

8 October 2012

Dear Shareholder

Invitation to participate in Share Purchase Plan

On Tuesday, 2 October 2012, Hannans Reward Limited (**Hannans** or **the Company**) announced its intention to Offer shareholders the chance to participate in a Share Purchase Plan to subscribe for additional shares in the Company (**Plan**) at a 15% discount.

The Directors are pleased to make that Offer to eligible Shareholders on the Terms and Conditions enclosed with this letter.

Shareholders eligible to participate in the Plan

The right to participate in the Offer under the Plan is optional and is available exclusively to Shareholders who are registered as holders of fully paid ordinary shares in the capital of Hannans (**Shares**) at 5.00pm (WST) on the Record Date of Friday, 28 September 2012 (**Eligible Shareholders**).

Share Purchase Plan

The Plan seeks to raise \$1.5 million and is limited by the Australian Securities Exchange Limited (**ASX**) Listing Rules to issue a maximum of 30% of Hannans share capital, being 143,931,843 shares.

Eligible shareholders will be provided with the opportunity to subscribe for up to \$15,000 worth of shares under the Plan at a 15% discount to the 5 day volume weighted average price (**VWAP**) of Hannans shares before the closing date of the Offer, free of brokerage, and commission. The Plan will close on Friday, 26 October 2012 so shareholders are required to act quickly.

Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with a Share Purchase Plan Application Form.

How to transfer funds to pay for Shares

Eligible Shareholders can participate in the Plan by remitting the funds using BPAY or complete the Share Purchase Plan Application Form and remit the funds via cheque, money order or bank draft to Computershare Investor Services Pty Limited, on or before the **Closing Date of 5:00pm (WST) on Friday, 26 October 2012**. No late applications will be accepted. Please refer to the Share Purchase Application Form for more information.

What is the maximum you can invest?

Under the Plan, Eligible Shareholders may only acquire a maximum of up to \$15,000 worth of Shares under the Plan. Eligible Shareholders with multiple holdings may only acquire a maximum aggregate of \$15,000 worth of Shares under the Plan. Hannans has provided Shareholders with 5 flexible Offer options to participate in the Plan (refer to "Subscription and Application Procedure" below and the Share Purchase Plan Application Form enclosed).

What is the minimum you can invest?

Under the Plan, the minimum amount Eligible Shareholders can invest is \$1,000.

Current Projects

Details of the Company's current activities are set out in the announcements made by Hannans to the ASX and are available from the ASX or Hannans website at www.hannansreward.com.

The funds raised under the Plan will be used by the Company to:

- continue drilling to upgrade the JORC Iron resources at the Kiruna Iron project located in Sweden (this is the Company's main focus and Shareholders are asked to refer to the Kiruna Iron Project presentation, released to the ASX on 3 October 2012 and available on the Hannans website);
- complete a scoping study for the Rakkurijoki project (one of Hannans main deposits within the Kiruna Iron Project); and
- continue exploration for high-grade copper and gold in Sweden, Norway and Australia.

Subscription and Application Procedure

Eligible Shareholders may participate by selecting one of the following Offers to purchase Shares under the Plan:

Offer	Amount (\$)
Offer A	15,000
Offer B	10,000
Offer C	5,000
Offer D	2,500
Offer E	1,000

The final purchase price will be determined on the closing date. Once the purchase price has been established, the number of Shares to which you are entitled will be calculated by dividing the subscription amount you have elected by the purchase price per Share.

Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the **Closing Date of 5pm (WST) on Friday, 26 October 2012**.

The maximum investment any shareholder may apply for will remain \$15,000 even if a Shareholder receives more than one Offer (whether in respect of a joint holding or because the Shareholder has more than one holding under a separate account).

Calculation of the Purchase Price and Acceptance of Risk Factors

The purchase price of Shares under the Offer will be determined by the Directors at the time the Offer closes, but will be a 15% discount to the 5 day VWAP of Hannans shares. This is to be calculated by the price of the Company's shares on ASX during the 5 trading days immediately prior to the closing date of this Offer.

The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer.

By accepting the Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase price is at a discount to the market price, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the price and/or value and/or number of the Shares received under the Plan may rise or fall accordingly.

The Directors recommend that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

Additional Information and Important Dates

The Offer cannot be transferred and the Directors reserve the right to reject any application over \$15,000. Shares allotted under the Plan will be issued as soon as practicable after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum number of Shares that may be issued pursuant to this Offer and ASX Listing Rule 7.2, Exception 15 is 30% of Hannans fully paid ordinary shares on issue, being 143,931,843 shares. In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

Shortfall Placement

In the event that less than \$1.5 million is applied for pursuant to this Offer, the shortfall may be placed at the discretion of the Directors.

