
HANNANS REWARD LIMITED**ACN 099 862 129****NOTICE OF ANNUAL GENERAL MEETING**

TIME: 1:00 pm (EST)

DATE: 1 November 2007

PLACE: The Plenary Room
Rydges Melbourne
186 Exhibition Street
Melbourne, Victoria

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 (+61 8) 9324 3388.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 1:00 pm (EST) on 1 November 2007 at:

The Plenary Room
Rydges Melbourne
186 Exhibition Street
Melbourne, Victoria

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above. If you wish to attend the meeting, please arrive 20 minutes prior to the start of the meeting to facilitate the registration process.

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry or at www.computershare.com.

VOTING BY PROXY

A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified 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 of the votes. A proxy need not be a shareholder of the Company.

To vote by proxy, please complete and sign the enclosed Proxy Form and return:

- (a) to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria 3001, facsimile number +61 8 9323 2033; or
- (b) to the Company's premises at Level 2, 11 Ventnor Avenue, West Perth, Western Australia; or
- (c) by post to Hannans Reward Limited, PO Box 1227, West Perth WA 6872; or
- (d) facsimile to the Company on facsimile number +61 8 9324 3366,

so that it is received not later than 1:00 pm (EST) on Tuesday 30 October 2007.

Proxy Forms received later than this time will be invalid.

In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 5.00 pm (WST) on Tuesday 30 October 2007.

QUESTIONS FROM SHAREHOLDERS

The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions or make comments on the management and performance of the Company.

Mr John Van Dieren of Stantons International, as the auditor responsible for preparing the auditor's report for the year ended 30 June 2007 (or his representative), will attend the meeting. The Chairman of the meeting will allow a reasonable opportunity for the members as a whole to ask the auditor questions at the meeting about:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the auditor of the Company in responding to any questions you may have, please submit any questions you may have by fax or to the address below by no later than 5.00pm (WST) on Wednesday, 24 October 2007.

By mail PO Box 1227, West Perth, Western Australia 6872

By fax +61 8 9324 3366

In person The Company's premises at Level 2, 11 Ventnor Avenue, West Perth, Western Australia 6005

As required under section 250PA of the Corporations Act, at the meeting, the Company will make available those questions directed to the auditor received in writing at least 5 business days prior to the meeting, being questions which the auditor considers relevant to the content of the auditor's report or the conduct of the audit of the annual financial report for the year ended 30 June 2007. The Chairman of the meeting will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 1:00 pm (EST) on 1 November 2007 at The Plenary Room, Rydges Melbourne, 186 Exhibition Street, Melbourne, Victoria.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual 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 Annual General Meeting are those who are registered Shareholders of the Company at 1:00 pm (EST) on 30 October 2007.

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

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2007 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2007."

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – RICHARD SCALLAN

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

"That, for the purposes of clause 13.2 of the Constitution and for all other purposes, Richard Scallan, a Director who retires by rotation, and being eligible, is re-elected as a Director."

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ERNEST DECHOW

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

"That, for the purposes of clause 13.2 of the Constitution and for all other purposes, Ernest Dechow, a Director who retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – SHANDONG LANDBRIDGE GROUP (TRANCHE 1)

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 3,636,363 Shares 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 of their associates.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHANDONG LANDBRIDGE GROUP (TRANCHE 2)

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 6,363,637 Shares 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 of their associates.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – JLM RESOURCES LIMITED

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 250,000 Shares 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 of their associates.

7. RESOLUTION 7 – PLACEMENT

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 50,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons.

8. RESOLUTION 8 – ISSUE OF DIRECTOR OPTIONS – DAMIAN HICKS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and

issue 3,000,000 Director Options to Damian Hicks (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Damian Hicks (or his nominee) or any of his associates.

9. RESOLUTION 9 – ISSUE OF DIRECTOR OPTIONS – FRANK CANNAVO

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,250,000 Director Options to Frank Cannavo (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Frank Cannavo (or his nominee) or any of his associates.

10. RESOLUTION 10 – ISSUE OF DIRECTOR OPTIONS – ERNEST DECHOW

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 250,000 Director Options to Ernest Dechow (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ernest Dechow (or his nominee) or any of his associates.

11. RESOLUTION 11 – ISSUE OF DIRECTOR OPTIONS – WILLIAM HICKS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 250,000 Director Options to William Hicks (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by William Hicks (or his nominee) or any of his associates.

