

HANNANS REWARD NL
ABN 52 099 862 129

Half-Yearly Financial Report
31 December 2004

HANNANS REWARD NL
ABN 52 099 862 129

HALF-YEAR FINANCIAL REPORT
For the Half Year Ended 31 December 2004

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COMPANY DIRECTORY

DIRECTORS

Richard Scallan
(Non-Executive Chairman)

Damian Hicks
William Hicks
(Executive Directors)

Ernest Dechow
(Non-Executive Director)

COMPANY SECRETARY

Damian Hicks

PRINCIPAL OFFICE

Level 2, 11 Ventnor Avenue
West Perth, WA, 6005
Telephone: (08) 9324 3388
Facsimile: (08) 9324 3366

REGISTERED OFFICE

c/- Ord Group
Level 2, Brecon House
47 Colin St
West Perth WA 6005

AUDITORS

Stantons International
First Floor, 1 Havelock Street
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9221 7288
Facsimile: (08) 9221 7869

STOCK EXCHANGE LISTING

Australian Stock Exchange
(Home Exchange: Perth, Western Australia)
Code: HNR & HNRO

HANNANS REWARD NL
ABN 52 099 862 129
HALF YEARLY FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2004.

DIRECTORS

The names of Directors who held office during or since the end of the half year:

Richard Scallan
William Hicks
Ernest Dechow
Damian Hicks

The following activities took place during the half year ended 31 December 2004

REVIEW OF OPERATIONS

Review of Operations & Results

Hannans Reward's principal activities during the half year were exploring for gold and base metals. The Company's projects are:

<i>Project</i>	<i>Commodity</i>	<i>Interest</i>
Queen Victoria Rocks	Nickel	100%
Maggie Hays South	Nickel	90% (NKL may earn up to 55% of nickel rights)
Sunday	Gold	90%
Poona	Nickel	100%
Jigalong	Diversified	50% (Memorandum of Understanding)

Since 1 July 2004 Hannans Reward has conducted the following exploration:

<i>Technique</i>	<i>Details</i>	<i>Project</i>
Aircore drilling	55 holes for 2,208 metres	Sunday
	128 holes for 5,034 metres	Maggie Hays South (carried out by JV partner Nickel Australia Ltd)
Diamond drilling	Six holes for 1,523 metres	QVR
Down hole electromagnetic surveys	Eight	QVR
Auger drilling	120 samples	Sunday

Furthermore the Company completed a second comprehensive spring flora and fauna survey during November (QVR), reviewed a number of exploration acquisition/joint venture opportunities and made a presentation at the Australian Nickel Conference during October.

We are pleased to say that the exploration programs implemented have upgraded all of the Company's prospects. A detailed review of each exploration program and their results can be obtained by visiting either www.hannansreward.com or www.asx.com.au. A brief overview of the operations and results of these programs follows:

Queen Victoria Rock – nickel sulphide project – 100% HNR

A diamond drill hole was completed on the QVR Prospect on 21 July 2004. The hole was stopped at a depth of 204 metres. Disseminated sulphides assaying from 0.23% to 0.43% nickel were present from a depth of 140 metres to the end of the hole with the best results being 19.4 metres @ 0.34% nickel from 150.6 metres. The presence of widespread disseminated sulphides is considered to be encouraging.

Further diamond drilling and downhole geophysics was carried out at Queen Victoria Rocks during September and October with results received late November 2004.

The program was successful in identifying three significant off-hole electromagnetic conductors that may represent massive nickel sulphides. Separately, drill testing during the Quarter confirmed the tenor of the nickel within the Spargos Prospect, with two separate 1 metre intervals grading 1.3% nickel. Results from this most recent program were released to the Australian Stock Exchange on 26 November 2004.

These results are considered to be very encouraging because the off-hole conductors have been identified in a nickel bearing ultramafic unit in a region that hosts numerous nickel mines the closest of which is the historical Nepean nickel mine (1.1Mt @ 3% Ni (Mined)) currently being explored by Consolidated Minerals Ltd.

