REWARD MINERALS LTD

ANNUAL REPORT 2017

Contents

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Chairman's Letter

Dear Shareholder

It is with great pleasure that I present to you Reward Minerals' 2017 annual report.

The 2017 year was another significant year for your Company, during which, we continued to make solid progress on development of the world class Lake Disappointment Sulphate of Potash (SOP) Project.

The Project is being developed on the back of an In Situ Mineral Resource of 596 million tonnes of SOP, from which, a Drainable Resource is estimated to be 153 million tonnes of SOP.

The completion of the Pre-Feasibility Study for the Project is imminent and the Project's Environmental Review Document ("ERD") is currently under review by the Environmental Protection Agency (EPA) of Western Australia and the Federal Department of the Environment and Energy.

The completion and lodgement of the ERD in December last year was a major milestone for Reward as it was the culmination of years of intensive field work. The ERD stands as testimony to the professionalism of the team engaged to ensure that environmental impacts of LD's ultimate development would, wherever possible, be minimised and mitigated.

Your Company has also progressed significantly with its field activities at Lake Disappointment including trench brine pumping trials including from a 1km long trench which delivered over 10 litres/second of brine for a period of 26 days at an average grade of around 13kg/m^3 SOP. The Company also completed a number of pilot pond trials and recently constructed two new pilot evaporation ponds for seepage evaluation and crude Potash product generation.

We are very pleased that the grade of the brine pumped from the 1 km trench remained at around 13 gram/litre SOP with minimal drawdown in the surrounding monitoring bores. Our knowledge of evaporation pond performance was greatly enhanced by the results from the pilot pond tests.

The coming year will see management and staff continuing to diligently conduct programs and processes aimed at bringing the Lake Disappointment Project to production.

Your Company has been progressively building and improving its team of employees, consultants and advisors. The principal appointment has been that of a new Chief Executive Officer, Greg Cochran.

Greg is a highly experienced senior international mining executive who brings a fresh perspective to Reward. We are pleased to welcome Greg to the management team and believe his experience will be invaluable as we continue to pursue the development of the Lake Disappointment Sulphate of Potash Project.

I would like to take this opportunity to thank our staff, consultants and contractors for their great work this year and our shareholders for their continuing support.

I would also like to thank our partners, the Martu People, for their continuing support, assistance and co-operation.

We look forward to another progressive year for your Company.

Colin McCavana
Chairman

29 March 2018

Operations Report

Corporate

During the 2017 year, Reward expended approximately $5 million on company activities. The Company received $2.6 million during the year from the R&D Rebate. Cash held at the end of the 31 December period was approximately $1.6 million.

Projects

Lake Disappointment Sulphate of Potash Project ("LD Project")

Overview

The LD Project is Reward's flagship Project. The Company's primary objective is to safely and successfully permit, fund and develop this Tier 1 deposit as soon as possible. To achieve this objective Reward continued and, in some cases, completed numerous Project-related activities in 2017 that had commenced in previous years. These activities related primarily to:

- Resource Definition
- Environmental Assessment
- Mass Balance/Flow Sheet Design
- Groundwater Resource Drilling and Licence Applications
- Evaporation Pond Pilot Trials
- Trench and Bore Pumping Trials
- The Project Pre-Feasibility Study

Project Introduction

The LD Sulphate of Potash (SOP) Project is owned 100% by Reward and is located in the Little Sandy Desert in Western Australia, approximately 340km east of Newman. The project comprises over 3,000km^2 of granted Exploration Licences, one granted Mining Lease and one granted Miscellaneous Licence.

The LD Project hosts an Indicated and Inferred extractable Mineral Resource of 156Mt of SOP with a brine grade of approximately 11.35kg/m^3 in sediments and down to a depth of approximately 90m. Brine contained in the top six metres grades approximately 13.4kg SOP/m^3. The Project is subject to a fully transparent, executed and registered Indigenous Land Use Agreement with the Martu people, traditional owners of the land, as well as a granted Mining Lease and associated Miscellaneous Licence.

