	Fox Bid to Lapse
29-May-2009	REJECT the Fox offer
30-Apr-2009	3rd Quarter Activities Report
30-Apr-2009	General Meeting Presentation
26-Mar-2009	Response to Takeover Bid
02-Feb-2009	2nd Quarter Activities Report
31-Oct-2008	1st Quarter Activities Report
07-Oct-2008	Exploration and Corporate Update
16-Jul-2008	4th Quarter Activities Report


Nickel Legend
Hannans Reward (100%)
Hannans Reward (80%)
Cullen Resources (20%)
Hannans Reward (85%)
Kagara (15%)
Western Areas Tenement
Kagara Tenement
HNR/CUL gold rights
KZL nickel rights
Nickel deposit
Gold deposit
Channel Facies Ultramafic
Interpreted Ultramafic
Southern Cross
Blue Haze
North Ironcap
Beautiful Sunday Deposit
0.5Mt @ 1.4% Nickel
Flying Fox Mine
1.5Mt @ 6.2% Nickel
(excludes T4, T6, T7)
Hyden
Norseman
Lounge Lizard
1.15Mt @ 4.6% Nickel
New Morning Deposits
0.3Mt @ 3.75% Nickel
+ 1.0Mt @ 0.9% Nickel
Spotted Quoll Deposit
2.0Mt @ 6.2% Nickel
(to 640m depth)
Cosmic Boy
Linear Magnetic Feature
N
0
10
20km
Digger Rocks
HANNANS REWARD
Exploring for Gold and Base Metals
Forrestania Nickel Project
September 2009

Jigalong

It's been a very active year at Jigalong with drilling completed on iron, manganese, base metals and gold targets. This exploration resulted in iron and manganese discoveries and encouraging base metals anomalism.

During the year Hannans was confirmed as 100% legal and beneficial owner of the Jigalong Project, which is located 110kms east of Newman in the East Pilbara region of Western Australia. Hannans also welcomed Jigalong Community Inc (JCI) as a major shareholder of the Company at which time JCI reinforced its strong support for Hannans and its future joint venture partners' exploration activities within the Jigalong lands. This is important because it represents the culmination of six years of discussions and good faith.

From an iron perspective, the Hannans team discovered an iron formation, under transported sands, that extends for at least 8kms. This was an excellent achievement in remote conditions with minimal geological information that existed prior to Hannans commencing its activities. Subsequently the Jigalong Project Iron Rights were sold to Warwick Resources Ltd (ASX: WRK) for total consideration of $5.25 million payable in cash, Warwick shares and Atlas Iron Ltd (ASX: AGO) shares. The strategy is to develop Warwick into a major iron company by consolidating iron projects located in the East Pilbara region of Western Australia. The combined Hannans and Warwick iron projects have direct shipping ore (DSO) exploration target of 113 – 221 million tonnes at 56-60% iron. Atlas Iron is the largest shareholder of Warwick (moving to 22.37%) and Hannans will become the second largest shareholder of Warwick (17.85%). Hannans retains all manganese, gold, base metals & uranium rights (i.e. non-iron rights) within the Jigalong Project. The value of the shares in Atlas Iron and Warwick Resources Limited have subsequently risen to approximately $13 million. On 8 September 2009 Atlas iron Ltd and Warwick resources Ltd announced their intention to merge to create an increasingly significant iron mining, development and exploration company.

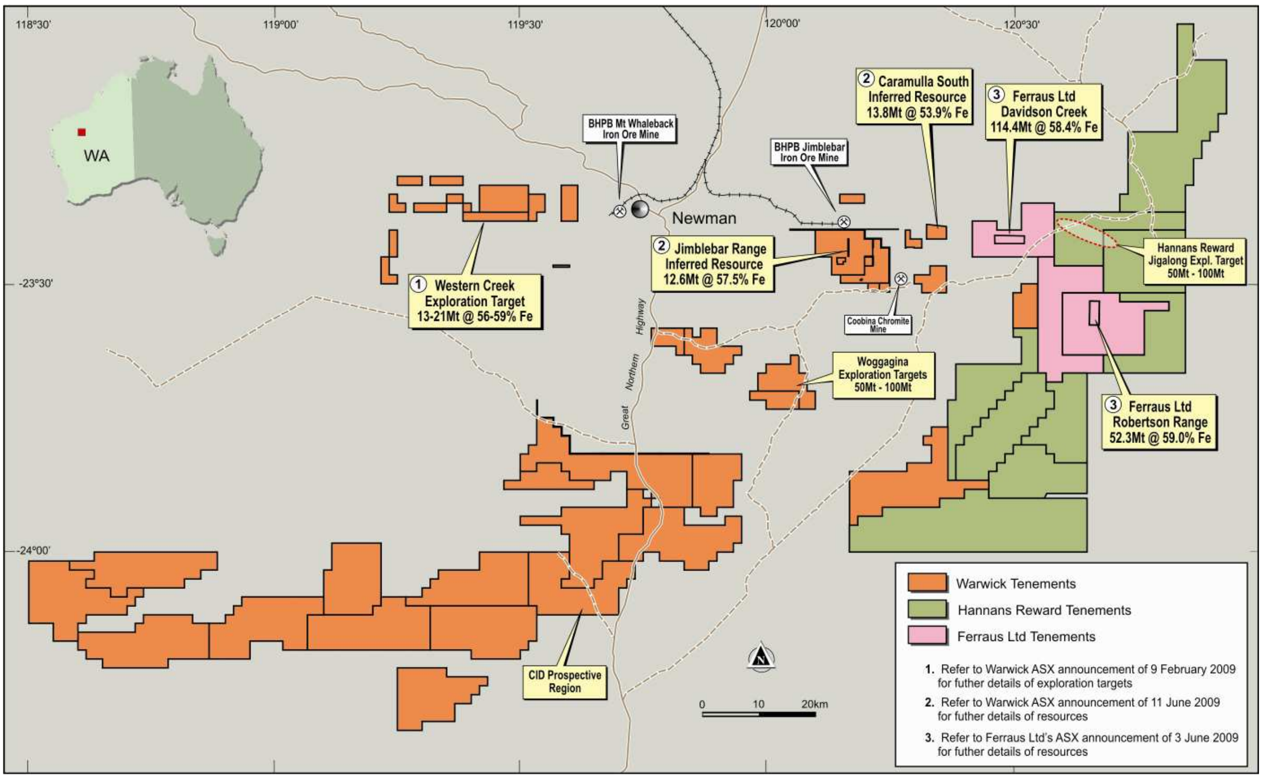
From a manganese perspective, Hill 616 was confirmed as the highest priority surface manganese prospect with a strike length of approximately 3km. Testwork suggests opportunity exists to sell a manganese fines concentrate from the Jigalong Project for use in the steel alloy industry. Further testwork recommended including mineralogical examination of Hill 616 ore, additional crushing and grinding to assess the potential for a fines product and drill testing to establish the manganese profile at Hill 616. Significant potential remains to identify a sub-surface primary source of manganese. Hannans has made the strategic decision to transact in the manganese rights at Jigalong. The primary reason being that manganese is a specialist bulk commodity that is captive largely to infrastructure solutions such as rail and port.

From a gold and base metals perspective, Hannans completed a 7,000m aircore drilling program to test gold, base metals and uranium targets generated through MMI soil sampling, rock chip sampling and aeromagnetic interpretation. This was the first phase of reconnaissance aircore drilling ever completed within the project. Broad zones of base metal (zinc, lead, cadmium, silver & barium) anomalism were encountered in several of the holes however further work is required to better define future drill targeting.

Hannans plans follow up drill testing or the base metals targets in the short term and the acquisition of airborne magnetic data to assist with initial exploration in soon to be granted tenements.

The following is a list of ASX announcements made from 1 July 2008 that relate to the work completed at Jigalong by Hannans.

Date	Announcement Title
03-Aug-2009	Successful DD on Jigalong Iron Project
03-Aug-2009	Agreement with Jigalong Community Inc
26-Jun-2009	Drilling Gold and Base Metals at Jigalong
19-Jun-2009	Iron rights vended into Warwick Resources
05-Jun-2009	Jigalong Manganese Testwork
07-Apr-2009	Jigalong Manganese Update
27-Mar-2009	Joint Statement with Jigalong Community
10-Dec-2008	Jigalong - High Grade Iron
30-Sep-2008	Jigalong - High Grade Iron
23-Sep-2008	Jigalong - Manganese Update
09-Sep-2008	Jigalong - Iron Discovery
01-Sep-2008	Jigalong - Manganese Drilling
04-Aug-2008	Jigalong - Iron Update



Queen Victoria Rocks

Hannans was pleased to announce during the year a joint venture with Companhia Vale do Rio Doce (Vale) over the Queen Victoria Rocks project. Hannans and Vale (through its subsidiary Vale Inco) agreed to a farm-in and joint venture agreement over the Queen Victoria Rocks (QVR) nickel sulphide project.

By way of background, Vale (www.vale.com) is the second largest diversified metals and mining company in the world. Vale is the world's largest producer of iron ore and pellets, key raw materials for the steel industry, and one of the largest producers of nickel, which is used to produce stainless steel, batteries, special alloys, chemicals and other products. Vale also produces copper, manganese, ferroalloys, bauxite, alumina, aluminium, coal, cobalt, platinum group metals, among other raw materials important to the global industrial sector.

Hannans and Vale agreed to the following:

- Phase 1 – Vale will sole fund and manage nickel exploration and agrees to spend a minimum of $500,000 on exploration within 1 year, after which Vale may elect to withdraw at any time;
- Phase 2 – Vale to sole fund and manage further nickel exploration up to completion of a Pre-Feasibility Study within 4 years during which time Vale will spend a minimum of $500,000 on exploration each year. At the end of Phase 2, Vale can elect to either withdraw or proceed to Phase 3;
- Phase 3 – If Vale elects to proceed to Phase 3 the parties will establish a joint venture in which Vale will hold a 60% interest and Hannans a 40% interest. Vale to sole fund exploration up to completion of a Bankable Feasibility Study within 3 years at which point Vale will hold a 75% interest and Hannans a 25% interest;
- Phase 4 – If on completion of the BFS, Hannans elects not to fund construction and development of the mine, Hannans has the right to convert its interest to a 1.5% net smelter royalty.

This is considered an excellent outcome for Hannans shareholders. Vale have completed a number of reviews and geophysical surveys with drill testing of targets scheduled for October 2009.

Lake Johnston (formerly Maggie Hays South)

The Lake Johnston project, located approximately 25km south-east of Russian mining giant Norilsk's Maggie Hays and Emily Ann nickel sulphide mines is becoming increasingly significant to Hannans as continued exploration increases the prospectivity of this largely unexplored project.

