
HANNANS REWARD LIMITED

ABN 52 099 862 129

NOTICE OF MEETING

TIME: 11.30am (WST)

DATE: Thursday, 30 March 2006

PLACE: The Celtic Club, 48 Ord Street, West Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9324 3388.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Hannans Reward Limited which this Notice of Meeting relates to will be held at 11.30am (WST) on 30 March 2006 at:

The Celtic Club
48 Ord Street
West Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by facsimile to the Company on facsimile number (08) 9324 3366 (International: +61 8 9324 3366);
- (b) post the proxy form to Hannans Reward Limited, PO Box 1227, West Perth, Western Australia, 6872; or
- (c) deliver the proxy form to the Company's business premises at Level 2, 11 Ventnor Avenue, West Perth, Western Australia, 6005,

so that it is received not later than 11:30am (WST) on 28 March 2006.

Proxy forms received later than this time will be invalid.

NOTICE OF MEETING

Notice is given that the General Meeting of Shareholders of Hannans Reward Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia at 11.30am (WST) on 30 March 2006.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 11.30am (WST) on 28 March 2006.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution, as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, Shareholders ratify the allotment and issue of 4,400,000 Shares at an issue price of 10 cents each on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who participated in the issue and any associates of those persons.

2. RESOLUTION 2 – ISSUE OF DIRECTOR OPTIONS TO MR TERENCE GRAMMER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue up to 1,500,000 Director Options to Mr Terrence Grammer (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Terrence Grammer and any of his associates.

3. RESOLUTION 3 – ISSUE OF DIRECTOR OPTIONS TO MR DAMIAN HICKS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue up to 1,500,000 Director Options to Mr Damian Hicks (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this resolution

by Mr Damian Hicks and any of his associates.

DATED: 24 FEBRUARY 2006

BY ORDER OF THE BOARD



TERRENCE GRAMMER
DIRECTOR

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 30 March 2006 at 11.30am (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTION 1 – RATIFICATION OF PLACEMENT

1.1 Background

In November 2005 the Company completed a placement of 4,400,000 Shares at 10 cents each. Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares.

1.2 ASX Listing Rule 7.4

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the placement:

- (a) 4,400,000 Shares were allotted and issued to sophisticated investor clients of Hartleys Limited. None of the subscribers pursuant to the placement were related parties of the Company;
- (b) the Shares were allotted and issued on 8 November 2005;
- (c) the Shares were issued at 10 cents each;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company; and
- (e) the funds raised (\$440,000 before costs) have or will be used to allow the Company to undertake further exploration of its gold and nickel projects in Western Australia.

2. RESOLUTIONS 2 AND 3 – ISSUE OF DIRECTOR OPTIONS TO MR TERENCE GRAMMER AND MR DAMIAN HICKS

2.1 Background

Resolutions 2 and 3 seek Shareholder approval for the issue of up to 1,500,000 Director Options to each of Terrence Grammer and Damian Hicks.

On 31 January 2006 the Board resolved to issue the Director Options to Terrence Grammer and Damian Hicks, subject to receiving Shareholder approval. Prior to passing these resolutions, the Board (in the absence of Terrence Grammer and Damian Hicks where appropriate) considered independent written advice going to the appropriateness of the proposed issue taking into the Company's capitalisation and stage of project development.

The ASX Listing Rules and the Corporations Act set out a number of regulatory requirements which must be satisfied. These are summarised below.

2.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party of the company.

If Resolutions 2 and 3 are passed, securities will be issued to Terrence Grammer and Damian Hicks, who are both related parties of the Company. Accordingly, approval for the issue of securities is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to Terrence Grammer and Damian Hicks as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of securities to those Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 2 and 3:

- (a) the maximum number of Director Options to be issued by the Company is:
 - (i) 1,500,000 to Terrence Grammer; and
 - (ii) 1,500,000 to Damian Hicks;
- (b) the Director Options will be issued not later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date;
- (c) the Director Options will be issued for no consideration;
- (d) the Director Options will be issued on the terms and conditions set out in section 2.5 below; and
- (e) no funds will be raised from the issue of the Director Options as the purpose of the issue is to give Terrence Grammer and Damian Hicks an incentive to provide dedicated and ongoing commitment to the Company.

2.3 Section 208 of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

In the current circumstances, the issue of the Director Options to Terrence Grammer and Damian Hicks constitutes a "financial benefit" as defined in the Corporations Act. Further, Terrence Grammer and Damian Hicks are each a "related party" of the Company as defined under the Corporations Act.

Accordingly, the proposed issue of Director Options will constitute the provision of financial benefits to related parties of the Company.

It is the view of the Directors that the exceptions under the Corporations Act to the provision of financial benefits to related parties may not apply in the current circumstances. Accordingly, the Directors have determined to seek Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Director Options.

