

Trading Room coverage – from AAP

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Hannans chairman demands resignation of director over Fox offer

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The chairman of Western Australian minerals explorer Hannans Reward Ltd, Richard Scallan, is demanding the resignation of a director whom the company says gave pre-bid acceptance to a proposed takeover bid from Fox Resources Ltd.

Another Hannans director whom the company says also gave pre-bid acceptance already has quit the Hannans board.

Pilbara-based minerals developer Fox said on March 19 that it intended to make an all-scrip bid for all of the shares in Hannans, offering one Fox share for every two Hannans shares.

Hannans has urged its shareholders to take no action in relation to Fox's proposed bid, saying it has received no formal offer from Fox and that the proposed Fox bid is unsolicited and opportunistic.

Hannans said on Thursday that since receiving Fox's announcement of March 19, Hannans had been advised that Frank Cannavo and Terry Grammer, both of whom were Hannans directors at the time of the announcement, had given pre-bid acceptance to the Fox offer in relation to their holdings in Hannans.

"Despite request, neither Mr Cannavo nor Mr Grammer has disclosed their involvement with respect to the bid," Hannans said.

"Hannans reserves its rights in relation to their conduct.

"As advised to the market on 24 March, 2009, six days after the announcement, Mr Cannavo resigned from the Hannans board.

"Hannans chairman Mr Richard Scallan has requested the immediate resignation of Mr Grammer."

Fox said on Tuesday, March 24, that it had secured "strong support" for its offer, having received pre-bid acceptance commitments from "certain Hannans Reward shareholders with respect to 18.95 per cent of Hannans Reward shares".

"This gives Fox Resources a relevant interest in Hannans Reward shares of 18.95 per cent," Fox had said.

The pre-bid acceptance agreements were subject to certain conditions.

Fox says the "complementary" nickel and iron ore assets of Fox and Hannans would provide long-term benefits of scope and scale for both companies.

But Hannans managing director Damian Hicks said on Thursday that Hannans had reviewed the assets and balance sheets of both Hannans and Fox and concluded that there were no obvious synergies with Fox.

"Hannans holds quality exploration ground in the Forrestania, Pilbara and Eastern Goldfields regions of Western Australia, has \$1.5 million in the bank and importantly no debt," Mr Hicks said.

"There are no project synergies other than the fact that both companies are exploration companies exploring for minerals in Western Australia."

Fox has said that it expects to dispatch its bidder's statement to all Hannans Reward shareholders as soon as practicable.

Hannans shares were 0.6 cent higher at ten cents at 1242 AEDT on Thursday. Fox shares were 1.5 cents higher at 17 cents.