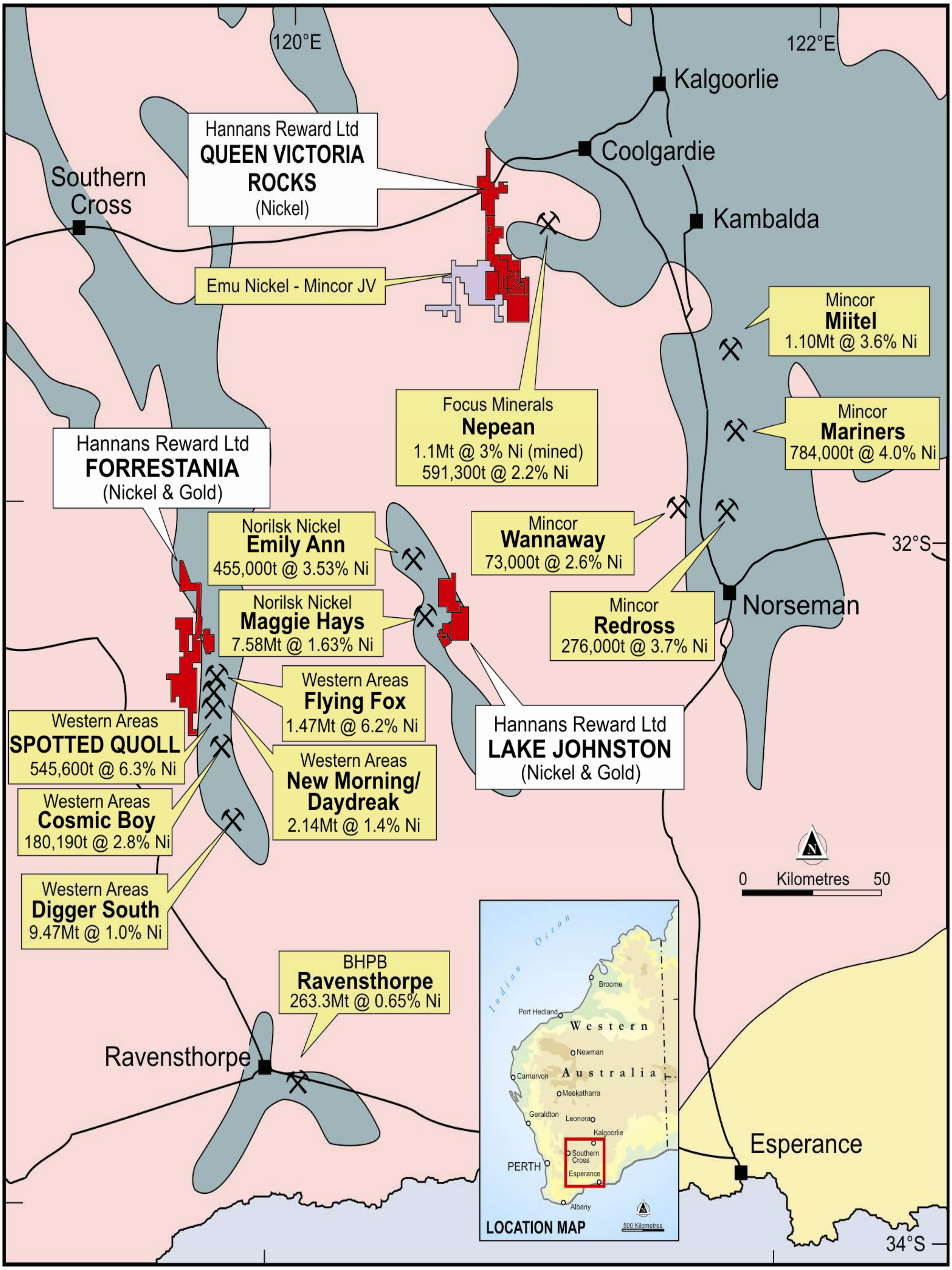
The Project is considered prospective for nickel sulphides, shear hosted gold, intrusive related gold-copper-molybdenum and recent rock chip sampling has returned highly anomalous vanadium values.

Reverse circulation (RC) drilling commenced recently targeting gold; with 25 RC holes to be drilled testing a 2 kilometre long gold anomalous corridor that remains open at either end. No drilling has ever occurred within the gold anomalous corridor currently being drill tested. Gold targets are based on anomalous gold results obtained by Hannans from soil sampling, lake sampling and rock chip sampling.

Hannans is continuing to build a major presence within the Lake Johnston greenstone belt and is moving towards becoming the second largest landholder of prospective tenure behind Russian mining giant Norilsk. During July 2009 Hannans also secured a significant new tenement position which covers ground considered prospective for both nickel sulphide and gold mineralisation and extends Hannans exposure of prospective ground to 13 kilometres.

Sunday

At Sunday, Hannans joint ventured out its gold rights to a well credentialed gold focused exploration company called Triton Gold Ltd (www.tritongold.com.au) (formerly Australian Mineral Fields Ltd). Triton completed its first RC drill program at Sunday during August 2008. High grade gold mineralisation was intersected in drilling including 4 metres at 16.68 g/t gold. Visible alteration with anomalous gold was intersected in all drilled RC holes which is very encouraging. The drilling program was managed and funded by Triton Gold Ltd. The combination of Hannans' historical activities and Triton's recent activities confirm the significant high grade gold potential of the Sunday Project. It is expected that Triton Gold will continue exploring the Sunday project to earn a 72% interest in gold rights only.


120°E
122°E
Kalgoorlie
Coolgardie
Kambalda
Southern Cross
Hannans Reward Ltd
QUEEN VICTORIA ROCKS
(Nickel)
Emu Nickel - Mincor JV
Mincor
Miitel
1.10Mt @ 3.6% Ni
Focus Minerals
Nepean
1.1Mt @ 3% Ni (mined)
591,300t @ 2.2% Ni
Mincor
Mariners
784,000t @ 4.0% Ni
Hannans Reward Ltd
FORRESTANIA
(Nickel & Gold)
Norilsk Nickel
Emily Ann
455,000t @ 3.53% Ni
Mincor
Wannaway
73,000t @ 2.6% Ni
32°S
Norilsk Nickel
Maggie Hays
7.58Mt @ 1.63% Ni
Mincor
Redross
276,000t @ 3.7% Ni
Norseman
Western Areas
Flying Fox
1.47Mt @ 6.2% Ni
Western Areas
SPOTTED QUOLL
545,600t @ 6.3% Ni
Hannans Reward Ltd
LAKE JOHNSTON
(Nickel & Gold)
Western Areas
New Morning/ Daydreak
2.14Mt @ 1.4% Ni
Western Areas
Cosmic Boy
180,190t @ 2.8% Ni
N
0 Kilometres 50
Western Areas
Digger South
9.47Mt @ 1.0% Ni
BHPB
Ravensthorpe
263.3Mt @ 0.65% Ni
Ravensthorpe
Indian Ocean
Broome
Port Hedland
Western Australia
Newman
Carnarvon
Meekatharra
Geraldton
Leonora
Kalgoorlie
Southern Cross
Esperance
PERTH
Albany
LOCATION MAP
500 Kilometres
Esperance
34°S

Safety & Environment

The Board is pleased to report that there were no lost time incidents involving Hannans employees during the year and there were no known environmental incidents involving Hannans projects during the year.

Corporate Events

Hannans remains very well funded to implement its plans. Following approval at a meeting of shareholders held on 14 September 2009 Hannans will have approximately $6 million in cash at bank and approximately $13 million worth of ASX listed securities. The Company will have also retained a tight capital structure of approximately 128 million shares.

It is also noted that early in 2009 a takeover bid was launched for Hannans. This bid was rejected by the Board as underwhelming and was later withdrawn by the Bidder after failing to attract interest from Hannans shareholders. The direct financial cost of responding to the bid was approximately $150,000.

Conclusion

Hannans' remains committed to making a significant minerals discovery, establishing a reserve base and converting that value into cash flow to fund future activities. If we maintain a tight capital structure with well funded exploration programs, shareholders remain highly leveraged to share price appreciation through exploration, discovery and/ or project acquisition.

Please note that the section following this report on pages 15 to 29 contains detailed information covering the Board of directors, the projects, capital structure and compliance related matters. I encourage shareholders to consider this information.

If you have any questions please do not hesitate to contact me should you wish to discuss Hannans and its future.

Best regards,

Damian Hicks
Managing Director

Directors

The Board of Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Mr Richard Scallan, Independent Non-Executive Chairman (Appointed 23 May 2002)

Mr Scallan is a Mining Engineer with 48 years experience in underground and open cut mining in both Southern 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 and has managed deep level gold, uranium, nickel, copper, chrome, platinum, mineral sands and tin mines.

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

Within the last 10 years Mr Scallan has 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 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.

Prior to incorporation of the Company, Mr Hicks was a business analyst for three years, worked with law firms for five years and an international chartered accounting firm for one year.
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.

During the past 3 years Mr Hicks has not served as a Director of any other ASX listed companies. Mr Hicks is a Non-Executive Director of funds management company, Growth Equities Pty Ltd (www.growthequities.com.au).

Mr William Hicks, Non-Executive Director (Appointed 11 March 2002)

Mr Hicks was a founding Director of Hannans Reward Ltd and has been actively involved in the progress and development of a number of well-known exploration companies. He was a director and 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.

Dr Ernest Dechow, Non-Executive Director (Appointed 11 March 2002)
(Deceased 18 October 2008)

Dr Ernest Dechow was a founding Director of Hannans Reward Ltd and had over 41 years of experience in the mining and mineral exploration industry.

In the late fifties and early sixties he was engaged in base metal exploration in Zambia, the United States and Canada before arriving in Australia to manage a joint venture of overseas companies exploring in Eastern Australia. In 1968 he formed E. Dechow and Co Pty Ltd, Consulting Geologists and since that time had been consulting and contracting out of Kalgoorlie and Perth for Australian and overseas companies in Australia, Southern Africa and Brazil and for the United Nations in Brazil as well as exploring on a personal basis for potential mines in Indonesia, Vietnam and Namibia.

During the past 3 years Dr Dechow had not served as a Director of any other ASX listed companies.

Dr Dechow had a PhD from Yale University in the United States, was a Life Member of the Society of Economic Geologists and Member of the Australian Institute of Mining and Metallurgy.

Mr Terrence Grammer, Non-Executive Director (Appointed 10 October 2005 and Resigned 27 March 2009)

During the past 3 years Mr Grammer has served as a Director of two ASX listed Company, Montezuma Mining Company Limited (resigned 30 April 2009) and South Boulder Mines Ltd.

Mr Frank Cannavo, Non-Executive Director (Appointed 3 October 2006 and Resigned 24 March 2009)

During the past 3 years Mr Cannavo has served as a Director of two ASX listed companies, Medic Vision Limited and Atos Wellness Limited.