12. RESOLUTION 12 – ISSUE OF DIRECTOR OPTIONS – RICHARD SCALLAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 250,000 Director Options to Richard Scallan (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Richard Scallan (or his nominee) or any of his associates.

13. RESOLUTION 13 – ISSUE OF DIRECTOR OPTIONS – TERENCE GRAMMER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 250,000 Director Options to Terrence Grammer (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Terrence Grammer (or his nominee) or any of his associates.

14. RESOLUTION 14 – EMPLOYEE SHARE OPTION PLAN

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

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to adopt the Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Employee Share Option Plan, and any associates of those Directors.

DATED: 18 SEPTEMBER 2007

BY ORDER OF THE BOARD



**IAN GREGORY
HANNANS REWARD LIMITED
COMPANY SECRETARY**

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 in connection with the business to be conducted at the Annual General Meeting to be held at 1:00 pm (EST) on 1 November 2007 at The Plenary Room, Rydges Melbourne, 186 Exhibition Street, Melbourne, Victoria.

This 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. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2007 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2007.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3. RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS

3.1 General

Clause 13.2 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Company currently has 6 Directors and accordingly 2 must retire.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Richard Scallan and Ernest Dechow retire by rotation and both seek re-election.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – SHANDONG LANDBRIDGE GROUP (TRANCHE 1)

4.1 General

On 17 April 2007, the Company announced a placement of 10,000,000 Shares to Shandong Landbridge Group, or its nominee, to be completed in two tranches to raise a total of \$5,500,000 (**Shandong Placement**).

On 1 May 2007, the Company completed the placement of the first tranche of 3,636,363 Shares.

The subscriber pursuant to this issue was not a related party of the Company.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Shandong Tranche 1 Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

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

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Shandong Tranche 1 Ratification:

- (a) 3,636,363 Shares were allotted;
- (b) the issue price was \$0.55 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to Aus Global Resources Pty Ltd; and
- (e) the funds raised from this issue have been or will be used by the Company to undertake exploration and acquisition activities in Western Australia and for working capital purposes.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHANDONG LANDBRIDGE GROUP (TRANCHE 2)

5.1 General

Further to the Shandong Placement set out in Section 4.1 above, the Company intends to issue the second tranche of 6,363,637 Shares prior to the date of the Annual General Meeting.

The subscriber pursuant to this issue will not be a related party of the Company.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Shandong Tranche 2 Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 4.1 above.

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

5.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Shandong Tranche 2 Ratification:

- (a) 6,363,637 Shares were allotted;
- (b) the issue price was \$0.55 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to Aus Global Resources Pty Ltd; and
- (e) the funds raised from this issue have been or will be used by the Company to undertake exploration and acquisition activities in Western Australia and for working capital purposes.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – JLM RESOURCES LIMITED

6.1 General

On 29 August 2007, the Company issued 250,000 Shares as consideration for entry into an agreement to secure a pre-emptive right to acquire all natural resource projects sourced by JLM Resources Limited in Papua New Guinea. In the event the Company exercises its pre-emptive rights it will form a joint venture with JLM Resources Limited to develop each project.

The subscriber pursuant to this issue was not a related party of the Company.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**JLM Resources Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 4.1 above.

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

6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the JLM Resources Ratification:

- (a) 250,000 Shares were allotted;
- (b) the deemed issue price was \$0.90 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to JLM Resources Limited; and
- (e) no funds were raised from this issue as the Shares were issued in consideration for entry into an agreement to secure a pre-emptive right to acquire all natural resource projects sourced by JLM Resources Limited in Papua New Guinea.

7. RESOLUTION 7 – PLACEMENT

7.1 General

Resolution 7 seeks Shareholder approval for the allotment and issue of 50,000,000 Shares at an issue price of not less than 80% of the market price for Shares calculated over the last 5 days on which sales in Shares are recorded before the day on which the issue is made, or, if there is a prospectus relating to the issue, over the last 5 days on which sales in Shares are recorded before the date of the prospectus (**Share Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 4.1 above.