The Project is ideally located from an operational perspective as the local climate conditions give rise to the highest evaporation rate in Australia and has low rainfall. It also has excellent brine chemistry which enables the use of established processes and has the potential to produce supplementary by-products. Given the scale of the deposit, the LD SOP Project should be ultra-long-life and scalable in output.

2017 Highlights

Despite once again experiencing severe flooding at the start of the year which impeded the commencement of activities at LD and facing a series of other challenges relating to Project activities Reward achieved numerous milestones during the financial year. In summary, these were:

- The release of a Drainable (Extractable) Resource estimate for LD of 153 million tonnes SOP in brine at an average in-situ grade of 11.35kg SOP/m^3, confirming the Project's status as one of the world's largest and highest-grade SOP brine projects;
- The completion and submission of the LD Project Environmental Assessment;
- The completion and submission of Groundwater Licence applications for brine abstraction from LD and for Process Water from the Cory and Northern Borefields;
- Successful evaporation pond seepage trials and trench pumping tests
- The appointment of CPC Project Design Pty Ltd to complete the LD Project Pre-Feasibility Study and Ercosplan Anlagentechnik to provide an independent Process Review.

Operations Report

Lake Disappointment Sulphate of Potash Project ("LD Project") continued

Mineral Resource Estimate

The LD SOP Mineral Resource Estimate ('MRE') update released in February 2017 was the culmination of some two years' work that commenced with the 2015 and 2016 drilling programs, followed by extensive laboratory testing of core samples from these programs and a comprehensive review of previous resource data and estimates as well the specific yield - effective porosity results previously reported by Global Groundwater and Core Labs Pty Ltd. In determining the MRE Reward's independent consultants followed Canadian Institute of Mining's Best Practice Guidelines for Resource and Reserve Estimation for Lithium Brines and the draft AMEC Brine Guidelines whilst adhering to the 2012 Edition of the JORC Code where applicable.

The drainable MRE includes the brines in the shallow lakebed sediments and the weathered basement sequence which contain highly prospective unconsolidated sand zones. The identification of the unconsolidated sand zones at depth required the development of an updated conceptual hydrogeological model for the MRE, which is shown in Figure 1.

The MRE for LD is an Indicated and Inferred, Drainable (Extractable) Resource of 153 million tonnes SOP in brine at an average in-situ grade of 11.35kg SOP/m^3 (see Table 1 below). Reward consistently recorded excellent brine flow results from its shallow (1.5-2m deep) surface pilot trenches at even higher grades of 13.4kg SOP/m^3 and after further evaluation a shallow (0-6 metres) brine Indicated Resource of 7.48 Mt SOP was determined which would be readily recoverable by surface trenching.

Table 1: LD Project Drainable SOP Mineral Resource Estimate

Hydrostratigraphic Unit	Unit Symbol	Nominal Dimensions (m)			Volume	Area	Assigned Specific Yield Effective Porosity (%)	SOP Brine Grade (kg/m^3) (1)	Drainable SOP (Mt)	JORC Resource Status
		Top	Base	Thick.	(m^3 x 10^6)	(m2 x 10^6)				
Upper lake bed sequence	Qhs & Qhl	0.5	2	1.5	1,123.5	749.0	15	13.4	2.26	Indicated
Lower lake bed sequence	Qpl	2	6	4	2,996.0	749.0	13	13.4	5.22	Indicated
Weathered basement	PUw	6	80	74	55,426.0	749.0	12	11.2	74.49	Inferred
Weathered basement (sandy sections)	PUw	80	90	10	6,987.0	698.7	22	11.2	17.2	Inferred
Estimate - Accessible Zone					**66,532.5**			**11.34**	**99.2**	
Upper lake bed sequence (Exclusion zone)	Qhs & Qhl	0.5	2	1.5	738.0	492.0	15	13.4	1.48	Indicated
Lower lake bed sequence (Exclusion zone)	Qpl	2	6	4	1,968.0	492.0	13	13.4	3.43	Indicated
Weathered basement	PUw	6	80	74	36,408.0	492.0	12	11.2	48.93	Inferred
Estimate - Exclusion Zone					**39,114.0**			**11.37**	**53.8**	
Total Estimates					**105,646.5**			**11.35**	**153.0**	