Unless otherwise stated, the above named Directors held office for the whole of the financial year and up to the date of this report.

Mr Ian Gregory, Company Secretary (appointed 5 April 2007)

Mr Gregory holds a Bachelor of Business from Curtin University. Prior to founding his own business in 2005 Mr Gregory was the Company Secretary of Iluka Resources Ltd (6 years), IBJ Australia Bank Ltd Group (12 years) and the Griffin Group of Companies (4 years). Mr Gregory is the immediate past Chairman of the Western Australian branch of the Chartered Secretaries Australia.

At the date of this report the following table sets out the current Directors' relevant interests in shares and options of Hannans Reward Ltd and the changes since the 2008 Annual Report.

Director	Ordinary Shares		Options over Ordinary Shares	
	Current Holding	Net Increase/ (decrease)	Current Holding	Net Increase/ (decrease)
Richard Scallan	-	-	250,000	-
Damian Hicks	2,665,310	78,555	4,500,000	-
William Hicks	11,988,086	550,063	250,000	-

During and since the end of the financial year 250,000 share options were granted to the following director as part of his remuneration by Hannans Reward Ltd.

Director	Number of Options Granted	Number of Ordinary Shares Under Option
Richard Scallan	-	250,000
Damian Hicks	-	4,500,000
William Hicks	-	250,000
Ernest Dechow (deceased 18 October 2008)	-	250,000
Terrence Grammer (resigned 27 March 2009)	-	250,000
Frank Cannavo (resigned 24 March 2009)	250,000	250,000

At the 2008 AGM shareholders approved the issue to Mr Cannavo of 250,000 unlisted options exercisable at 80 cents each on or before 30 June 2011. These where issued to Mr Cannavo on 13 November 2008 so he would have Options under the same terms and conditions as the other Non-executive Directors following his retirement as an Executive Director on 5 May 2008. The options vested at grant date.

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

A. Principles used to determine the nature and amount of remuneration

The whole Board form the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific long term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

- The Managing Director and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits.

- All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews the remuneration annually , based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executive performance. Currently, this is facilitated through the issue of options to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Company currently has no performance based remuneration component built into director and executive remuneration packages.

B. Details of remuneration

Details of remuneration of the directors and key management personnel (as defined in *AASB 124 Related Party Disclosures)* of Hannans Reward Ltd are set out in the following table.

The key management personnel of Hannans Reward Ltd and the Group are the Directors as listed on page 15 and 16.

Given the size and nature of operations of Hannans Reward Ltd, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

The tables below show the 2009 and 2008 figures for remuneration received by the directors.

2009	Short Term			Post-employment			Equity	Other	Total
	Salary & fees $	Bonus $	Non-monetary $	Super-annua-tion $	Pre-scribed benefits $	Other $	Options (v) $	benefits (D&O Insurance) (vi) $	$
Richard Scallan	32,400	-	-	2,916	-	-	-	2,455	37,771
Damian Hicks(i)	193,162	-	-	16,513	-	-	(vii)197,937	2,455	410,067
William Hicks	-	-	-	32,400	-	-	-	2,455	34,855
Ernest Dechow(ii)	10,800	-	-	-	-	-	-	733	11,533
Terrence Grammer(iii)	21,600	-	-	1,944	-	-	-	1,810	25,354
Frank Cannavo(iv)	21,600	-	-	1,854	-	-	1,220	1,789	26,463
Total	279,562	-	-	55,627	-	-	199,157	11,697	546,043

2008	Short Term			Post-employment			Equity	Other	
	Salary & fees $	Bonus $	Non-monetary $	Super-annua-tion $	Pre-scribed benefits $	Other $	Options(v) $	benefits (D&O Insurance) (vi) $	Total $
Richard Scallan	32,400	-	-	2,916	-	-	29,640	2,010	66,966
Damian Hicks	186,318	-	-	16,513	-	-	212,156	2,010	416,997
William Hicks	-	-	-	32,400	-	-	29,640	2,010	64,050
Ernest Dechow	32,400	-	-	-	-	-	29,640	2,010	64,050
Terrence Grammer	49,936	-	-	4,494	-	-	29,640	2,010	86,080
Frank Cannavo	93,349	-	-	1,651	-	-	-	2,010	97,010
Total	394,403	-	-	57,974	-	-	330,716	12,060	795,153

i) Damian Hicks 'Salary & fees' includes $9,675 of unpaid annual leave (2008: $2,831).
ii) Ernest Dechow's remuneration is for the period 1 July to 18 October 2008, the date of Dr Dechows' passing.
iii) Terrence Grammer's remuneration is for the period 1 July 2008 to 27 March 2009 the date he resigned.
iv) Frank Cannavo's remuneration is for the period 1 July 2008 to 24 March 2009 the date he resigned.
v) These amounts are accounting valuations of the Options issued as part of the remuneration packages and are therefore not cash payments.
vi) For accounting purposes Directors & officers Indemnity Insurance is required to be recorded as remuneration. No director receives any cash benefits, simply the benefit of the insurance coverage.
vii) Approved by Hannans shareholders at the 2007 Annual General Meeting.

Due to concerns about the global financial crisis and its impact on the Company's cash reserves the Board agreed to defer 100% of Non-executive Director fees and 50% of the Managing Director's salary from 1 March 2009 until further notice. A total of $44,133 was deferred at 30 June 2009 with William Hicks receiving $10,800 and Damian Hicks $33,333 on 6 August 2009. These deferred amounts are however included in the above 2009 'Salary & fees' for each Director.

C. Service Agreements

Damian Hicks

The Board negotiated an employment agreement for Damian Hicks as Managing Director for a period of three years commencing on 1 July 2007. The remuneration package generally comprises $200,000 per annum (inclusive of superannuation entitlements) and reimbursement of work related expenses. Either party may terminate the arrangement with three months written notice and payment by the Company of all statutory annual and long service leave entitlements.

At the 2007 AGM shareholders approved the issue to Mr Hicks of 3,000,000 unlisted options exercisable at 80 cents each on or before 30 June 2011 (1,000,000), 30 June 2012 (1,000,000) and 30 June 2013 (1,000,000).

D. Share-based Compensation

Options are issued to directors and executives as part of their remuneration. The options are not based on performance criteria, but are issued to directors and executives of Hannans Reward Ltd to increase goal congruence between executives directors and shareholders. The following options were granted to or vesting with key management personnel during the year. The model inputs for the options granted are listed in note 7.

Name	Option Series	During the financial year				% of compensation for the year consisting of options
		No. Granted	No. vested	% of grant vested	% of grant forfeited	
Damian Hicks(i)	29 Nov 2007	-	2,000,000	100%	-	48.3%
Frank Cannavo	28 Nov 2008	250,000	250,000	100%	-	4.6%

(i) All the unvested options vested on 19 March 2009 when a takeover offer was made for Hannans Reward in accordance with the option terms and conditions.

The following table summarises the value of director and executive options granted, exercised or lapsed during the year.

Name	Value of options granted at the grant date $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse $
Frank Cannavo (i)	1,220	-	-

(i) At the 2008 AGM shareholders approved the issue to Mr Cannavo of 250,000 unlisted options exercisable at 80 cents each on or before 30 June 2011. Mr Cannavo resigned as a Non-executive Director on 24 March 2009.

E. Additional information

Performance income as a proportion of total compensation
No performance based bonuses have been paid to key management personnel during the financial year.

Directors Meetings

The following tables set information in relation to Board meetings held during the financial year.

Board Member	Board Meetings held while Director	Attended	Circular Resolutions Passed	Total
Richard Scallan	5	5	4	9
William Hicks	5	5	4	9
Damian Hicks	5	5	4	9
Ernest Dechow	1	1	1	2
Terrence Grammer	4	3	3	6
Frank Cannavo	3	3	3	6

Dates of Board Meetings and Circulating Resolutions

Board Meetings	Circulating Resolutions
11 September 2008	23 September 2008
14 November 2008	27 February 2009
27 February 2009	30 January 2009
23 March 2009	17 June 2009
25 May 2009	

Projects

The Projects are constituted by the following tenements:

Project	Tenement Number	Interest %	Note
Forrestania	E77/1327	80	1
	E77/1354	80	1
	E77/1406	80	1
	E77/1512	100	
	M77/0544	80	1,3
	P77/3582	80	1
	P77/3583	80	1
	P77/3584	80	1
	P77/3585	80	1
	P77/3586	80	1
	P77/3587	80	1
	P77/3588	80	1
	P77/3607	80	1
	P77/3613	80	1
	P77/3762	80	1
	P77/3763	80	1
	E77/476	85	4
	E77/999	85	4
	M77/693	85	4
	M77/812	85	4
	P77/3848	85	4
	P77/3849	85	4
	P77/3850	85	4
	P77/3851	85	4
	P77/3852	85	4
	P77/3853	85	4
	P77/3854	85	4
	P77/3855	85	4
	P77/3856	85	4
Jigalong	E52/1812	100	
	E52/1813	100	
	E52/1819	100	
	E52/2060	100	
Lake Johnston	E63/1091	100	
(formerly Maggie Hayes South)	E63/1206	100	
	E63/1207	100	
	P63/1473	90	1
	P63/1474	90	1
	P63/1475	90	1
	P63/1476	90	1
	P63/1477	90	1
	P63/1478	90	1
	P63/1479	90	1
	P63/1664	100	

Project	Tenement Number	Interest %	Note
Sunday	L37/0149	90	1,2
	M37/0389	90	1,2
	P37/6429	100	
	P37/6430	100	
	P37/6432	100	
	P37/7136	100	
	P37/7137	100	
	P37/7138	100	
	P37/7139	100	
	P37/7140	100	
	P37/7141	100	
	P37/7142	100	
	P37/7143	100	
	P37/7144	100	
	P37/7145	90	1,2
	P37/7146	90	1,2
	P37/7147	90	1,2
	P37/7148	90	1,2
	P37/7149	90	1,2
	P37/7150	90	1,2
	P37/7151	90	1,2
	P37/7152	90	1,2
	P37/7153	90	1,2
	P37/7154	90	1,2
	P37/7155	90	1,2
	P37/7158	90	1,2
	P37/7159	90	1,2
	P37/7160	90	1,2
	P37/7161	90	1,2
	P37/7162	90	1,2
	P37/7163	90	1,2
	P37/7164	90	1,2
	P37/7165	100	
	P37/7166	90	1,2
	P37/7167	90	1,2

QVR	E15/0734	100	5
	E15/0755	100	5
	E15/0913	100	5
	E15/0921	100	5
	E15/0971	100	5
	P15/4964	100	5
	P15/4965	100	5
	P15/4966	100	5
	P15/4967	100	5