On 22 February 2005 Hannans Reward NL and Nickel Australia Limited (NKL) announced to the Australian Stock Exchange that the parties had entered into an agreement whereby NKL had been granted the sole and exclusive right to undertake an exploration program at QVR. In consideration for NKL implementing and funding the exploration program Hannans Reward has agreed to negotiate exclusively with NKL in relation to a potential joint venture over the QVR tenements. The approved exploration program will comprise three diamond drill holes to test the three downhole electromagnetic referred to above. Down-hole electromagnetic surveys will then be conducted in each hole. The drilling is required to be conducted in April 2005.

Maggie Hays South – nickel sulphide prospect – 90% HNR

Widespread anomalous nickel results (including high grade values) were intersected in reconnaissance drilling (128 aircore holes for 5,034 metres) and two strong conductor bodies were identified in an electromagnetic survey, following an exploration program conducted by joint venture partner Nickel Australia Ltd (NKL) during November.

These results are considered to be very encouraging because of the widespread anomalous nickel mineralisation intersected and the close proximity of the prospect to LionOre Australia Pty Ltd's Maggie Hays and Emily Ann mines. With the NKL team lead by Managing Director Mr. Tony Rovira, who has the expertise and capital to maximise the potential of MHS, Hannans Reward has an excellent partner. Hannans Reward provides exposure to further exploration success at the Maggie Hays South prospect without any current requirement to fund exploration.

Results from the most recent NKL program were released to the Australian Stock Exchange on 21 and 22 December 2004. NKL plans to test these targets with deep drilling (diamond) and downhole electromagnetic surveys in February 2005. Results are anticipated during March.

Sunday – gold prospect – 90% HNR

An auger soil sampling programme (120 samples) was completed within the Mt Stewart area of the prospect during August. The purpose of the auger sampling programme was to “screen” the area for near-surface soil anomalies that may indicate drill targets. One significant anomaly was generated from the programme and is located in the central part of the tenement and lies more or less along the main (Sundat pit) mineralised trend. This anomaly has a peak value of 85ppb gold and is 200m long at the 20ppb gold contour level. Due to the location and tenor of the anomaly, it is considered significant and requires follow-up exploration.

An aircore drilling programme of 25 holes for 1,054m was completed on the Mt Stewart tenements during August to test several structural and/or aeromagnetic targets. A significant intercept was obtained from the central-north part of P37/6301, which is underlain by highly foliated granite and mafic granite.

A thirty hole aircore drilling program was completed at the Sunday gold project during October 2004. The drilling at the Palaeochannel area has outlined a significant bedrock anomaly extending over 100 metres in a possible northerly direction. To the north the next on strike section drilled is approximately 700 metres away where drill hole MSAC152 intersected 5 metres at 1.56 g/t gold (including 1 metre at 6.34 g/t gold) from 67m. To the south and southeast anomalous gold in saprolite anomalies extend over 600m

Further air core drilling, including infill drilling, is required on the anomalies identified so far to test for economic intercepts within the broader mineralized trend. It is also worthwhile noting that a number of the anomalies are also highly anomalous in arsenic, an element commonly associated with economic accumulations of gold within the Eastern Goldfields. In all, six priority drill targets have now been generated at Sunday.

The Sunday project is located along an 18 kilometre segment of the Keith-Kilkenny Lineament (KKL). The KKL extends 150 kilometres to the north-northwest of the prospect, past Wiluna, and for at least 150 kilometres to the south. Sunday is an exciting prospect because of the encouraging drilling results obtained by Hannans Reward and the fact that significant mineralisation is localised along the length of the KKL. This includes gold mines at Wiluna, Thunderbox, Edjudina and Carosue Dam and nickel deposits at Perserverance, Yakabindie, Mt Keith, Honeymoon Well and the emerging Waterloo.

CORPORATE

Restricted securities comprising of 2,094,000 ordinary fully paid shares and 1,047,000 31 March 2006 options were released during the period.

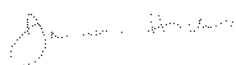
The total number of fully paid ordinary shares on issue and 31 March 2006 options as at 31 December 2004 was 32,916,503 and 16,648,494 respectively.

There has been no issue of fully paid ordinary shares or options of the Company during the period.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

This report is signed in accordance with a resolution of the Board of Directors.