Notes:
1. Total area of the lake: 1,241km^2
2. Total area of Accessible Zone: 749km^2 and Total Area of Exclusion Zone: 492km^2
3. Figures have been rounded to 2 significant numbers
4. Resource compliant with JORC Code, CIMM and draft AMEC guidelines

Operations Report

Lake Disappointment Sulphate of Potash Project ("LD Project") continued

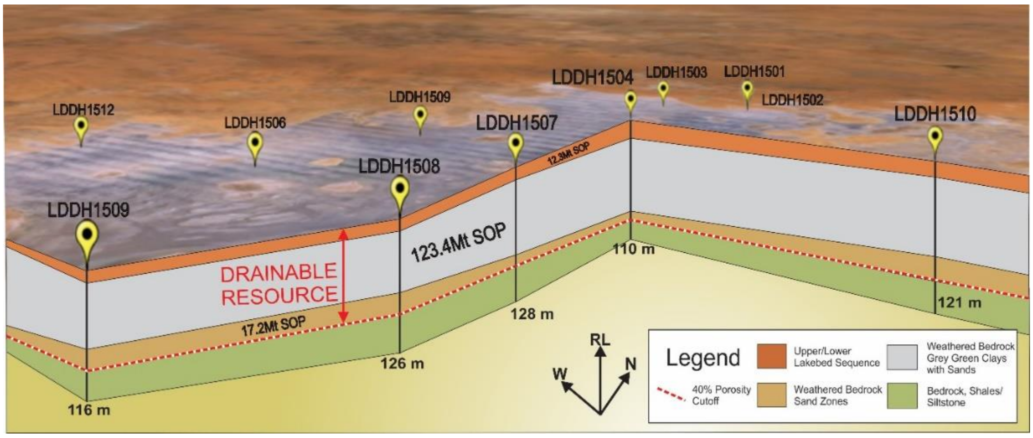

Figure 1: Schematic LD Cross-section Cut-out

Subsequent to the release of the MRE Reward continued with hydrogeological modelling to assess the parameters that would be associated with a future LD SOP brine operation. Strategic Water Management/Global Groundwater completed this modelling and concluded that a drawdown of the brine level (Static Water Level – SWL) in LD of less than 0.3 metres at the edge of the playa would be associated with a brine extraction of 63Gl per annum (required to produce 400,000tpa SOP) over a ten-year period <u>even assuming zero recharge</u> (see Figure 2).

Assuming an average rainfall for the region of 300 mm per annum (source: Bureau of Meteorology) the annual recharge of water into LD via rainfall alone would be 372Gl per annum or approximately six times the proposed abstraction volume. From this assessment it was also concluded that the extraction of brine from LD is unlikely to have any adverse effect on Flora and Fauna existing in the shoreline zone of LD or the wider playa development area, a very positive result from an environmental perspective.

Recharge via direct rainfall and lake inflow is expected to enhance the long term recoverability of SOP from the near surface Trench Zone of LD.