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefits to be given to Terrence Grammer and Damian Hicks:

- (a) the related parties to whom the financial benefits will be given are Terrence Grammer and Damian Hicks;
- (b) the maximum number of Director Options (being the nature of the financial benefit to be provided) to be issued is:
 - (i) 1,500,000 to Terrence Grammer; and
 - (ii) 1,500,000 to Damian Hicks;
- (c) the Directors (other than Terrence Grammer), who do not have a material personal interest in the outcome of Resolution 2, recommend that Shareholders vote in favour of Resolution 2 as they are of the view that the issue of Director Options to Terrence Grammer is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than Terrence Grammer) considered Terrence Grammer's experience, the current market price of the Shares and current market practice when determining the number and exercise price of the Director Options to be issued to Terrence Grammer. Terrence Grammer declined to make a recommendation in relation to Resolution 2 due to the fact that he has a material personal interest in its outcome;
- (d) the Directors (other than Damian Hicks), who do not have a material personal interest in the outcome of Resolution 3, recommend that Shareholders vote in favour of Resolution 3 as they are of the view that the issue of Director Options to Damian Hicks is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than Damian Hicks) considered Damian Hicks' experience, the current market price of the Shares and current market practice when determining the number and exercise price of the Director Options to be issued to Damian Hicks. Damian Hicks declined to make a recommendation in relation to Resolution 3 due to the fact that he has a material personal interest in its outcome;
- (e) Terrence Grammer and Damian Hicks are each currently paid \$150,000 (inclusive of statutory superannuation and benefits) per annum for their services to the Company (both are Executive Directors);

- (f) Terrence Grammer and Damian Hicks currently have a relevant interest in the following Shares and Options:

	Shares	Options
Terrence Grammer	3,575,000	Nil
Damian Hicks	2,278,401	953,000 exercisable at 20 cents each on or before 31 March 2006 1,000,000 exercisable at 20 cents each on or before 31 March 2008

- (g) if Shareholders approve the issue of Director Options to Terrence Grammer and Damian Hicks, and all of the Director Options are exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 4.26% on an undiluted basis and based on the number of Shares on issue as at the date of this Notice. The market price for Shares during the term of the Director Options would normally determine whether or not the Directors exercise the Director Options. If, at the time any of the Director Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company. In the 12 months preceding the date of this Notice, the highest, lowest and last trading price of Shares on ASX are as set out below:

	Date	Price
Highest	23, 24 and 25 February 2005	16.5 cents
Lowest	29 June 2005 and 12, 14, 18 and 22 July 2005	9 cents
Last	16 February 2006	11.5 cents

- (h) the ASIC in reviewing documents lodged under section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the options proposed to be granted. The value of the Director Options has been calculated using the Black & Scholes pricing model and is set out below; and
- (i) additional information in relation to Resolutions 2 and 3 is set out throughout this Explanatory Statement. Shareholders should therefore read the Notice and Explanatory Statement in its entirety before making a decision as to how to vote on Resolutions 2 and 3.

2.4 Valuation of Director Options

The Director Options have been valued using the Black & Scholes pricing model and based upon the following assumptions:

- (a) the Director Options expire at 5pm (WST) on 31 March 2010 and are all exercisable at 20 cents per Share;

- (b) volatility of 50% ;
- (c) an interest rate of 5.50% being the risk free interest rate; and
- (d) the valuation date for the Director Options is 16 February 2006 and the Share price on that date was 11.5 cents.

Based on the above, the Director Options have been valued at 3.26 cents each (i.e. 1,500,000 Director Options are valued at \$48,900).

2.5 Terms and Conditions of Director Options

The material terms and conditions of the Director Options are as follows:

- (a) each Director Option entitles the holder, when exercised, to one Share;
- (b) the Director Options expire at 5pm (WST) on 31 March 2010;
- (c) the Director Option exercise price is 20 cents per Director Option;
- (d) the Director Options may be exercised by completing a Director Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Director Options are exercised to the registered office of the Company;
- (e) a Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Director Option can be exercised;
- (f) the Director Options are transferable;
- (g) all Shares issued upon exercise of the Director Options will rank pari passu in all respects with the Company's then ordinary issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Director Options. The Director Options will not be quoted on ASX;
- (h) there are no participating rights or entitlements inherent in the Director Options and the holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven (7) business days after the issue is announced. This will give Director Option holders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue; and
- (i) if at any time the issued capital of the Company is reconstructed, all rights of a Director Option holder are to be changed in a manner consistent with the ASX Listing Rules.

GLOSSARY

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Company means Hannans Reward Limited (ABN 52 099 862 129).

Corporations Act means the Corporations Act 2001 (Cth).

Director Option means an option to acquire a Share on the terms and conditions set out in section 2.5 of the Explanatory Statement.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement to the Memorandum.

General Meeting means the meeting convened by the Notice.

Memorandum means this information memorandum.

Notice means the notice of meeting which forms part of this Memorandum.

Option means an option to acquire a Share.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time, Perth, Western Australia.

PROXY FORM

APPOINTMENT OF PROXY
HANNANS REWARD LIMITED
ABN 52 099 862 129

GENERAL MEETING

I/We

being a Shareholder of HANNANS REWARD LIMITED entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR

Mark this box if you wish to appoint the Chairman of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, on 30 March 2006 at 11:30am (WST) and at any adjournment thereof.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Director Options to Terrence Grammer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Director Options to Damian Hicks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

In relation to Resolutions 1 to 3, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on these Resolutions, please place a mark in this box

By marking this box, you acknowledge that the Chairman of the General Meeting may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the General Meeting will not cast your votes on Resolutions 1 to 3 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman intends to vote in favour of these Resolutions.

IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO RESOLUTIONS 1 TO 3 YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY IN RELATION TO RESOLUTIONS 1 TO 3 WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signed this _____ day of _____ 2006

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

HANNANS REWARD LIMITED
ABN 52 099 862 129

Instructions for Completing 'Appointment of Proxy' Form

1. A shareholder entitled to attend and vote at a general meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.