1. Partner free-carried by Hannans Reward Ltd.
2. Partner farming-in to gold rights only, up to 72% interest, current interest Nil
3. Gold rights only
4. Conditional on settlement of agreement as per ASX release dated 30 July 2009
5. Vale farming-in, up to 75% interest, current interest Nil

Applications for tenements controlled by Hannans Reward Ltd are as follows:

Project	Tenement Number
Forrestania	M77/1142
	M77/0878
	E77/1430
	E77/1568
	E77/1597
	E77/1647
	E77/1655
	E77/1695
	E77/1696
	P77/3943
	P77/3944
	P77/3945
Jigalong	E52/2150
	E69/2218
	E52/2397
	E69/2235
	E46/0780
Lake Johnston	E63/1327
	E63/1354

Capital

The Hannans Reward Ltd issued capital is as follows:

Ordinary Fully Paid Shares

At the date of this report there are the following number of Ordinary fully paid shares

	Number of shares
Ordinary fully paid shares	128,084,197

Shares Under Option

At the date of this report there are 12,067,867 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	9,717,867
Movements of share options during the year and to the date of this report	
Issued, exercisable at 80 cents on or before 30 June 2011	250,000
Issued, exercisable at 40 cents on or before 30 June 2012	100,000
Issued, exercisable at 20 cents on or before 31 July 2011	2,000,000
Total number of options outstanding at the date of this report	**12,067,867**

The balance is comprised of the following:

Date options issued	Expiry date	Exercise price (cents)	Number of options
30 March 2006	31 March 2010	20	3,000,000
11 May 2006	30 April 2010	20	500,000
5 February 2007	31 December 2010	50	500,000
1 November 2007	30 June 2011	80	2,000,000
1 November 2007	30 June 2012	80	1,000,000
1 November 2007	30 June 2013	80	1,000,000
18 January 2008	31 December 2010	40	1,717,867
28 November 2008	30 June 2011	80	250,000
24 July 2009	30 June 2012	40	100,000
3 August 2009	31 July 2011	20	2,000,000
Total number of options outstanding at the date of this report			**12,067,867**

No person entitled to exercise any option referred to above has had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Substantial Shareholders

Hannans Reward Ltd has the following substantial shareholders as at 14 September 2009:

Name	Number of shares	Percentage of issued capital
William Hicks	11,988,086	11.01%
Craton Capital	6,946,000	6.38%

Range of Shares as at 14 September 2009

Range	Total Holders	Units	% Issued Capital
1 - 1,000	57	29,399	0.03
1,001 - 5,000	229	772,214	0.71
5,001 - 10,000	249	2,083,223	1.91
10,001 - 100,000	713	27,029,139	24.84
100,001 - 9,999,999	170	78,886,634	72.51
Total	**1,418**	**108,800,609**	**100.00**

Unmarketable Parcels as at 14 September 2009

	Minimum parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 0.21 per unit	2381	109	120,349

Top 20 holders of Ordinary Shares as at 14 September 2009

Rank	Name	Units	% of Issued Capital
1	Marfield Pty Limited	9,100,402	8.36
2	ANZ Nominees Limited Cash Income A/C	7,042,140	6.47
3	Mr Terrence Ronald Grammer	3,675,000	3.38
4	Aust Global Resources Pty Ltd	3,636,363	3.34
5	Mossisberg Pty Ltd	2,616,386	2.40
6	Susern Holdings Pty Ltd	2,500,000	2.30
7	Mr Frank Cannavo & Mr Anthony Cannavo	2,197,441	2.02
8	Acacia Investments Pty Ltd	2,054,696	1.89
9	Mr Lafras Luitingh	2,046,296	1.88
10	Dixon International Pty Ltd	2,005,720	1.84
11	Jigalong Community Inc	2,000,000	1.84
12	Mandies Meats Pty Ltd Number 2 Account	1,597,000	1.47
13	Kanaslex Pty Limited	1,548,296	1.42
14	Bonord Pty Ltd C W Hulls & Co Super Fund	1,196,775	1.10
15	Mr James Laurence Berry	1,170,000	1.08
16	RBC Dexia Investor Services Australia Nominees Pty Limited	1,006,234	0.92
17	Lippo Securities Nominees (BVI) Ltd	1,000,000	0.92
18	Forty Traders Limited	961,669	0.88
19	Mr Francesco Rizzo & Mrs Francesca Rizzo <Rizzo Super Fund>	946,931	0.87
20	Lymeridge Pty Ltd	861,559	0.79
	Total of top 20 Holders of ordinary shares.	**49,162,908**	**45.19**

Financial Review

The Group began the financial year with cash reserve of $2,943,188. In November 2008 the Company issued approximately 5.8 million ordinary shares through a share purchase plan and placement to sophisticated investors to raise $626,014.

During the year total exploration expenditure incurred by the Group amounted to $1,579,170. In line with the Group's accounting policies, all exploration expenditure was expensed as incurred. Net administration expenditure incurred amounted to $973,012. This has resulted in an operating loss after income tax for the year ended 30 June 2009 of $2,552,182 (2008: $3,134,937).

As at 30 June 2009 cash and cash equivalents totalled $1,027,426.

Summary of 5 Year Financial Information as at 30 June

	2009	2008	2007	2006	2005
Cash and cash equivalents	1,027,426	2,943,188	4,502,168	2,674,406	1,040,600
Balance of exploration expenditure at beginning of the year	-	-	-	-	1,624,528
Exploration Expenditure Expensed	(1,579,170)	(1,848,686)	(1,795,653)	(884,206)	(317,822)
Acquisitions / Options Capitalised	-	-	-	-	125,000
Less exploration expenditure written off	-	-	-	-	(2,067,350)
Balance	-	-	-	-	-
No of issued shares No of options	90,324,979 9,967,867	84,778,597 9,717,867	79,983,929 5,250,000	67,814,233 4,750,000	33,016,503 18,248,494
Share price	$0.12	$0.25	$0.61	$0.15	$0.09
Market capitalisation (Undiluted)	10,838,997	21,132,149	48,790,197	10,172,135	2,971,485

Summary of Share Price Movement for Year ended 30 June 2009

	Price	Date
Highest	$0.28	4 August 2008
Lowest	$0.05	27 November 2008 18,19,22,23,24,29,30,31 December 2008 2 January 2009 12 March 2009
Latest	$0.21	14 September 2009

Hannans Reward Ltd (black) as compared to ASX/S&P 300 Metals and Mining Index (purple) since 1 July 2008

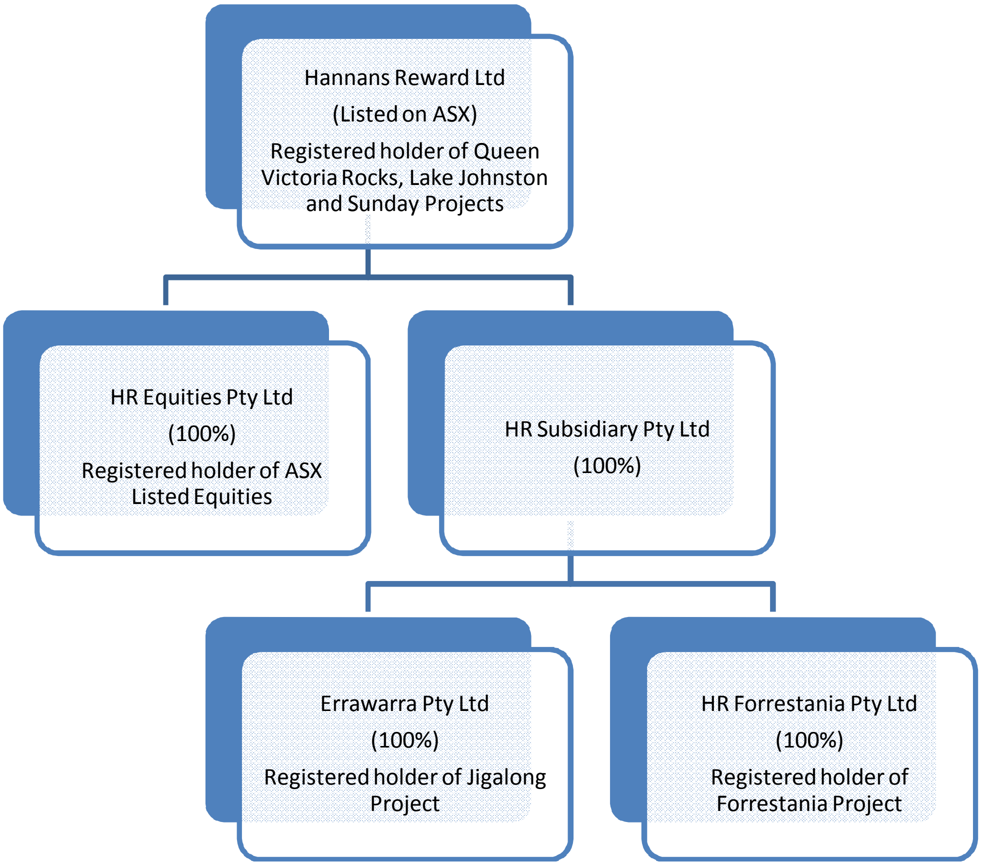
ASX Announcements that related to Corporate Matters

Date	Announcement Title
14/09/2009	Hannans - Capital Raising Update
14/09/2009	Hannans - General meeting presentation
09/09/2009	Hannans - SPP Closes Oversubscribed
08/09/2009	Response to ASX Query
01/09/2009	Hannans - Appendix 3B Share Issue
31/08/2009	Hannans - SPP closes this Friday, 4 Sept 2009
18/08/2009	Hannans - Share Purchase Plan
18/08/2009	Hannans - Tranche 1 of Placement Completed
13/08/2009	Hannans - Amended Placement General Meeting
13/08/2009	Hannans - Placement General Meeting
12/08/2009	Hannans - $5.25M Capital Raising
12/08/2009	Reinstatement to Official Quotation
10/08/2009	Suspension from Official Quotation
06/08/2009	Trading Halt
05/08/2009	Warwick Expands Iron Projects in Eastern Pilbara
03/08/2009	Hannans - Successful DD on Jigalong Iron Project
03/08/2009	Hannans - Agreement with Jigalong Community
31/07/2009	Hannans - 4th Quarter Cashflow Report
31/07/2009	Hannans - 4th Quarter Activities Report
30/07/2009	Hannans Kagara St Barbara Forrestania Agreement
29/07/2009	Trading Halt
26/06/2009	Ceasing to be a substantial holder from FXR
25/06/2009	Notice of Withdrawal of Takeover Bid for HNR
09/06/2009	Hannans - Iron rights vended into Warwick Res
19/06/2009	Warwick, Atlas Iron and Hannans to consolidate iron projects
18/06/2009	Trading Halt
10/06/2009	Hannans - Fox Bid to Lapse
09/06/2009	FXR: Fox to allow its bid for Hannans to lapse
05/06/2009	Change in substantial holding from FXR
01/06/2009	FXR: Fox receives Target Statement from Hannans
29/05/2009	Hannans - REJECT the Fox offer
22/05/2009	FXR: Supplementary Bidder`s Statement
18/05/2009	FXR: Takeover Offer Opens
18/05/2009	FXR: Dispatch of Bidders Statement
04/05/2009	Notice of date determining holders of securities
01/05/2009	Hannans- Bidders Statement recieved
01/05/2009	Change in substantial holding from FXR
01/05/2009	Fox Resources Ltd Bidders Statement for Hannans Reward Ltd
30/04/2009	Hannans - 3rd Quarter Cashflow Report
30/04/2009	Hannans - 3rd Quarter Activities Report
30/04/2009	Hannans - Placement Approved
30/04/2009	Hannans - General Meeting Presentation
28/04/2009	Hannans - Appendix 3Y - William Hicks
15/04/2009	Hannans - Shareholder Update
09/04/2009	Hannans - Appendix 3Y - Damian Hicks
31/03/2009	Hannans - Placement
27/03/2009	Hannans - Resignation of Director
19/03/2009	Hannans - Response to Takeover Bid
19/03/2009	FXR: Fox makes Takeover Bid for Hannans
04/03/2009	Hannans - Financial Report for the Half Year
02/02/2009	2nd Quarter Activities Report
30/01/2009	2nd Quarter Cashflow Report