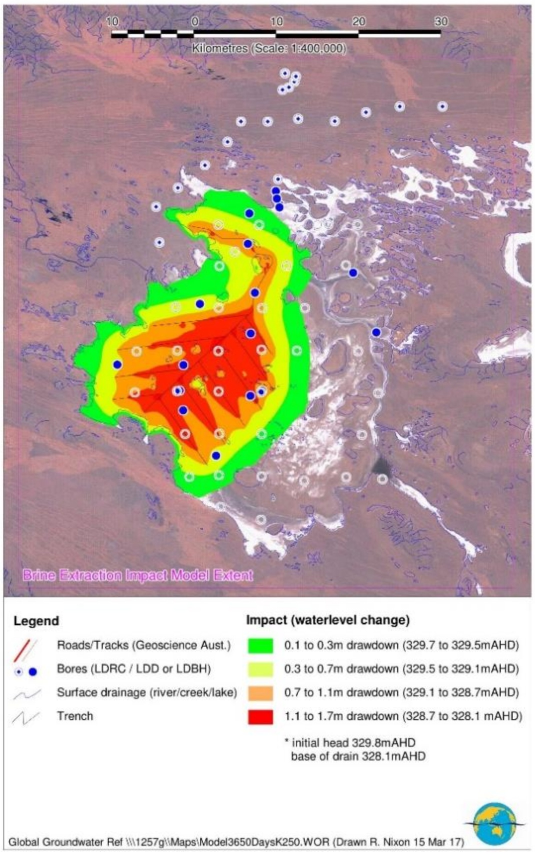

Figure 2: Geohydrological numerical model output – 10 Years of brine abstraction with zero recharge

Operations Report

Lake Disappointment Sulphate of Potash Project ("LD Project") continued

Environmental Assessment

Reward lodged its Environmental Assessment (known as the Environmental Review Document (ERD)) of the LD SOP Project with the Environmental Protection Agency (EPA) of Western Australia and with the Federal Department of the Environment and Energy at the end of year 2017.

This represented a major milestone for Reward in respect of the Project as it was the culmination of a number of years of intensive work. The program included field flora and fauna studies, hydrological modelling, exploration drilling, metallurgical testwork, process plant design and numerous other facets of project design which were required to minimise and mitigate the potential environmental impacts of LD's development.

During 2018 the ERD will be reviewed by the EPA to ensure that it meets the environmental scoping guidelines issued to Reward in October 2016. After this initial review the EPA will provide feedback to Reward so that the document can be updated prior to being authorised for public release (Public Environmental Review). A six-week public review period will follow.

As is the norm Reward will be required to respond to public comments and address any concerns, update the ERD where necessary and then submit the final draft for the EPA's assessment. A further period of consultation with the EPA is envisaged over draft implementation conditions that may be required during the Project's life. The EPA will then report formally to the Minister for the Environment with its recommendations pertaining to the Project's implementation conditions. It is likely that the assessment and consultation process will continue throughout 2018 before culminating in Ministerial decision.

Mass Balance/Flowsheet Design

Over recent years Reward conducted over 40 phases of metallurgical testwork and in-house evaporation trials on the LD Project, assessing a number of different process flowsheet options for the LD project to establish the preferred process route to SOP from LD brine.

The work was completed by mid-year with the development of a Flowsheet and Mass Balance which was used to inform the PFS. The Mass Balance calculations were developed in conjunction with Elemental Engineering Pty Ltd and directly related to results of evaporation trials undertaken by the Company, whilst ongoing pilot pond trials will in time provide more definitive data for the final Mass Balance/Flowsheet calculations.

As a result of the testwork it is expected that the harvest grade of crude potash salts from the crystalliser ponds will be approximately 8.8% K and that overall recovery of K would be approximately 60%, allowing for assumed brine seepage and process losses.

In conjunction with the appointment of CPC Project Design Pty Ltd to complete the LD SOP Project PFS Reward also commissioned Ercosplan Anlagentechnik, a leading German potash process design, technology and project engineering company, to review LD's Mass Balance, Flowsheet and the data that forms the basis for the Project Capital and Operating cost estimates that will be incorporated into the PFS by CPC.

Groundwater Licence Applications

To obtain Environmental Approval for a project the proponent is required to demonstrate that an adequate water resource is available and that drawdown of that resource will have a negligible or manageable detrimental effect on flora and fauna in the development area.

The LD Project will require three Groundwater licences for operation. The first, for abstraction of the 63Gl of brine per annum from LD required to produce the 400,000tpa SOP; and the other two to secure process water of up to 3.4Gl/annum for the process plant and also for domestic use on site.

Brine Abstraction

The hydrogeological assessment required to apply for a groundwater licence to abstract up to 63Gl/annum of brine from LD was completed towards the end of the year. The assessment included the development of a sophisticated numerical model to understand the impact of abstracting the required amount of brine from LD and incorporated all the previous results from drilling and testwork programs conducted over the years. The assessment and modelling was conducted in accordance with the Department of Water and Environmental Regulation ('DEWR') Operation Policy 5.12 (developed by the then Department of Water, 2009) and provided a comprehensive understanding of the nature of the playa resource.