The effect of Resolution 7 will be to allow the Directors to issue the Shares pursuant to the Share Placement during the period of 3 months after the Annual General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is 50,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be not less than 80% of the market price for Shares calculated over the last 5 days on which sales in Shares are recorded before the day on which the issue is made, or, if there is a prospectus relating to the issue, over the last 5 days on which sales in Shares are recorded before the date of the prospectus;

- (d) the Shares will be allotted and issued to parties determined at the discretion of the Directors, but none of the subscribers will be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the raised from the Share Placement towards:
 - (i) various types of drilling (diamond, RC, RAB and auger) and geophysical studies designed to identify economic mineralisation at the Company's exploration projects including Forrestania, Jigalong, Queen Victoria Rocks, Sunday and Maggie Hays South;
 - (ii) due diligence on exploration and production opportunities to expand the Company's portfolio across a range of commodities and geographic locations, as and when they arise; and
 - (iii) working capital.

8. RESOLUTIONS 8 TO 13 – ISSUE OF DIRECTOR OPTIONS

8.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 6,250,000 Options (**Director Options**) to Messrs Damian Hicks, Frank Cannavo, William Hicks, Richard Scallan and Terrence Grammer and Dr Ernest Dechow (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Director Options to the Related Parties requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as Directors, Messrs Damian Hicks, Frank Cannavo, William Hicks, Richard Scallan and Terrence Grammer and Dr Ernest Dechow are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

8.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related parties are Messrs Damian Hicks, Frank Cannavo, William Hicks, Richard Scallan and Terrence Grammer and Dr Ernest Dechow and they are related parties by virtue of being Directors;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 3,000,000 Director Options to Damian Hicks;
 - (ii) 2,250,000 Director Options to Frank Cannavo; and
 - (iii) 250,000 Director Options to Ernest Dechow; and
 - (iv) 250,000 Director Options to William Hicks; and
 - (v) 250,000 Director Options to Richard Scallan; and
 - (vi) 250,000 Director Options to Terrence Grammer;
- (c) the Director Options will be granted to the Related Parties no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Schedule 1;
- (f) the value of the Director Options and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below;

Related Party	Shares	Options
Damian Hicks	2,278,401	2,500,000 ¹
Frank Cannavo	1,200,000	250,000 ²
Ernest Dechow	3,100,001	Nil
William Hicks	11,153,249	Nil
Richard Scallan	Nil	Nil
Terrence Grammer	3,675,000	1,500,000 ³

¹ 1,000,000 Options exercisable at \$0.20 each on or before 31 March 2008 and 1,500,000 Options exercisable at \$0.20 each on or before 31 March 2010.

² 250,000 Options exercisable at \$0.20 each on or before 2 May 2008.

³ 1,500,000 Options exercisable at \$0.20 each on or before 31 March 2010.

- (h) the remuneration and emoluments from the Company to the Related Parties for both the current financial year and previous financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Damian Hicks	\$200,000	\$143,124
Frank Cannavo	\$100,000	Nil
Ernest Dechow	\$30,000	\$26,400
William Hicks	\$30,000	\$69,000
Richard Scallan	\$30,000	\$28,560
Terrence Grammer	\$30,000	\$100,089

- (i) if the Director Options granted to the Related Parties are exercised, a total of 6,250,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 86,597,566 to 92,847,566 (assuming the Shares in Resolution 5 are issued prior to the date of the Annual General Meeting that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the date of the Annual General Meeting	Director Options to be issued	Issued Shares upon exercise of all Director Options	Dilutionary effect upon exercise of Director Options
Damian Hicks	86,597,566	3,000,000	92,847,566	3.23%
Frank Cannavo	86,597,566	2,250,000	92,847,566	2.42%
Ernest Dechow	86,597,566	250,000	92,847,566	0.27%
William Hicks	86,597,566	250,000	92,847,566	0.27%
Richard Scallan	86,597,566	250,000	92,847,566	0.27%
Terrence Grammer	86,597,566	250,000	92,847,566	0.27%
TOTAL	86,597,566	6,250,000	92,847,566	6.73%

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and 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;

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Annual General Meeting is set out below:

	Price	Date
Highest	\$1.09	22 May 2007

Lowest	\$0.175	14 & 18 September 2006
Last	\$0.30	18 September 2007

- (k) the primary purpose of the grant of Director Options to the Related Parties is to provide cost effective consideration to the Related Parties for their ongoing commitment and contribution to the Company in their respective roles as Directors. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;
- (l) the Board acknowledges the grant of Director Options to Messrs Richard Scallan, William Hicks, Terrence Grammer and Dr Ernest Dechow is contrary to Recommendation 9.3 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of Director Options to Messrs Richard Scallan, William Hicks, Terrence Grammer and Dr Ernest Dechow reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;
- (m) Damian Hicks declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 8, recommend that Shareholders vote in favour of Resolution 8. The Board (other than Damian Hicks) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (n) Frank Cannavo declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 9, recommend that Shareholders vote in favour of Resolution 9. The Board (other than Frank Cannavo) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (o) Ernest Dechow declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 10, recommend that Shareholders vote in favour of Resolution 10. The Board (other than Ernest Dechow) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (p) William Hicks declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 11, recommend that Shareholders vote in favour of Resolution 11. The Board (other than William Hicks) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;

- (q) Richard Scallan declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 12, recommend that Shareholders vote in favour of Resolution 12. The Board (other than Richard Scallan) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and
- (r) Terrence Grammer declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 13, recommend that Shareholders vote in favour of Resolution 13. The Board (other than Terrence Grammer) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

9. RESOLUTION 14 – EMPLOYEE SHARE OPTION PLAN

9.1 General

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Resolution 14 seeks Shareholder approval for the adoption of the Employee Share Option Plan (**ESOP**) in accordance with Exception 9 of ASX Listing Rule 7.2.

If Resolution 14 is passed, the Company will be able to issue Plan Options under the ESOP without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Plan Options have previously been issued under this ESOP and the objective of the ESOP is to attract, motivate and retain key employees.

It is considered by the Directors that the adoption of the ESOP and the future grant of Plan Options under the ESOP will provide selected employees with the opportunity to participate in the future growth of the Company.

A summary of the terms and conditions of the ESOP is set out in Schedule 3.

10. ENQUIRIES

Shareholders are required to contact Ian Gregory on (+ 61 8) 9324 3388 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Days means any day other than a Saturday, Sunday or public holiday in the State of Western Australia.

Company means Hannans Reward Limited (ACN 099 862 129).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director Option means an Option granted pursuant to Resolutions 8 to 13 with the terms and conditions set out in Schedule 1.

Directors means the current directors of the Company.

Employee Share Option Plan or **ESOP** means the employee share option plan to be adopted pursuant to Resolution 14, with the terms and conditions as set out in Schedule 3.

EST means Eastern Standard Time as observed in Melbourne, Victoria.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Option means an option to acquire a Share.

Optionholder means a holder of an Option or Director Option as the context requires.

Plan Option means an Option granted to pursuant to the Employee Share Option Plan.

Resolutions means the resolutions set out in the Notice of Meeting, 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 registered holder of a Share in the Company.

SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Director Option, the Optionholder must exercise the Director Options in accordance with the terms and conditions of the Director Options.
 - (b) The Director Options to be issued to Damian Hicks and Frank Cannavo (**Executive Directors**) will vest on completion of each successive 12 month period of employment as follows:
 - 9.1.1.1 1,000,000 and 750,000 respectively on 30 June 2008;
 - 9.1.1.2 1,000,000 and 750,000 respectively on 30 June 2009;
 - 9.1.1.3 1,000,000 and 750,000 respectively on 30 June 2010;
 - (c) The Director Options to be issued to Ernest Dechow, William Hicks, Richard Scallan and Terrence Grammer (**Non-executive Directors**) will vest on completion of 12 months continued service (i.e. 30 June 2008).
 - (d) The Director Options will vest automatically in the event:
 - (i) a takeover offer is made for the Company;
 - (ii) there is a change in control of the Company (whether as a result of a merger, scheme of arrangement or other corporate action); and/or
 - (iii) the Company achieves a market capitalisation of greater than \$250 million.
 - (e) In the event a Director ceases to hold office as a Director, those Director Options that are yet to vest will lapse, unless the Board decides otherwise.
 - (f) The Director Options will expire at 5:00 pm (WST) on that date which is 3 years after the vesting date of those Director Options (**Expiry Date**). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (g) The amount payable upon exercise of each Director Option will be \$0.80 (**Exercise Price**).
 - (h) The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (i) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised;
- (**Exercise Notice**).
- (j) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

- (k) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
- (l) The Director Options are not transferable.
- (m) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
- (n) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (o) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (p) There are no participating rights or entitlements inherent in the Director Options and Optionholders 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 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (q) 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.