Date	Announcement Title
28/11/2008	Appendix 3B and 3Y - Frank Cannavo
17/11/2008	SPP Documents
13/11/2008	AGM Results
13/11/2008	AGM Presentation
10/11/2008	Share Purchase Plan Completed
31/10/2008	1st Quarter Activities Report
31/10/2008	1st Quarter Cashflow Report
24/10/2008	Appendix 3Z - Dr Ernest Dechow
22/10/2008	SPP offer closes this Friday
13/10/2008	Notice of Meeting
09/10/2008	Important Share Purchase Plan Information
07/10/2008	Underwritten Share Purchase Plan
07/10/2008	Exploration and Corporate Update
02/10/2008	Trading Halt
26/09/2008	Annual Report 2008
08/08/2008	Change of Director`s Interest Notice
31/07/2008	4th Quarter Cashflow Report
16/07/2008	4th Quarter Activities Report
16/07/2008	Change of Director`s Interest Notice
09/07/2008	Change of Director`s Interest Notice

Corporate Structure

The corporate structure of the Hannans Reward Limited group is as follows:



Compliance

Corporate Governance Statement

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The ASX document '*Corporate Governance Principles and Recommendations 2nd Edition* ' published by the ASX Corporate Governance Council applies to listed entities with the aim of enhancing the credibility and transparency of Australia's capital markets. The Principles and Guidelines can be viewed at www.asx.com.au.

The Board has assessed the Group's current practice against the Guidelines and other than the matters specified below under *"If Not, Why Not" Disclosure*, all the best practice recommendations of the ASX Corporate Governance Council have been applied.

In relation to departures by the Company from the best practise recommendations, Hannans makes the following comments:

Principle 1: Lay solid foundations for management and oversight
1.2 *Companies should disclose the process for evaluating the performance of senior executives*
Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as an when the level of operations justifies it.

Principle 2: Structure the Board to add value
2.1 *The majority of the Board should be independent directors*
The Board consists of a Chairman, Non-executive director and Managing director. The Chairman Mr Richard Scallan is an Independent Director. The Board considers that the composition of the existing Board is appropriate given the scope and size of the Group's operations and the skills matrix of the existing Board members.

2.4 *The Board should establish a nomination committee*
The Board as a whole will identify candidates and assess their skills in deciding whether an individual has the potential to add value to the Company. The Board may also seek independent advice to assist with the identification process.

2.5 *Companies should disclose the process for evaluating the performance of the Board its committees and individual directors.*
Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it.

Principal 4: Safeguard integrity of financial reporting
4.1 *The Board should establish an Audit Committee*
4.2 *The audit committee should be structured so that it: consists of only non-executive directors, consists of a majority of independent directors, is chaired by an independent chair; who is not chair of the Board and has at least three members*
4.3 *The Audit committee should have a formal charter*
The Board considers that due to the size and complexity of the Group's affairs it does not merit the establishment of a separate audit committee. Until the situation changes the Board of Hannans Reward will carry out any necessary audit committee functions.

Principle 8: Remunerate fairly and responsibly
8.2 *The Board should establish a remuneration committee*
The Board considers that due to the size and complexity of the Group's affairs it does not merit the establishment of a separate remuneration committee. Until the situation changes the Board of Hannans Reward will carry out any necessary remuneration committee functions.

Independent Professional Advice

Directors of the Company are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman may, at the Group's expense obtain independent professional advice to properly discharge their responsibilities.

Board Composition

The Board consists of an Independent Chairman, Non-executive director and Managing Director. Details of their skills, experience and expertise and the period of office held by each director have been included in the Directors Report. The number of Board meetings and the attendance of the directors are set out in the Directors Report.

The Board will decide on the choice of any new director upon the creation of any new Board position and if any casual vacancy arises. Decisions to appoint new directors will be minuted. The Board considers that due to the size and complexity of the Group's affairs it does not merit the establishment of a separate nomination committee. Until the situation changes the Board of Hannans Reward will carry out any necessary nomination committee functions.

Share Trading Policy

Directors, officers and employees are prohibited from dealing in Hannans Reward shares when they possess inside information. The Board is to be notified promptly of any trading of shares in the Company by any Director or officer of the Company.

Additional Compliance Statements

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure management's objectives and activities are aligned by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.

- Implementation of Board approved operating plans and Board monitoring of the progress against budgets.

Significant Changes in State of Affairs

Other than those disclosed in this annual report no significant changes in the state of affairs of the Group occurred during the financial year.

Significant Events after the Balance Date

No matters or circumstances, besides those disclosed at note 26, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

Likely developments and Expected Results

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

Environmental Regulation and Performance

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it's aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

Insurance of Directors and Officers

During or since the financial year, the Company has had premiums insuring all the directors of Hannans Reward Ltd against costs incurred in defending conduct involving:

a) A wilful breach of duty
b) A contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001.*

The total amount of insurance contract premiums paid is $11,697.

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

Non-Audit Services

During the year Stantons International or associated entities did not provide any non-audit services to the Group.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 30.

Signed in accordance with a resolution of the Directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors

Damian Hicks

Damian Hicks
Managing Director
Perth, Western Australia this 18th day of September 2009

Stantons International
ABN 41 103 088 697
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

18 September 2009

Board of Directors
Hannans Reward Limited
Ground Floor, 28 Ord Street,
WEST PERTH WA 6005

Dear Directors

RE: HANNANS REWARD LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Hannans Reward Limited.

As Audit Director for the audit of the financial statements of Hannans Reward Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

John Van Dieren
Director

Directors' declaration

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2009 and performance of the Company and consolidated entity for the financial year ended on that date; and

(c) the audited remuneration disclosures set out in the directors report comply with Accounting Standard AASB 124 *Related Party Disclosures* and the Corporations Act and Regulations 2001.

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 for the financial year ended 30 June 2009.

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

Damian Hicks
Managing Director

Perth,

Stantons International
ABN 41 103 088 697
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HANNANS REWARD LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Hannans Reward Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Hannans Reward Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 17 to 19 of the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion
In our opinion the remuneration report of Hannans Reward Limited for the year ended 30 June 2009 complies with section 300 A of the *Corporations Act 2001.*

STANTONS INTERNATIONAL
(An Authorised Audit Company)

J P Van Dieren
Director

West Perth, Western Australia
18 September 2009

Income statement
for the financial year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Revenue	4	119,281	250,244	111,320	247,948
Other income	4	-	91,868	-	-
Employee and contractors expense		(678,986)	(827,935)	(678,986)	(827,935)
Depreciation expense		(14,414)	(15,092)	(13,783)	(15,092)
Consultants expenses		(117,441)	(325,328)	(69,369)	(320,534)
Occupancy expenses		(83,257)	(84,267)	(83,257)	(84,267)
Marketing expenses		(26,456)	(55,977)	(23,713)	(55,977)
Exploration and evaluation expenses		(1,579,170)	(1,848,686)	(210,537)	(1,344,487)
Provision against recovery of loans to controlled entity		-	-	(1,525,920)	(457,298)
Other expenses		(171,739)	(319,764)	(167,728)	(305,947)
Loss from continuing operations before income tax expense/benefit	4	(2,552,182)	(3,134,937)	(2,661,973)	(3,163,589)
Income tax expense/benefit	5	-	-	-	-
Loss from continuing operations attributable to members of the parent entity		(2,552,182)	(3,134,937)	(2,661,973)	(3,163,589)
Loss per share:					
Basic (cents per share)	19	(2.89)	(3.84)		
Diluted (cents per share)	19	(2.89)	(3.84)		

The accompanying notes form part of these financial statements.

Balance sheet
as at 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Current assets					
Cash and cash equivalents	27(a)	1,027,426	2,943,188	936,302	2,886,305
Trade and other receivables	9	51,506	82,942	36,865	66,519
Other financial assets	10	343,586	173,199	343,586	155,941
Total current assets		1,422,518	3,199,329	1,316,753	3,108,765
Non-current assets					
Trade and other receivables	11	138,694	52,329	75,694	52,329
Property, plant and equipment	12	27,904	31,504	24,035	31,504
Other financial assets	13	-	-	56	67,314
Total non-current assets		166,598	83,833	99,785	151,147
Total assets		1,589,116	3,283,162	1,416,538	3,259,912
Current liabilities					
Trade and other payables	14	308,661	170,450	239,147	140,473
Provisions	15	31,896	14,570	31,896	14,570
Total current liabilities		340,557	185,020	271,043	155,043
Total liabilities		340,557	185,020	271,043	155,043
Net assets		1,248,559	3,098,142	1,145,495	3,104,869
Equity					
Issued capital	16	13,906,008	13,402,566	13,906,008	13,402,566
Reserves	17	1,089,099	889,942	1,089,099	889,942
Accumulated losses	18	(13,746,548)	(11,194,366)	(13,849,612)	(11,187,639)
Total equity		1,248,559	3,098,142	1,145,495	3,104,869

The accompanying notes form part of these financial statements.