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Lake Disappointment Sulphate of Potash Project ("LD Project") continued

The numerical model was developed by Reward's independent hydrogeological consultant Global Groundwater and was based on the conceptual hydrogeological model originally developed by Strategic Water Management and Global Groundwater using previously reported hydraulic parameters.

The output from the model (once again, Figure 2) demonstrated that after 10 years of pumping drawdown would likely be in the order of 0.3m at the edge of the lake, assuming zero recharge over the period. When recharge is taken into account drawdown was estimated to be less than the annual fluctuation in brine levels due to rainfall events.

The successful completion of the model enabled Reward to lodge the required H3 level Assessment Report with DWER and to thus apply for a licence to extract the required 63Gl/annum of brine from LD.

Process Water

For LD, a major exploration and development program was required to secure a reliable source of Process Water with acceptable hydrogeological parameters. Consequently, two borefields were identified with different geology but both providing water of acceptable quality of around 3,000mg/litre total dissolved solids (TDS) with satisfactory chemistry for use in the final SOP crystallisation process.

The location of the two fields are shown in Figure 3 below. The Cory Borefield is centred some 16km north of the LD process plant while the Northern Borefield is some 8km further to the north.

Drilling and test pumping continued at both borefields throughout the first half of the year until it was demonstrated that a sustainable yield of good quality process water (<3,000mg/l TDS) was available. Specifically, the tests showed that:

- the Cory Borefield could produce 1.5Gl/annum, and
- the Northern Borefield 2Gl/annum.

As a result of the successful programme H2 level Hydrogeological Impact Assessment reports were completed and Licence application for the two borefields were submitted to Department of Water and Environmental Regulation in September 2017.

