



Hannans Reward NL
Exploring for Gold and Base Metals

4th Quarter Activities and Cash Flow Report
5 July 2004

Highlights

- Joint venture signed with Nickel Australia Ltd (NKL) at Maggie Hays South (near Norseman, Western Australia) - Hannans Reward has signed an agreement giving NKL the right to earn 55% of the nickel minerals at MHS by delivering a bankable feasibility document within five years of commencing exploration. NKL must spend a minimum of \$500,000 within 18 months of commencing exploration before they can withdraw.
- Drilling at Poona nickel prospect (near Cue, Western Australia) returns 8m @ 1.02% nickel, possibly a lateritic enrichment. A 33 hole air-core drilling program completed during May returned several encouraging results that warrant further exploration.
- Approvals granted for drill testing at Queen Victoria Rock nickel prospect (near Coolgardie, Western Australia) – all government approvals have now been obtained enabling drill testing to commence. The initial diamond drill hole and down-hole geophysics is anticipated to commence within the fortnight.
- Four gold targets identified at Sunday gold prospect (near Leonora, Western Australia) – following completion of the most recent air core drilling program four gold targets have been identified within the Mt Stewart area. Further air-core drilling during August aims to increase the number of targets.

Plans for the Current Quarter

- Commence initial drill testing and geophysics at QVR nickel prospect
- Conduct further drill testing to identify additional gold targets at Mt Stewart (Sunday prospect)
- Sign formal Jigalong Joint Venture Agreement



Maggie Hays South – Joint Venture with Nickel Australia Ltd

Hannans Reward is very pleased to have joined with Nickel Australia Ltd to develop the Maggie Hays South nickel prospect.

Nickel Australia has agreed to free carry Hannans Reward through to completion of a bankable feasibility study. The study must be delivered within five years from commencing exploration and the agreement relates only to nickel minerals. Nickel Australia Ltd has also agreed to spend not less than \$500,000 on exploration within eighteen months of commencement before they are entitled to withdraw.

By way of background Nickel Australia made its debut on the Australian Stock Exchange (ASX:NKL) in December 2003, successfully raising A\$15 million.

The Company has an experienced Board led by the Managing Director, Tony Rovira. Tony was formerly General Manager - Exploration for Jubilee Mines NL, where he led the team which discovered and developed the world class Cosmos and Cosmos Deeps nickel mines, and brings with him a wealth of nickel sulphide exploration experience.

The Company has also attracted a technical team highly experienced in nickel sulphide explorations. It is led by Exploration Manger, Pat Manouge, who was instrumental in the discovery of the Cosmos Deeps nickel deposit. Nickel Australia's strategy is to focus on intensive field explorations to discover, define and develop nickel sulphide ore bodies.

This joint venture agreement with Nickel Australia is an important achievement for Hannans Reward because it fast tracks significant exploration expenditure at Maggie Hays South utilising a world class exploration team whilst enabling the company to simultaneously explore the tenements for other minerals, most noticeably gold.

Poona – 8m @ 1.02 % nickel from recent drill program

An air core drilling program of 33 holes for 1,243 metres was completed at the Poona nickel project during May to test the nickel potential of three targets. The program was managed by Mr. Greg Jorgensen, Consulting Geologist. The purpose of the program was to gain geochemical and lithological information about the target areas.

Several encouraging results were returned, the best of which was a four metre composite result in excess of 1% nickel (1.05% nickel), from within a slightly broader zone of 8 metres @ 1.02% nickel, possibly from a lateritic enrichment, which is significant and encouraging. This intercept was located within weathered ultramafic lithologies.

Further exploration is warranted.

Queen Victoria Rock – all government approvals obtained

Following an exhaustive approval process Hannans Reward received approval on 30 June 2004 to commence its drill testing and down-hole geophysics at QVR. The current quarter will see Hannans Reward target one of the three anomalous responses interpreted by the recent EM survey to have bedrock sources. The program is being managed by Mr. Adrian Black and Mr. William Amann from Newexco Services Pty Ltd.

Phase One of the program will involve stepping back from previous drill hole CO1 (drilled in 1998 and returning 3 metres at 3.05% nickel including 1m @ 5.19% nickel) to complete a 200 metre diamond hole from which down-hole geophysics can be completed.