Statement of changes in equity for the financial year ended 30 June 2009

Consolidated

For the year ended 30 June 2009	Ordinary Shares $	Option Reserve $	Accumulated Losses $	Total Equity $
	Attributable to equity holders			
At beginning of year	13,402,566	889,942	(11,194,366)	3,098,142
Loss for the year	-	-	(2,552,182)	(2,552,182)
Issue of shares	626,014	-	-	626,014
Cancelation of shares	(73,750)	-		(73,750)
Issue of options	-	199,157	-	199,157
Shares issue expenses	(48,822)	-	-	(48,822)
At end of year	13,906,008	1,089,099	(13,746,548)	1,248,559

For the year ended 30 June 2008	Ordinary Shares $	Option Reserve $	Accumulated Losses $	Total Equity $
	Attributable to equity holders			
At beginning of year	12,234,874	321,626	(8,059,429)	4,497,071
Loss for the year	-	-	(3,134,937)	(3,134,937)
Issue of shares	1,412,150	-	-	1,412,150
Issue of options	-	568,316	-	568,316
Shares issue expenses	(244,458)	-	-	(244,458)
At end of year	13,402,566	889,942	(11,194,366)	3,098,142

The accompanying notes form part of these financial statements.

Statement of changes in equity for the financial year ended 30 June 2009

Company

For the year ended 30 June 2009	Ordinary Shares $	Option Reserve $	Accumulated Losses $	Total Equity $
	Attributable to equity holders			
At beginning of year	13,402,566	889,942	(11,187,639)	3,104,869
Loss for the year	-	-	(2,661,973)	(2,661,973)
Issue of shares	626,014	-	-	626,014
Cancelation of shares	(73,750)	-	-	(73,750)
Issue of options	-	199,157	-	199,157
Shares issue expenses	(48,822)	-	-	(48,822)
At end of year	13,906,008	1,089,099	(13,849,612)	1,145,495

For the year ended 30 June 2008	Ordinary Shares $	Option Reserve $	Accumulated Losses $	Total Equity $
	Attributable to equity holders			
At beginning of year	12,234,874	321,626	(8,024,050)	4,532,450
Loss for the year	-	-	(3,163,589)	(3,163,589)
Issue of shares	1,412,150	-	-	1,412,150
Issue of options	-	568,316	-	568,316
Shares issue expenses	(244,458)	-	-	(244,458)
At end of year	13,402,566	889,942	(11,187,639)	3,104,869

The accompanying notes form part of these financial statements.

Cash flow statement
for the financial year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Cash flows from operating activities					
Payments for exploration and evaluation		(1,579,170)	(1,848,686)	(210,537)	(1,344,486)
Payments to suppliers and employees		(770,350)	(1,043,821)	(759,080)	(1,094,025)
Interest received		102,293	243,374	96,569	239,843
Net cash used in operating activities	27(b)	(2,247,227)	(2,649,133)	(873,048)	(2,198,668)
Cash flows from investing activities					
Payment for security bond		(85,671)	-	(22,671)	-
Amounts advanced to related parties		-	(172,477)	(1,475,920)	(472,600)
Amounts advanced to outside entities		(149,242)	-	(149,242)	(155,941)
Payment for property, plant and equipment		(10,814)	(8,232)	(6,314)	(8,232)
Proceeds from sale of property plant and equipment		-	10,000	-	10,000
Net cash used in investing activities		(245,727)	(170,709)	(1,654,147)	(626,773)
Cash flows from financing activities					
Proceeds from issues of equity securities	16	626,014	1,338,400	626,014	1,338,400
Payment for share issue costs	16	(48,822)	(77,538)	(48,822)	(77,538)
Net cash provided by financing activities		577,192	1,260,862	577,192	1,260,862
Net increase in cash and cash equivalents		(1,915,762)	(1,558,980)	(1,950,003)	(1,564,579)
Cash and cash equivalents at the beginning of the financial year		2,943,188	4,502,168	2,886,305	4,450,884
Cash and cash equivalents at the end of the financial year	27(a)	1,027,426	2,943,188	936,302	2,886,305

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2009

1. General Information

Hannans Reward Limited (the Company) is a listed public Company, incorporated in Australia.

The Group's registered office and its principal place of business are as follows:

Registered office	Principal place of business
Ground Floor	Ground Floor
28 Ord Street	28 Ord Street
West Perth WA 6005	West Perth, WA 6005

2. Statement of Significant Accounting Policies

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated and parent financial statements and notes of the consolidated entity and parent entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 18 September 2009.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except for certain financial assets and liabilities which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented in these financial statements for the year ended 30 June 2008.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(c) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

2. Statement of Significant Accounting Policies (cont'd)

(d) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Shares and options held by the consolidated entity are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Financial assets at fair value through profit or loss

The consolidated entity classifies certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(e) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2. Statement of Significant Accounting Policies (cont'd)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

2. Statement of Significant Accounting Policies (cont'd)

Tax consolidation
Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation.

(i) Intangible assets

Exploration and Evaluation Expenditure
Exploration, evaluation and development expenditure incurred may either be expensed immediately to the profit and loss or be accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
(ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

(j) Joint ventures

Jointly controlled assets and operations
Interests in jointly controlled assets and operations are reported in the financial statements by including the entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

Jointly controlled entities
Interests in jointly controlled entities are accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements.

(k) Operating cycle

The operating cycle of the entity coincides with the annual reporting cycle.

(l) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Presentation currency

The entity operates entirely within Australia and the presentation currency is Australian dollars.

(n) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 23 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

2. Statement of Significant Accounting Policies (cont'd)

If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(o) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate (%)
• Office furniture	11.25 – 20.00
• Office equipment	7.50 – 66.67
• Motor vehicle	18.75

(p) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) Revenue recognition

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(r) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black and Scholes model or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

3. Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key estimates — impairment
The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. No impairment has been recognised in respect of exploration and evaluation for the year ended 30 June 2009. Exploration and evaluation expenditure is not capitalised and is expensed directly through the profit and loss.

Key estimates — share-based payments
The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model.

Key judgments — doubtful debts provision
The Directors believe that the intercompany loan from Hannans Reward Ltd to Errawarra Pty Ltd and HR Forrestania Pty Ltd, if recoverable, would only be recoverable in the long term and have therefore provided for the full amount as at 30 June 2009. All other intercompany loans are considered recoverable.

4. Loss from operations

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
(a) Revenue				
Interest revenue				
-Bank	98,136	249,522	90,175	245,990
-Other	21,145	722	21,145	1,958
	119,281	250,244	111,320	247,948
(b) Other Income				
Gain on sale of subsidiary	-	91,868	-	-
	-	91,868	-	-
(c) Loss before income tax				
Loss before income tax has been arrived at after charging the following gains and (losses) from continuing and discontinued operations:				
Loss on disposal of fixed assets	-	(1,498)	-	(1,498)

4. Loss from operations (cont'd)

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Loss before income tax has been arrived at after charging the following expenses.				
Provision for recoverability of loan to subsidiary	-	-	1,525,920	457,298
Depreciation of non-current assets	14,414	15,092	13,783	15,092
Operating lease rental expenses:				
Minimum lease payments	83,257	84,267	83,257	84,267
Employee benefit expense includes:				
Post employment benefits:				
Defined contribution plans	74,639	69,394	74,639	69,394
Share-based payments:				
Equity settled share-based payments	199,157	401,396	199,157	401,396

5. Income taxes

(a) Income tax recognised in profit or loss

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Tax expense comprises:				
Current tax expense	-	-	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-	-	-
Total tax expense	-	-	-	-

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Loss from operations	(2,552,182)	(3,134,937)	(2,661,973)	(3,163,589)
Income tax benefit calculated at 30%	(765,655)	(940,481)	(798,592)	(949,077)
Effect of expenses that are not deductible in determining taxable profit	63,190	125,459	63,190	125,459
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	702,465	815,022	735,402	823,618
Income tax attributable to operating loss	-	-	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

5. Income taxes (cont'd)

Unrecognised deferred tax balances

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
The following deferred tax assets and (liabilities) have not been brought to account :				
Tax losses – revenue	3,921,504	3,199,113	3,306,775	2,990,997
Tax losses – capital	2,386	2,386	2,386	2,386
Net temporary differences	105,358	109,971	86,908	109,748
	4,029,248	3,311,470	3,396,069	3,103,131

Tax consolidation

Relevance of tax consolidation to the consolidated entity

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation.

6. Key management personnel disclosures

(a) Details of key management personnel

The Directors of Hannans Reward Ltd during the year were:

- Richard Scallan
- Damian Hicks
- William Hicks
- Ernest Dechow (deceased 18 October 2008)
- Terrence Grammer (resigned 27 March 2009)
- Frank Cannavo (resigned 24 March 2009)

There were no other executives of Hannans Reward Ltd during the year.

(b) Key Management personnel compensation

The aggregate compensation made to key management personnel of the Company and the Group is set out below

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Short-term employee benefits	279,562	394,403	279,562	394,403
Post-employment benefits	55,627	57,974	57,627	57,974
Other long term benefits	11,697	12,060	11,697	12,060
Share-based payment	199,157	330,716	199,157	330,716
	546,043	795,153	546,043	795,153

The compensation of each member of the key management personnel of the Group is set out in the Directors Remuneration report on pages 17 to 19.

7. Share-based payments

The Company has an ownership-based compensation arrangement for employees of the Company.

Each option issued under the arrangement converts into one ordinary share of Hannans Reward Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is at the sole discretion of the Directors.

Incentive options issued to Directors (executive and non-executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

7. Share-based payments (cont'd)

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price $
31 March 2010	3,000,000	31 March 2006	31 March 2010	0.20
30 April 2010	500,000	11 May 2006	30 April 2010	0.20
31 December 2010	500,000	5 February 2007	31 December 2010	0.50
31 December 2010	1,717,867	18 January 2008	31 December 2010	0.40
30 June 2011	2,000,000	1 November 2007	30 June 2011	0.80
30 June 2012	1,000,000	1 November 2007	30 June 2012	0.80
30 June 2013	1,000,000	1 November 2007	30 June 2013	0.80
30 June 2011	250,000	28 November 2008	30 June 2011	0.80

	Option series				
Inputs into the model	30 June 2011	31 December 2010	30 June 2011	30 June 2012	30 June 2013
Grant date share price	6.0 cents	25.0 cents	31.5 cents	31.5 cents	31.5 cents
Exercise price	80 cents	40 cents	80 cents	80 cents	80 cents
Expected volatility	100%	100%	100%	100%	100%
Option life	31 months	35 months	44 months	56 months	68 months
Dividend yield	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	3.97%	6.64%	6.64%	6.64%	6.64%

The following reconciles the outstanding share options granted at the beginning and end of the financial year:

	2009		2008	
	Number of options	Weighted average exercise price $	Number of options	Weighted average Exercise price $
Balance at beginning of the financial year	9,717,867	0.50	5,000,000	0.22
Granted during the financial year	250,000	0.80	8,217,867	0.71
Forfeited during the financial year	-	-	(2,250,000)	0.80
Expired during the financial year	-	-	(1,000,000)	0.20
Exercised during the financial year	-	-	(250,000)	0.20
Balance at end of the financial year (i)	9,967,867	0.51	9,717,867	0.50
Exercisable at end of the financial year	9,967,867	0.51	1,000,000	0.22

(i) Exercised during the financial year

During the year no options over ordinary shares were exercised.

(ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had a weighted average exercise price of $0.51 (2008: $0.50) and a weighted average remaining contractual life of 1.76 years (2008: 2.75).

8. Remuneration of auditors

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Audit or review of the financial report	26,058	25,028	26,058	25,028
	26,058	25,028	26,058	25,028

The auditor of Hannans Reward Ltd is Stantons International.

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
9. Current trade and other receivables				
Other debtors	15,026	19,166	12,788	19,034
Goods and services tax (GST)	36,480	63,776	24,077	47,485
	51,506	82,942	36,865	66,519

None of the current trade and other receivables are impaired or past due but not impaired.

10. Current other financial assets

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Loans to outside entities (i)	343,586	173,199	326,328	155,941
Recoverable loan to subsidiary	-	-	17,258	-
	343,586	173,199	343,586	155,941

(i) The loan has been made to Scandinavian Shield Ltd and the terms of the loan require it to be repaid on or before 31 December 2009. Security for the loan is a mortgage over 100% of the assets of Scandinavian Shield Ltd. Interest is charged at a rate of 8.5% on $273,103 with the balance of $53,225 for the Company and $70,483 for the Consolidated Group being interest free. The loan was extended from 31 March 2009 to 31 December 2009 to allow Scandinavian Shield Ltd further time to repay following the effects of the global financial crisis.

11. Non-current trade and other receivables

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Other receivables - bonds	138,694	52,329	75,694	52,329
	138,694	52,329	75,694	52,329

12. Property, plant and equipment

	Consolidated		
	Office furniture and equipment at cost $	Motor Vehicle $	Total $
Gross carrying amount			
Balance at 1 July 2007	64,751	24,000	88,751
Additions	8,232	-	8,232
Disposal	-	(24,000)	(24,000)
Balance at 1 July 2008	72,983	-	72,983
Additions	10,814	-	10,814
Balance at 30 June 2009	83,797	-	83,797
Accumulated depreciation and impairment			
Balance at 1 July 2007	26,665	12,224	38,889
Depreciation expense	14,814	278	15,052
Disposal	-	(12,502)	(12,502)
Balance at 1 July 2008	41,479	-	41,479
Depreciation expense	14,414	-	14,414
Balance at 30 June 2009	55,893	-	55,893
Net book value			
As at 30 June 2008	31,504	-	31,504
As at 30 June 2009	27,904	-	27,904

12. Property, plant and equipment (cont'd)

	Company		
	Office furniture and equipment at cost $	Motor Vehicle $	Total $
Gross carrying amount			
Balance at 1 July 2007	64,751	24,000	88,751
Additions	8,232	-	8,232
Disposal	-	(24,000)	(24,000)
Balance at 1 July 2008	72,983	-	72,983
Additions	6,314	-	6,314
Balance at 30 June 2009	79,297	-	79,297
Accumulated depreciation and impairment			
Balance at 1 July 2007	26,665	12,224	38,889
Depreciation expense	14,814	278	15,092
Disposal	-	(12,502)	(12,502)
Balance at 1 July 2008	41,479	-	41,479
Depreciation expense	13,783	-	13,783
Balance at 30 June 2009	55,262	-	55,262
Net book value			
As at 30 June 2008	31,504	-	31,504
As at 30 June 2009	24,035	-	24,035

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:				
Office furniture and equipment	14,414	14,814	13,783	14,814
Motor vehicle	-	278	-	278
	14,414	15,092	13,783	15,092

13. Non-current other financial assets

Shares in controlled entities (note 24)	-	-	4	4
Loans to subsidiaries	-	-	2,212,540	753,878
Provision for non recoverability	-	-	(2,212,488)	(686,568)
	-	-	56	67,314

14. Current trade and other payables

Trade payables (i)	178,513	116,450	172,238	86,473
Other	130,148	54,000	66,909	54,000
	308,661	170,450	239,147	140,473

(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest is charged at various penalty rates. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
15. Current provisions				
Employee benefits	31,896	14,570	31,896	14,570
	31,896	14,570	31,896	14,570
16. Issued capital				
90,324,979 fully paid ordinary shares (2008: 84,778,597)	13,906,008	13,402,566	13,906,008	13,402,566
	13,906,008	13,402,566	13,906,008	13,402,566

	2009		2008	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	84,778,597	13,402,566	79,983,929	12,234,874
Cancellation of Shares – 13 November 2008(ii)	(250,000)	(73,750)	-	-
Share Purchase Plan – 17 November 2008	5,796,382	626,014	-	-
Issue of shares – 29 November 2007 (i)	-	-	250,000	73,750
Placement of shares – 17 February 2008	-	-	4,294,668	1,288,400
Options converted to shares – 2 May 2008	-	-	250,000	50,000
Share issue costs	-	(48,822)	-	(244,458)
Balance at end of financial year	90,324,979	13,906,008	84,778,597	13,402,566

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

(i) The company issued the shares in exchange for the pre-emptive right to acquire projects in Papua New Guinea sourced by JLM Resources Ltd.

(ii) At the 2008 AGM Hannans Reward shareholders voted to cancel the shares issued to JLM Resources and JLM Resources voted for their shares to be cancelled.

17. Reserves

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Option reserve	1,089,099	889,942	1,089,099	889,942
	1,089,099	889,942	1,089,099	889,942

Share options
As at 30 June 2009, options over 9,967,867 ordinary shares in aggregate are as follows:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Hannans Reward Ltd	3,000,000	Ordinary	20 cents each	31 March 2010
Hannans Reward Ltd	500,000	Ordinary	20 cents each	30 April 2010
Hannans Reward Ltd	500,000	Ordinary	50 cents each	31 December 2010
Hannans Reward Ltd	1,717,867	Ordinary	40 cents each	31 December 2010
Hannans Reward Ltd	2,250,000	Ordinary	80 cents each	30 June 2011
Hannans Reward Ltd	1,000,000	Ordinary	80 cents each	30 June 2012
Hannans Reward Ltd	1,000,000	Ordinary	80 cents each	30 June 2013

Share options are all unlisted, carry no rights to dividends and no voting rights.

At the 2008 AGM shareholders approved the issue to Mr Cannavo of 250,000 unlisted options exercisable at 80 cents each on or before 30 June 2011. These were issued so Mr Cannavo would have Options under the same terms and conditions as the other Non-executive Directors following his retirement as an Executive Director on 5 May 2008. Mr Cannavo resigned as a Non-executive director on 24 March 2009.

No options have been exercised during the year.

18. Accumulated losses

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Balance at beginning of financial year	(11,194,366)	(8,059,429)	(11,187,639)	(8,024,050)
(Loss) attributable to members of the parent entity	(2,552,182)	(3,134,937)	(2,661,973)	(3,163,589)
Balance at end of financial year	(13,746,458)	(11,194,366)	(13,849,612)	(11,187,639)

19. Loss per share

	Consolidated 2009 Cents per share	Consolidated 2008 Cents per share
Basic loss per share:		
From continuing operations	(2.89)	(3.84)
Total basic earnings per share	(2.89)	(3.84)

The consolidated entity incurred a loss for the year and the diluted earnings per share is the same as the basic earnings per share.

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19. Loss per share (cont'd)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2009 $	2008 $
Earnings (a)	(2,552,182)	(3,134,937)

	2009 No.	2008 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	88,185,526	81,593,862

20. Commitments for expenditure

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Exploration, evaluation & development (expenditure commitments)				
Not longer than 1 year	919,600	944,230	625,600	660,054
Longer than 1 year and not longer than 5 years	1,839,200	1,888,460	1,251,200	1,320,108
Longer than 5 years	-	-	-	-
	2,758,800	2,832,690	1,876,800	1,980,162

21. Contingent liabilities and contingent assets

In the opinion of the Directors, there are no contingent liabilities or contingent assets as at 30 June 2009 and none were incurred in the interval between the year end and the date of this financial report.

22. Jointly controlled operations and assets

Name of project	Principal activity	Interest 2009 %	Interest 2008 %
Forrestania	Exploration	80%	80%
Sunday	Exploration	90%	90%
Lake Johnston	Exploration	90%	90%

The Company agreed to free-carry the joint venture party's to a decision to mine based on completion of a bankable feasibility study. The consolidated entity's interest in assets employed in the above jointly controlled operation is included in the Company and consolidated financial statements but do not form part of the total assets as the expenditure exploration and evaluation is expensed.

Contingent liabilities and capital commitments

The capital commitments and contingent liabilities arising from the consolidated entity's interests in joint ventures are disclosed in notes 20 and 21 respectively.

23. Subsidiaries

Name of entity	Country of Incorporation	Ownership Interest 2009 %	Ownership Interest 2008 %
Parent entity:			
Hannans Reward Ltd (i)	Australia		
Subsidiaries:			
HR Subsidiary Pty Ltd	Australia	100%	100%
Errawarra Pty Ltd (ii)	Australia	100%	100%
HR Equities Pty Ltd (iii)	Australia	100%	100%
HR Forrestania Pty Ltd (ii)	Australia	100%	100%

(i) Hannans Reward Ltd is the head entity All the companies are members of the group.
(ii) The 100% interest in Errawarra Pty Ltd and HR Forrestania Pty Ltd is held via HR Subsidiary Pty Ltd.
(iii) The 100% interest in HR Equities Pty Ltd is held by the parent entity.

24. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 23 to the financial statements.

Equity interests in associates and joint ventures

Details of interests in associates and joint ventures are disclosed in note 22 to the financial statements.

(b) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 6 to the financial statements.