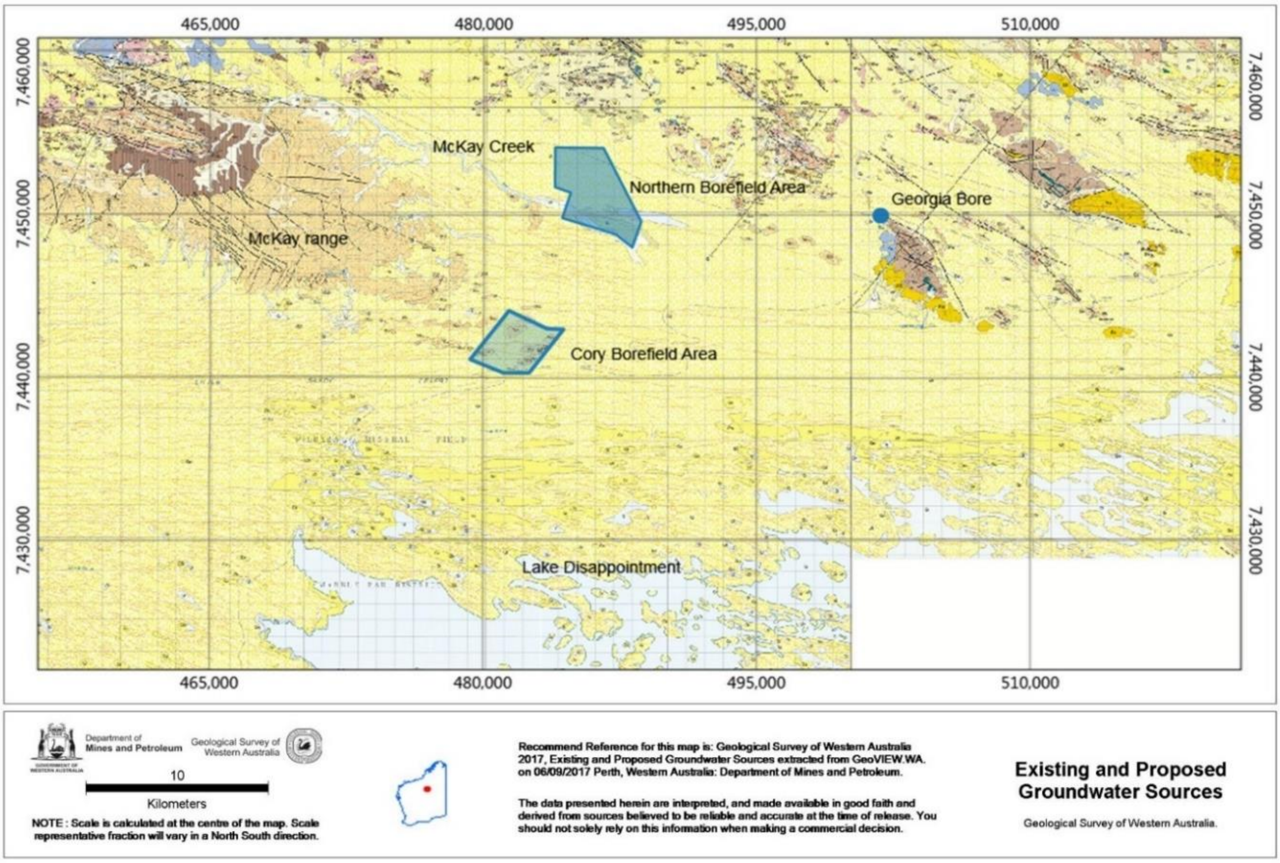

Figure 3: Location of the Cory and the Northern Borefields

Operations Report

Lake Disappointment Sulphate of Potash Project ("LD Project") continued

Figure 4: An example of test pumping in a Process Water Borefield

Evaporation Pond Pilot Trials

A key factor in development of a brine solar evaporation pond operation is the sizing of the evaporation ponds required and hence cost of construction. The size of an evaporation pond is obviously related to evaporation rates, overall process recovery and to brine seepage losses which may be experienced from the ponds during the evaporation cycle.

Based on cumulative results of multiple test programs Reward selected an area of approximately 3,000 hectares on the northern fringe of LD for its halite evaporation ponds (see Figure 5 for the proposed ponds layout plan).