SCHEDULE 2 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to the Related Parties pursuant to Resolutions 8 to 13 have been independently valued.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed a value range, as follows:

Assumptions:			
Valuation date	24 August 2007		
Market price of Shares	30 cents		
Exercise price	80 cents		
Expiry Date	30 June 2011	30 June 2012	30 June 2013
Volatility	50%		
Risk free interest rate	6.15%		
Indicative value per Director Option	5.2 cents	7.0 cents	8.7 cents
Total Value of Director Options	\$143,000	\$122,500	\$152,250
- Damian Hicks	\$52,000	\$70,000	\$87,000
- Frank Cannavo	\$39,000	\$52,500	\$65,250
- Ernest Dechow	\$13,000	Nil	Nil
- William Hicks	\$13,000	Nil	Nil
- Richard Scallan	\$13,000	Nil	Nil
- Terrence Grammer	\$13,000	Nil	Nil

Note: The valuation ranges noted above are not necessarily the market prices that the Director Options could be traded at and they are not automatically the market prices for taxation purposes.

SCHEDULE 3 – TERMS AND CONDITIONS OF EMPLOYEE SHARE OPTION PLAN

The Company has established the Employee Share Option Plan (**ESOP**) in order to provide an incentive for employees to participate in the future growth of the Company. The ESOP will be administered in accordance with the ESOP rules, which are summarised below.

Option Issue

The Board may, in its absolute discretion, offer Options to eligible participants under the ESOP. The Options will be issued for no consideration and each Option will carry the right in favour of the Optionholder to subscribe for one Share in the capital of the Company.

An eligible participant is a full or part time employee or a Director of a company within the Hannans Reward Limited group of companies. The Company must obtain Shareholder approval before the participation under the ESOP of an eligible participant who is a Director of, or otherwise a related party of the Company.

The Board may impose performance criteria such as vesting hurdles.

The Options issued under the ESOP are not transferable except with the prior written consent of the Board.

Restrictions

The Options may only be issued or exercised within the limitations imposed by the Corporations Act and the ASX Listing Rules.

Further, the total number of Shares that would be issued under the ESOP where each Option issued pursuant to the ESOP is exercised, and the number of Shares issued by the Company pursuant to an employee share or option scheme implemented by the Company during the previous 5 years may not exceed 5% of the total number of Shares on issue as at the date any Options are offered pursuant to the ESOP.

Exercise Price and Expiry Date

The exercise price of the Options to be issued under the ESOP will, unless otherwise determined by the Board, be not less than 15% above the weighted average closing sale price of Shares recorded on ASX over the last 5 trading days on which sales of Shares were recorded preceding the day on which the Board resolves to offer the Options. The expiry date will be determined by the Board but will be no longer than 5 years from the issue date.

Exercise of Options

If performance criteria are imposed on an Optionholder, that Optionholder may only exercise their Options upon satisfaction of the performance criteria and prior to the expiry date. Notwithstanding this, all Options may be exercised during a takeover period or, in the Board's discretion, upon the death or permanent disablement of an eligible participant.

If an eligible participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any company within the Hannans Reward group of companies, then, notwithstanding any other provisions in the ESOP, the Board may deem any unexercised options of the eligible participant to have lapsed.

Notice of Exercise

Options may only be exercised by the Optionholder delivering an option exercise notice to the Company specifying the number of Options being exercised (which must be no less than multiples of 1,000) and accompanied by the exercise price for the Options specified in the option exercise notice and the certificates for those Options.

Bonus Issue

If, prior to the expiry of any Options, the Company makes a bonus share issue to the holders of Shares on a pro rata basis, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the date the Shares the subject of the bonus issue had been duly allotted and issued.

Reconstruction of Capital

In the event that prior to the expiry of any Options, there is a reconstruction (including consolidation, subdivision, reduction, return or pro-rata cancellation) of the issued capital of the Company, then the number of Options to which each Optionholder is entitled or the exercise price or both will be reconstructed in the manner required by the ASX Listing Rules.

Pro-Rata Issues

In the event the Company makes a pro-rata issue of securities, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.

Administration of the ESOP

The Board will supervise the administration of the ESOP and has discretion to amend the rules.