(c) Key management personnel equity holdings

Fully paid ordinary shares of Hannans Reward Ltd

Directors	Balance at 1 July No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.
2009					
Richard Scallan	-	-	-	-	-
Damian Hicks	2,586,755	-	-	-	2,586,755
William Hicks	11,437,163	-	-	550,063	11,987,226
Ernest Dechow(i)	3,100,001	-	-	-	3,100,001
Terrence Grammer(ii)	3,675,000	-	-	-	3,675,000
Frank Cannavo(iii)	1,501,559	-	-	-	1,501,559
	22,300,478	-	-	550,063	22,850,541
2008					
Richard Scallan	-	-	-	-	-
Damian Hicks	2,278,401	-	-	308,354	2,586,755
William Hicks	11,153,249	-	-	283,914	11,437,163
Ernest Dechow	3,100,001	-	-	-	3,100,001
Terrence Grammer	3,675,000	-	-	-	3,675,000
Frank Cannavo	1,200,000	-	250,000	51,559	1,501,559
	21,406,651	-	250,000	643,827	22,300,478

i) Ernest Dechow's equity holding is for the period 1 July 2008 to 18 October 2008 when he passed away
ii) Terrence Grammer's equity holding is for the period 1 July 2008 to 27 March 2009 when he resigned
iii) Frank Cannavo's equity holding is for the period 1 July 2008 to 24 March 2009 when he resigned

25. Related party disclosures (cont'd)

Share options of Hannans Reward Ltd

Directors	Bal at 1 July	Granted as remuneration	Exercised	Net other change	Bal at 30 June	Bal vested at 30 June	Vested but not exercisable	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
2009									
Richard Scallan	250,000	-	-	-	250,000	250,000	-	250,000	-
Damian Hicks	4,500,000	-	-	-	4,500,000	4,500,000	-	4,500,000	2,000,000
William Hicks	250,000	-	-	-	250,000	250,000	-	250,000	-
Ernest Dechow	250,000	-	-	-	250,000	250,000	-	250,000	-
Terrence Grammer	1,750,000	-	-	-	1,750,000	1,750,000	-	1,750,000	-
Frank Cannavo	-	250,000	-	-	250,000	250,000	-	250,000	250,000
	7,000,000	250,000	-	-	7,250,000	7,250,000	-	7,250,000	2,250,000
2008									
Richard Scallan	-	250,000	-	-	250,000	250,000	-	250,000	250,000
Damian Hicks	2,500,000	3,000,000	-	(1,000,000)	4,500,000	2,000,000	-	2,500,000	1,000,000
William Hicks	-	250,000	-	-	250,000	250,000	-	250,000	250,000
Ernest Dechow	-	250,000	-	-	250,000	250,000	-	250,000	250,000
Terrence Grammer	1,500,000	250,000	-	-	1,750,000	1,750,000	-	1,750,000	1,750,000
Frank Cannavo	250,000	-	(250,000)	-	-	-	-	-	-
	4,250,000	4,000,000	(250,000)	(1,000,000)	7,000,000	4,500,000	-	5,000,000	3,500,000

(d) Other transactions with specified Directors

The loss from operations includes the following items of revenue and expense that resulted from transactions other than remuneration, loans or equity holdings, with specified Directors or their personally-related entities:

	Consolidated 2009 $	Consolidated 2008 $
Rental expense (85 Maritana Street, Kalgoorlie)	11,253	25,942
Total recognised as expenses	11,253	25,942

Rental of the premises ceased on 30 November 2008.

(e) Transactions with other related parties

Other related parties include:

- the parent entity;
- entities with joint control or significant influence over the consolidated entity;
- associates;
- joint ventures in which the entity is a venturer;
- subsidiaries;
- former key management personnel; and
- other related parties.

Amounts receivable from and payable to these related parties are disclosed in note 13 to the financial statements. All loans advanced to and payable to related parties are unsecured and subordinate to other liabilities. No interest is charged on the outstanding intercompany loan balance during the financial year, Hannans Reward Ltd received interest of nil (2008: Nil) from loans to subsidiaries, and paid interest of nil (2008: Nil) to subsidiaries.

(f) Parent entity

The ultimate parent entity in the consolidated entity is Hannans Reward Ltd.

26. Subsequent events

The following matters or circumstances have arisen since 30 June 2009 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.

(a) Hannans has been confirmed through its 100% owned subsidiary Errawarra Pty Ltd that it is now 100% legal and beneficial owner of the Jigalong Project. In acknowledgement of this the Jigalong Community Inc received 2 million ordinary shares and 2 million unlisted options exercisable at 20 cents on or before 31 July 2011 in Hannans Reward Ltd.

(b) Hannans has reached conditional agreement with Kagara Ltd and St Barbara Ltd on 30 July 2009 to secure an unencumbered 85% interest in ground considered highly prospective for nickel sulphides south of Southern Cross, Western Australia. A summary of the agreement is as follows:
   - i) St Barbara Ltd is currently the registered holder of the relevant tenements; Kagara Ltd owns the nickel rights on the tenements.
   - ii) The Tenements will be transferred to Hannans;
   - iii) Hannans will maintain the tenements in good standing;
   - iv) Kagara will retain a 15% free carried interest in all minerals other than gold;
   - v) St Barbara will retain a 15% free carried interest in gold only;
   - vi) Kagara and St Barbara will be free carried through to a decision to mine;
   - vii) Kagara and St Barbara will retain pre-emptive rights should Hannans seek to sell or joint venture the tenements; and
   - viii) The pre-emptive right does not apply where an offer is made to acquire shares of Hannans or its subsidiaries.

(c) On the 4 August 2009 Hannans Reward Ltd transferred the iron rights on the Group's Jigalong project to Warwick Resources Ltd. In consideration of this Hannans Reward has received the following:
   - i) $750,000 cash
   - ii) 14,000,000 fully paid ordinary shares in Warwick at a deemed issue price of 15 cents per share ($2,100,000)
   - iii) 700,000 fully paid ordinary shares in Atlas Iron Ltd at a deemed issue price of $1.65 per share ($1,155,000)
   - iv) Deferred consideration of 8,300,000 fully paid shares in Warwick at deemed price of 15 cents per share ($1,245,000). 3,333,333 shares to be issued upon the earlier of 6 months or reporting a JORC resource of at least 50 Mt at Jigalong and the remainder of 4,966,667 shares to be issued the earlier of 12 months or reporting a JORC resource of at least 100 Mt at Jigalong.

(d) On the 12 August 2009 it was announced that a capital raising of $5.25 million is to take place at 15.5 cents per share through a placement to institutional shareholders and a Share Purchase Plan (SPP). $4.5 million is to be raised through the placement in two tranches. Tranche 1 was completed on 18 August 2009 with funds received of $1,511,044. Tranche 2 is expected to be completed by 18th September 2009 after shareholder's approved the issue of shares on the 14th September 2009 to raise $2,988,956. The $750,000 Share Purchase Plan (SPP) which closed on the 4 September 2009, was oversubscribed and raised $1,011,679. The total funds expected to be raised following completion of Tranche 2 will be $5,511,679.

27. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Cash and cash at bank	277,426	1,750,800	186,302	1,693,917
Term deposit	750,000	1,192,388	750,000	1,192,388
	1,027,426	2,943,188	936,302	2,886,305

(b) Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Loss for the year	(2,552,182)	(3,134,937)	(2,661,973)	(3,163,589)
(Gain)/loss on disposal of fixed assets	-	1,498	-	1,498
Depreciation of non-current assets	14,414	15,092	13,783	15,092
Equity settled share-based payments	199,157	475,146	199,157	475,146
Cancellation of ordinary shares	(73,750)	-	(73,750)	-
Provision for loan to subsidiary	-	-	1,525,920	457,299
Interest on loan to outside entities	(21,145)	(722)	(21,145)	(1,958)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
Decrease/(increase) in assets:				
Trade and other receivables	30,742	(16,236)	28,960	(8,394)
Increase in liabilities:				
Trade and other payables and provisions	155,537	11,026	116,000	26,238
Net cash from operating activities	(2,247,227)	(2,649,133)	(873,048)	(2,198,668)

28. Financial instruments

(a) Financial risk management objectives

The consolidated entity manages the financial risks relating to the operations of the consolidated entity.

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the consolidated entity's Board of Directors.

The consolidated entity's activities expose it primarily to the financial risks of changes in interest rates. The consolidated entity does not enter into derivative financial instruments to manage its exposure to interest rate.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

28. Financial instruments (cont'd)

(c) Foreign currency risk management

The group does not transact in foreign currencies, hence no exposure to exchange rate fluctuations arise.

(d) Interest rate risk management

The consolidated entity is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate products which also facilitate access to money.

Maturity profile of financial instruments

The following table's detail the consolidated entity's and company's exposure to interest rate risk.

Consolidated	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	5+ years		
	%	$	$	$	$	$	$
2009							
Financial assets:							
Cash and cash equivalents	3.7%	277,171	750,000	-	-	255	1,027,426
Trade and other receivables	8.3%	-	138,694	-	-	51,506	190,200
Loans	8.5%	-	273,103	-	-	70,483	343,586
		277,171	1,161,797	-	-	122,244	1,561,212
Financial liabilities:							
Trade and other payables		-	-	-	-	308,661	308,661
		-	-	-	-	308,661	308,661
2008							
Financial assets:							
Cash and cash equivalents	7.0%	1,750,545	1,192,388	-	-	255	2,943,188
Trade and other receivables	7.0%	-	52,329	-	-	82,942	135,271
Loans	8.5%	-	119,975	-	-	53,224	173,199
		1,750,545	1,364,692	-	-	136,421	3,251,658
Financial liabilities:							
Trade and other payables		-	-	-	-	170,450	170,450
		-	-	-	-	170,450	170,450

28. Financial instruments (cont'd)

Company	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	5+ years		
	%	$	$	$	$	$	$
2009							
Financial assets:							
Cash and cash equivalents	3.9%	186,102	750,000	-	-	200	936,302
Trade and other receivables	8.0%	-	75,694	-	-	36,865	112,559
Loans	8.5%	-	273,103	-	-	53,225	326,328
		186,102	1,098,797	-	-	92,290	1,375,189
Financial liabilities:							
Trade and other payables		-	-	-	-	239,147	239,147
		-	-	-	-	239,147	239,147
2008							
Financial assets:							
Cash and cash equivalents	7.0%	1,693,662	1,192,388	-	-	255	2,886,305
Trade and other receivables	7.0%	-	52,329	-	-	66,519	118,848
Loans	8.5%	-	119,975	-	-	53,224	173,199
		1,693,662	1,364,692	-	-	119,998	3,178,352
Financial liabilities:							
Trade and other payables		-	-	-	-	140,473	140,473
		-	-	-	-	140,473	140,473

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity exposure and the credit ratings of its counterparties are continuously monitored. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The consolidated entity currently doesn't have any debtors apart from GST receivable which is claimed at the end of each quarter during the year.

The loans are secured over 100% of the assets of Scandinavian Shield Limited.

It is a policy of the consolidated entity that creditors are paid within 30 days.

(f) Fair value of financial instruments

The net fair value of financial assets and liabilities of the Consolidated Group approximated their carrying amount.

The consolidated group has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and notes to the financial statements.

(g) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company does not perform any sensitivity analysis and none is disclosed in the financial statements as the impact would not be material.

29. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods, The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 Si 139 and interpretations 9 & 1071 (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 1361 (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application, in this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
  - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
  - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
  - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007·3: Amendments to Australian Accounting Standards arising from AASB 8 (AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. Management does not presently believe that this standard will have a significant impact as the Company operates only in one business and geographic segment.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of at borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as the Group has no borrowings.

29. New Accounting Standards for Application in Future Periods (cont'd)

- AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing front January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project, No changes are expected to materially affect the Group.
- AASB 2006-8: Amendments to Australian Accounting Standards — Eligible Hedged items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.