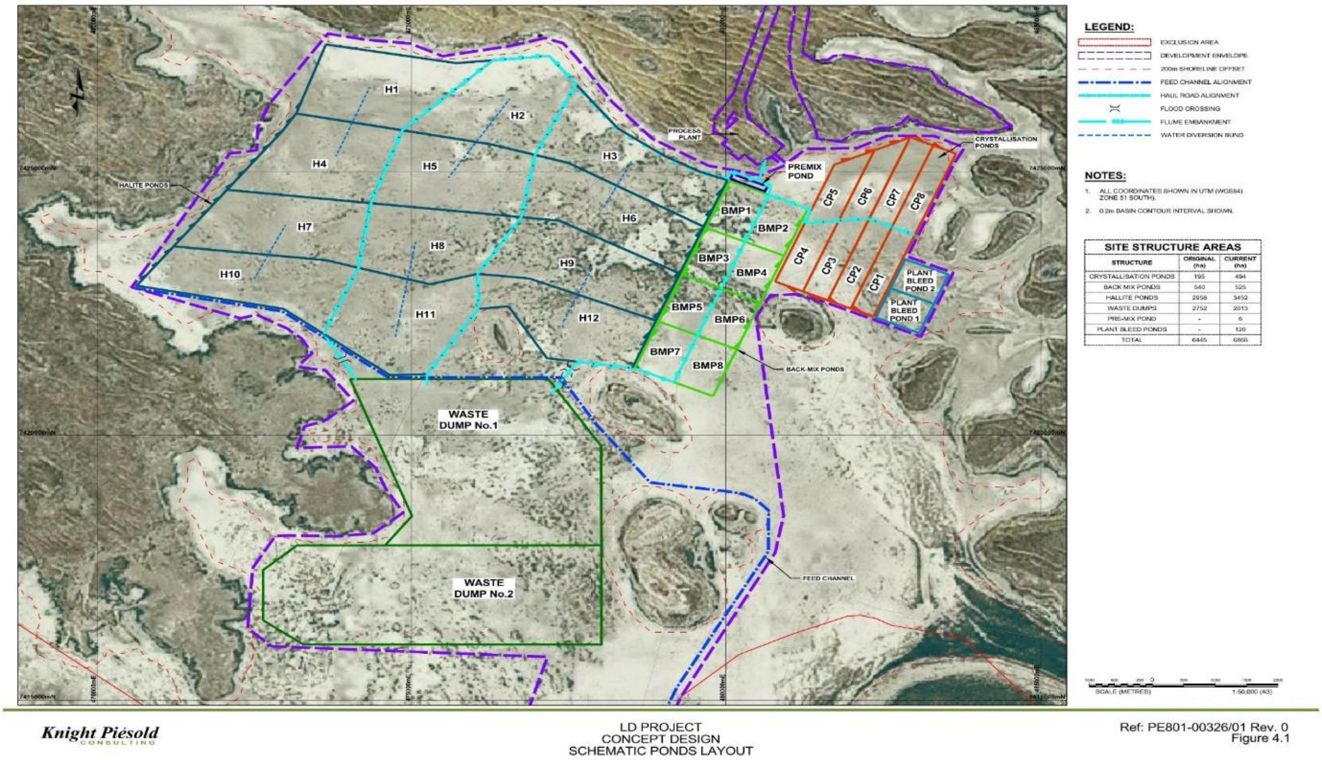

Figure 5: Proposed LD pond layout plan

Operations Report

Lake Disappointment Sulphate of Potash Project ("LD Project") continued

The LD Project is ideally located to benefit from naturally high rates of evaporation (and an associated low annual average rainfall pattern); however, it is up to Reward to ensure that seepage is kept to the absolute minimum. In its brine chemistry analysis and related geotechnical work in 2016 Pendragon Environmental Consultants indicated that a variable sedimentary matrix in the pond area had potential to form a vertical seepage barrier acceptable for evaporation pond operations. The area has a stratified variable sandy gypsiferous layer from 0-1 metre underlain by a high clay layer from approximately 0.8 metres with. Also, Pendragon suggested that the composite material derived from trenches of 0-2 metres in depth had a sufficiently high clay content to form bund walls of adequate strength with low lateral seepage after appropriate drying and compacting.

Construction of an access causeway and three pilot ponds was completed in 2016 and a further 'lined' pond was installed in June 2017 to test several design models including a pond with an internal plastic membrane around the bund walls to minimise lateral seepage from the pond. These tests were to corroborate earlier laboratory seepage trials using composited site materials and LD brine which gave encouragingly low seepage results.

Laboratory settling tests indicated favourably low settling rates for the matrix material. Subsequent column trials using LD matrix material demonstrated a rapid decline in seepage rates within a two-week period to below 5 mm per day and trending toward the target seepage rate of less than 0.5 mm per day.

Subsequently two 50 x 40m pilot membrane lined evaporation ponds were designed and constructed for further evaporation and product generation trials. Pond 1 was flooded to an initial depth of 500mm with brine pumped from the adjacent trench where the brine grade was 13.0 g/litre SOP and seepage and evaporation were monitored (Figures 6 and 7).

The brine evaporation rate for the test period in the last quarter of 2017 was approximately 10mm per day. This was an encouraging result since the brine levels were topped up each week and thus it is expected that the summertime brine evaporation rate for raw LD brine will be of this order. Evaporation rates for LD brine of higher Magnesium content will be established in future.

Considerable quantities of salt rapidly crystallised in the two new ponds under these conditions, as can be seen in Figures 8 and 9.

Figure 6: LD Pilot Evaporation Ponds – September 2017

Operations Report

Lake Disappointment Sulphate of Potash Project ("LD Project") continued

Figure 7: LD Pilot Evaporation Ponds – September 2017

Figure 8: Photo taken 13 December 2017

Figure 9: Photo taken 24 January 2018

Trench and Bore Pumping Trials

The development plan for the Project assumes that brine will be abstracted from shallow trenches on the playa for at least the first 10 years of operation. To enhance the hydrogeological model and ensure good calibration of the brine drawdown characteristics it was decided to conduct a number of trench and bore pumping variable rate flow tests during 2017.