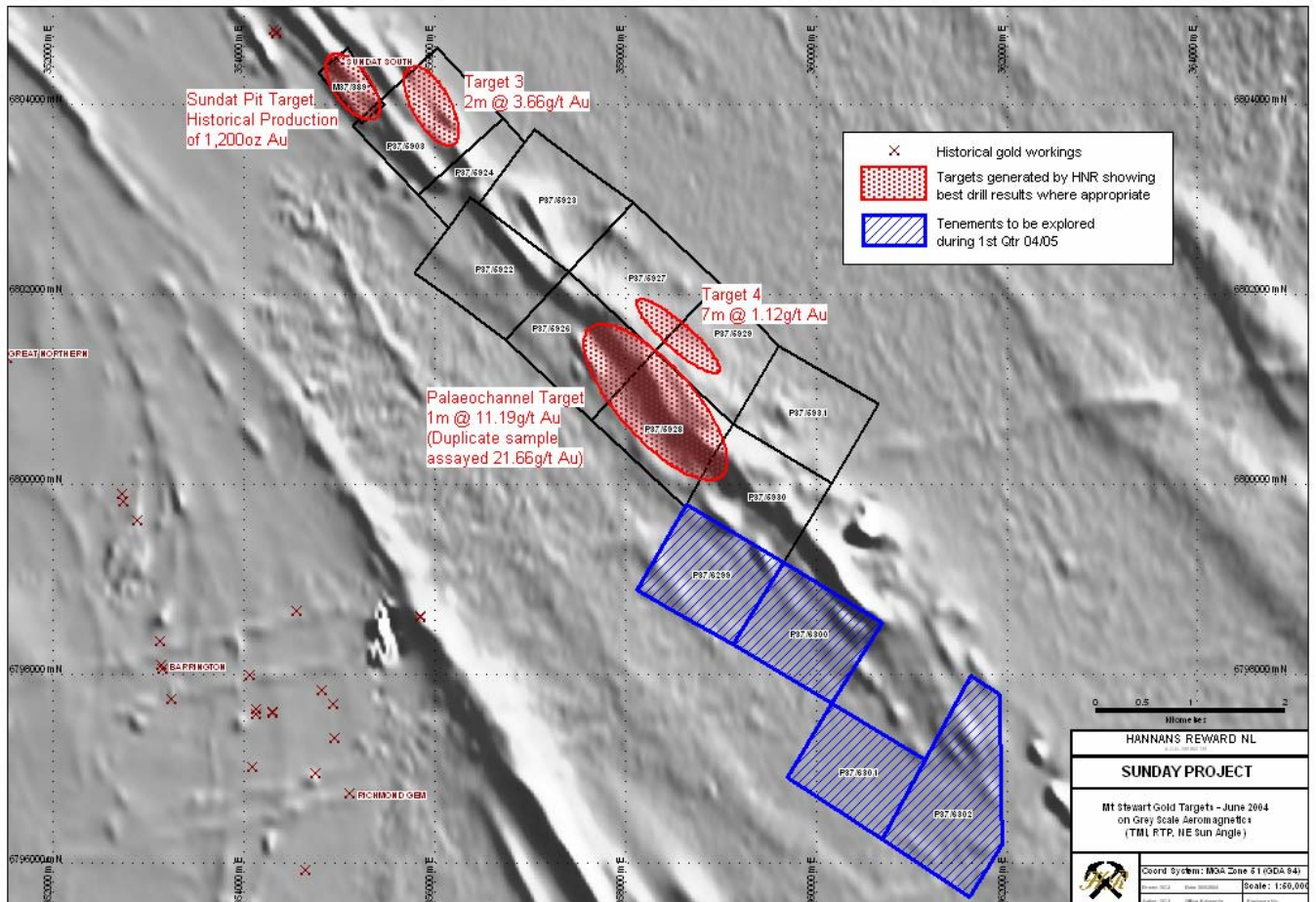
This hole will provide diamond core from 90 metres to 200 metres from which a detailed assessment of the geology can be made. The down-hole geophysics will aim to identify off-hole conductors that may represent sulphide mineralisation. If conductors do exist Phase Two will see additional holes drilled to determine if they are in fact nickel sulphide conductors.

Sunday gold prospect – exploration so far identifies four gold targets

All results from the April air core drilling program have now been returned. Several anomalous results were returned including 7 metres @ 1.12 g/t gold. A number of these results were associated with elevated arsenic values making the results particularly interesting. The exploration program at Sunday has upgraded the project substantially as a greater understanding of the geology is achieved which has enabled confirmation of anomalous gold values under the transported cover.