Damian Hicks
Executive Director

Perth, 15 March 2005

HANNANS REWARD NL
ABN 52 099 862 129

STATEMENT OF FINANCIAL PERFORMANCE
For the Half-Year Ended 31 December 2004

	Note	Economic Entity	
		31 December	31 December
		2004	2003
		\$	\$
Revenue from ordinary activities	2	54,376	23,609
Interest expense		(517)	-
Employee and contractors expense		(141,741)	(132,894)
Insurance expense		(14,605)	(5,680)
Consultants expense		(45,731)	(40,830)
Administration expenses		(17,199)	(9,255)
Occupancy expense		(28,251)	(9,981)
Other expenses from ordinary activities		<u>(91,668)</u>	<u>(16,757)</u>
Loss from ordinary activities before income tax (expense)/benefit		(285,336)	(191,788)
Income tax (expense)/benefit relating to ordinary activities		<u>-</u>	<u>-</u>
Operating loss from ordinary activities after income tax (expense)/benefit attributable to members of the parent entity		<u>(285,336)</u>	<u>(191,788)</u>
Basic loss per share (cents per share)		(0.87)	(1.33)

Diluted loss per share does not represent an inferior view of the entity's performance and is not disclosed for this reason.

The accompanying notes form part of this financial report.

HANNANS REWARD NL
ABN 52 099 862 129
STATEMENT OF FINANCIAL POSITION
As at 31 December 2004

	Note	Economic Entity	
		31 December 2004 \$	30 June 2004 \$
CURRENT ASSETS			
Cash assets		1,510,253	2,285,833
Receivables and prepayments		79,614	61,375
Other current assets		-	13,880
TOTAL CURRENT ASSETS		<u>1,589,867</u>	<u>2,361,088</u>
NON-CURRENT ASSETS			
Receivables		25,000	25,000
Property, plant and equipment		35,195	38,432
Capitalised exploration expenditure		2,067,350	1,624,528
TOTAL NON-CURRENT ASSETS		<u>2,127,545</u>	<u>1,687,960</u>
TOTAL ASSETS		<u>3,717,412</u>	<u>4,049,048</u>
CURRENT LIABILITIES			
Payables		27,286	90,991
Interest bearing liabilities		16,501	-
Provisions		5,896	4,992
TOTAL CURRENT LIABILITIES		<u>49,683</u>	<u>95,983</u>
TOTAL LIABILITIES		<u>49,683</u>	<u>95,983</u>
NET ASSETS		<u>3,667,729</u>	<u>3,953,065</u>
EQUITY			
Contributed equity	3	4,569,977	4,569,977
Accumulated losses		(902,248)	(616,912)
TOTAL EQUITY		<u>3,667,729</u>	<u>3,953,065</u>

The accompanying notes form part of this financial report.

HANNANS REWARD NL
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STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2004

	31 December 2004 \$	31 December 2003 \$
CASHFLOWS FROM OPERATING ACTIVITIES		
Payments for exploration and evaluation	(500,654)	(65,179)
Payments to suppliers and contractors	(334,743)	(148,361)
Interest paid	(517)	-
Interest received	61,273	23,609
	<hr/>	<hr/>
Net cash used in operating activities	(774,641)	(189,931)
CASHFLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(939)	(6,944)
Purchase of exploration assets	-	(287,500)
	<hr/>	<hr/>
Net cash used in investing activities	(939)	(294,444)
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	3,500,000
Payments for costs of issue of shares	-	(177,357)
	<hr/>	<hr/>
Net cash provided by financing activities	-	3,322,643
Net decrease in cash held	(775,580)	2,838,268
Cash at 1 July 2004	2,285,833	135,637
	<hr/>	<hr/>
Cash at 31 December 2004	1,510,253	2,973,905

NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: "Interim Financial Reporting", Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by Hannans Reward NL during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001. The financial report has been prepared on the basis of historical costs, and does not take into account changing money values.