Indicative Timetable

Event	Date
Record Date (5:00pm, WST)	Friday, 28 September 2012
Announcement Date of Plan	Tuesday, 2 October 2012
Opening Date of Offer	Monday, 8 October 2012
Shareholder briefing session ¹	Tuesday, 9 October 2012
Broker/Analyst briefing session ²	Wednesday, 10 October 2012
Closing Date of Offer	Friday, 26 October 2012
Issue of Shares under the Plan	Friday, 2 November 2012
Dispatch Date for Holding Statements	Monday, 5 November 2012
Quotation of Shares on ASX	Tuesday, 6 November 2012

Note:

1. A shareholder briefing session will be held at the Hannans office at 10AM on Tuesday, 9 October 2012.

2. A broker/analyst lunch session will be held at the Hannans office at 1.30PM on Wednesday, 10 October 2012.

If you are interested in attending a briefing session, please contact Hannans to confirm your attendance.

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Share Purchase Plan Application Form as early as possible.

If you have any questions about the Offer, please contact Hannans on +61 8 9324 3388 or your professional advisor.

Yours faithfully



Mr Richard Scallan
Chairman

HANNANS REWARD LIMITED
ACN 099 862 129
Shareholder Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the Shareholder Share Purchase Plan (**Plan**) is to Offer Shareholders of Hannans Reward Limited (**Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Company Shares**) up to a maximum of \$15,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan) at a 15% discount to the 5 day volume weighted average price (**VWAP**) of Hannans shares on the financial market operated by Australian Securities Exchange Limited (**ASX**) before the closing date of the offer without the need to pay brokerage costs and without the need for the Company to issue a Prospectus, upon such terms and conditions as the board of Directors of the Company, in its absolute discretion, sees fit.

Shareholders eligible to participate

Holders of Shares registered at the relevant record date are eligible shareholders (**Eligible Shareholders**) and may participate in the Plan. By accepting an Offer under this Plan, holders of Shares warrant that they have complied with all relevant applicable foreign laws with which they are required to comply. The same Offer is being made to each Shareholder who holds fully paid ordinary shares in the Company.

Participation in the Plan is optional and is subject to these Terms and Conditions. Offers made under the Plan are non-renounceable (i.e. eligible shareholders may not transfer their rights to any Company Shares offered under the Plan).

An Offer may, at the discretion of the Directors of the Company, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$15,000. The Directors of the Company may also determine in their discretion the minimum amount for participation, the multiple of Company Shares to be offered under the Plan and the period the Offer is available to eligible shareholders.

Custodians, trustees and nominees

If you are an eligible shareholder and hold Hannans shares as a custodian (as defined in ASIC Class Order CO 09/425 (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian provided you annex to your Share Purchase Plan Application Form a certificate to the Company (**Custodian Certificate**) with the following information:

- that you held Shares in the Company on behalf of one or more other persons (each a **Participating Beneficiary**) at 5:00pm (WST) on Friday, 28 September 2012 who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- that a copy of the written Offer document was given to each beneficiary; and
- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order CO 09/425 you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that allows you to perform custodian or depository services or operate IDPS accounts;
- is exempt from holding an Australian financial services licence by virtue of Class Order CO 03/184 or by relying on the Australian financial services licence of your master custodian under regulation 7.1.06(k) of the *Corporations Regulations 2001*;
- is a trustee of a self-managed superannuation fund;
- is a trustee of superannuation master trusts;
- is a responsible entity of IDPS like schemes;
- is noted on the Company's register of members as holding the shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request Custodian Certificate and if you would like further information on how to apply, you should contact Computershare Investor Services Pty Limited at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for Plan Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

Price of Company Shares

The price of Company Shares to be issued under the Plan will be determined by calculating a discount to the VWAP of Company Shares quoted on ASX during the period 5 trading days immediately prior to the closing date of this Offer and discounting this amount by 15%.

Applications and Notices

At the discretion of the Directors of the Company, the Company will send eligible shareholders a letter of Offer and acceptance procedures, inviting them to subscribe for Shares under the Plan, and accompanied by these Terms and Conditions of the Plan and a Share Purchase Plan Application Form. Applications will not be accepted after the closing date of the Offer. Over subscriptions to the Plan may be refunded without interest.

Notices and statements made by the Company to participants may be given in any manner prescribed by its Constitution.

Placement of Shortfall

Any shortfall from the Offer may be placed at the discretion of the Directors.

Issue of Shares

Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of the Company.

Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Shares issued under the Plan. The Company will, promptly after the issue of Shares under the Plan, make application for those Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

The Company may modify or terminate the Plan at any time. The Company will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer Shares than the person applied for under the Plan if the issue of the Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of the Company under these conditions may be exercised by the Directors of the Company or any delegate of the Directors of the Company.

Questions and Contact Details

If you have any questions about the Offer, please contact Hannans on +61 8 9324 3388 or your professional advisor.