Overall the air core drilling programs in the Mt Stewart portion of the Sunday project has resulted in the identification of four distinct gold targets, being the Palaeochannel Target (HNR drilling returned 1 m@ 11.19 g/t gold with a duplicate sample assay returning 21.66 g/t gold), the Sundat Pit Target (where historical production has been 1,200 ounces of gold), Target 3 (HNR drilling returned 2 metres @ 3.66 g/t gold) and Target 4 (HNR drilling returned 7 metres @ 1.12 g/t gold). The tenement diagram below (overlaid on aeromagnetic data) identifies these four target areas all of which warrant substantial follow-up drill testing in the coming quarters.

Diagram: Sunday Gold Targets



The current quarter will however see Hannans Reward continue its aggressive exploration across the package by focusing on the tenements in the most southern portion of the project area (also identified in the diagram).

Jigalong Joint Venture

Hannans Reward continues the process towards a joint venture agreement with the Jigalong Community. It is proposed to sign the final agreement during the current quarter with exploration to commence shortly thereafter. The potential of the greenfields exploration prospects forming part of the joint venture offer the opportunity for substantial rewards to both joint venture partners.

Change of Address

Please note that the Company has recently moved premises. The new contact details are contained at the bottom of the first page of this release. If you would like to receive copies of the ASX releases direct by e-mail please contact the Company.

Statement of Cash Flows

Please find following the 4th Quarter Statement of Cash Flows.

If you have any questions in relation to this release please do not hesitate to contact Mr. Bill Hicks, Executive Director or myself on (08) 9324 3388.

Yours sincerely,

A handwritten signature in blue ink that reads "Richard Scallan," with a horizontal line underneath the name.

Mr. Richard Scallan
Chairman

ASX Code: HNR, HNRO

Cash as at 30 June 2004: \$2.278m

Issued Capital: 32,916,503 shares (21,656,503 quoted); 16,648,494 March 2006, 20 cent options (10,818,494 quoted)

Board: Richard Scallan (Chairman), Ernest Dechow (Non-executive Director), William Hicks (Executive director) and Damian Hicks (Executive Director)

ASX Announcements during 4th Quarter: 3rd Quarter Activities & Cash Flow Report (30/4/04)

Consent: Technical aspects of this report that relates to Poona and Sunday Exploration Results is based on information compiled by Gregory Jorgensen, who is a Member of the Australian Institute of Geoscientists. Gregory Jorgensen has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity, which has been undertaken to qualify as a Competent Person as defined by the JORC Code. Gregory Jorgensen consents to the inclusion of the information in this document of the matters based on the information in the form and context in which it appears.

*Rule 5.3***Appendix 5B****Mining exploration entity quarterly report**

Name of entity

HANNANS REWARD NL

ABN

52 099 862 129

Quarter ended ("current quarter")

30 June 2004

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(261)	(770)
(b) development	-	-
(c) production	-	-
(d) administration	(132)	(432)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	33	63
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(360)	(1,139)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(7)	(42)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(7)	(42)
1.13 Total operating and investing cash flows (carried forward)	(367)	(1,181)

1.13	Total operating and investing cash flows (brought forward)	(367)	(1,181)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1	3,501
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – Costs of share issue	-	(178)
	Net financing cash flows	1	3,323
	Net increase (decrease) in cash held	(366)	2,142
1.20	Cash at beginning of quarter/year to date	2,644	136
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,278	2,278

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.20	(67)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of executive and non-executive directors fees, pursuant to prospectus, \$61,000
 Payment for rental of office in Kalgoorlie associated with director, \$6,000

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	(8)	93
5.2 Deposits at call	2,286	2,551
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,278	2,644

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	32,916,503	21,656,503		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,500 (Conversion of Options)			
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	16,648,494	10,818,494	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31 March 2006
7.8 Issued during quarter		-		
7.9 Exercised during quarter	6,500		20 cents	31 March 2006
7.10 Expired during quarter	-			
7.11 Debentures <i>(totals only)</i>				

7.12	Unsecured notes (totals only)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001.
- 2 This statement does give a true and fair view of the matters disclosed.



Damian Hicks - Director
Dated this 4th day of July 2004

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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