The accounting policies are consistent with those applied in the 30 June 2004 annual report. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

(b) INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards (IFRS) or the Australian equivalents are effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes for the first full financial year after implementation, being the year ended 30 June 2006. The economic entity's management, along with its auditors, continue to assess the significance of these changes and the preparation for their implementation. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised. The directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

i) Impairment of Assets

The company currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2004

(b) INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

ii) Income Tax

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the Company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

iii) Exploration Expenditure

AASB 6 "Exploration for and Evaluation of Mineral Resources" continues to allow companies to apply "area of interest" accounting to their exploration and evaluation expenditures, effectively grandfathering the treatment currently used by the Company under AASB 1022 "Accounting for the Extractive Industries". Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets in accordance with AASB 136 "Impairment of Assets". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. It is anticipated that it is unlikely that the requirements of this standard will have a material impact on the financial position of the company except where areas of interest are abandoned, and costs are written off.

2. LOSS FROM ORDINARY ACTIVITIES

	31 December 2004	31 December 2003
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
(i) Revenues from ordinary activities		
Interest revenue	54,376	23,609

HANNANS REWARD NL
ABN 52 099 862 129

NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2004

3. CONTRIBUTED EQUITY

Movements During the period	31 December 2004	30 June 2004
	\$	\$
Fully Paid Ordinary Shares		
Brought forward – 32,916,503 shares fully paid	4,569,977	500,003
17,500,000 at \$0.20 each on 5 December 2003	-	3,500,000
3,400,000 at \$0.20 each on 5 December 2003	-	680,000
660,000 at \$0.15 each on 5 December 2003	-	99,000
Transaction costs relating to share issue	-	(210,326)
Conversion of 6,500 options at \$0.20 each on 28 May 2004	-	1,300
Carried forward 32,916,503 shares fully paid	4,569,977	4,569,977

4. ACQUISITION OF CONTROLLED ENTITIES

The following controlled entities were acquired during the period:

2004

Name	Date Acquired	Consolidated Entity's Interest	Consideration	Contribution to Consolidated Net Profit
		%	\$	\$
Errawarra Pty Ltd	1 September 2004	100	3	-

(Errawarra Pty Ltd is a wholly owned subsidiary of HR Subsidiary Pty Ltd, acquired last year.)

2003

Name	Date Acquired	Consolidated Entity's Interest	Consideration	Contribution to Consolidated Net Profit
		%	\$	\$
HR Subsidiary Pty Ltd	30 September 2003	100	3	-

Consolidated accounts have not been prepared as the subsidiaries are dormant and have no assets or liabilities.

HANNANS REWARD NL
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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2004

5. SEGMENT INFORMATION

The Company operates predominantly in one geographical and segment, being Western Australia, and is one business segment, mineral mining and exploration and substantially all of the entity's resources are employed for this purpose.

6. EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2004, no event has arisen that would be likely to materially affect the operations of the company, or the state of affairs of the company not otherwise disclosed in the company's financial report.

7. CONTINGENT LIABILITIES

In the opinion of the directors, there are no contingent liabilities as at 31 December 2004 and none incurred in the interval between the period end and the date of this financial report.

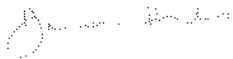
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DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2004

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 11:
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 31 December 2004 and its performance for the half-year ended on that date.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Damian Hicks
Executive Director

PERTH, 15 March 2005.



STANTONS INTERNATIONAL

LEVEL 1
1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

Facsimile: (08) 9321 1204

e-mail: australia@stanton.com.au

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF HANNANS REWARD NL

Scope

We have reviewed the financial report comprising of the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration of Hannans Reward NL (the Company) for the half-year ended 31 December 2004. The directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting" in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the report.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

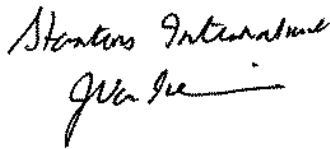
We are independent of the Company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the Company a written Auditor's Independence Declaration.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hannans Reward NL is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Hannans Reward NL's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

STANTONS INTERNATIONAL



J P Van Dieren
Partner

West Perth, Western Australia
15 March 2005



STANTONS INTERNATIONAL

LEVEL 1
1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

Facsimile: (08) 9321 1204

e-mail: australia@stanton.com.au

15 March 2005

Board of Directors
Hannans Reward NL
Level 2
11 Ventnor Avenue
WEST PERTH WA 6005

Dear Directors

RE: HANNANS REWARD NL

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 NL.

As Audit Partner for the review of the financial statements of Hannans Reward NL for the half year ended 31 December 2004, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL

John Van Dieren
Partner