Trench Pumping Trials

Previous trench pumping tests at LD were highly encouraging producing on average flow rate of 159 metres^3 per hour (ranging from 38 to 360m^3 per hour) of brine per km of trench from a series of 16 shallow (1.5 to 2.5m deep), relatively short pilot trenches. In these tests the cones of depression were typically only 50m either side of any given trench.

The trenches varied from 20 metres to 170 metres in length to ensure that brine inflows were adequate to provide steady state pumping conditions and were widely spaced across LD to provide reasonable coverage over the playa surface (see Figure 10 showing the location of the 2016 trenches). Approximately 45 million litres of brine was pumped from the trenches during the 2016 test program.

The 2017 program commenced in September 2017 with the construction of two shallow 1km trenches in the north western sector of LD, the planned location of the Project's evaporation ponds. (The location of the two 1km trenches excavated is shown in Figure 11.)

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Lake Disappointment Sulphate of Potash Project ("LD Project") continued

Figure 10: 2016 Brine Trench Locations

The rationale for construction location and trench design was that the trenches in this location are expected to provide moderate brine inflow and be of sufficient length to provide additional definitive inflow data for incorporation into the existing LD hydrogeological model. In the initial stage of the test approximately 20 million litres of brine was pumped from the eastern trench at an average rate of 8 litres/second over a period of 33 days. A 0.2m drawdown was observed in the trench and negligible drawdown observed in monitoring bores in the lake bed beyond 10 metres from the edge of the trench, indicating that the test had in effect reached steady state.

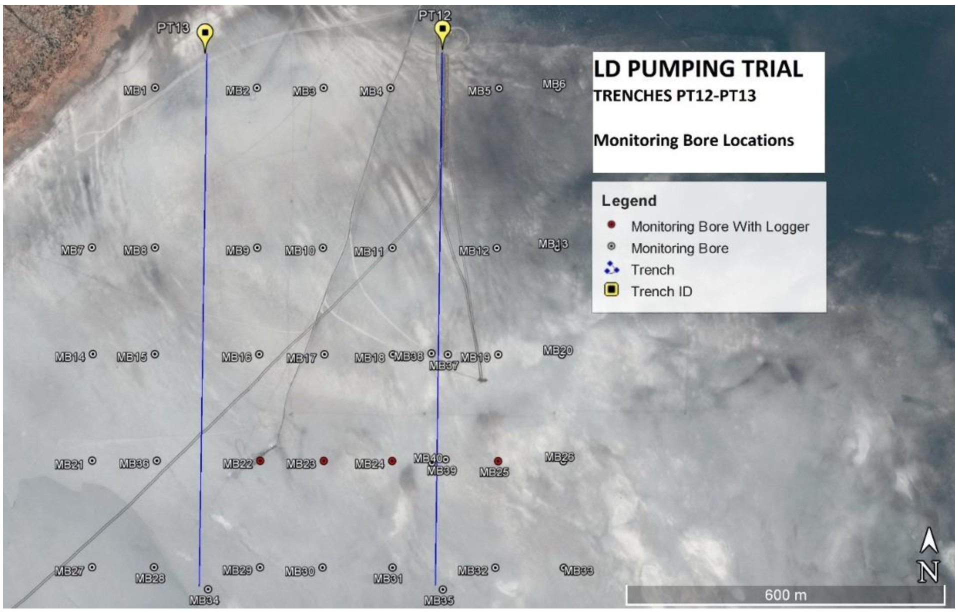

Figure 12: Brine Extraction Trenches on LD

Operations Report

Lake Disappointment Sulphate of Potash Project ("LD Project") continued

Figure 13: The Two 1-kilometre long Brine Extraction Trenches on LD

After the success of the initial pumping period which at a nominal depth of 2 metres gave access to the horizon above the heavy clay zone it was decided to increase the pumping rate to 10.7 l/s which resulted in a drawn down of 0.3 metres (from the initial static water level) and demonstrated measurable drawdown in the monitoring bores up to 220 metres from the trench.

This phase of the trial extraction from the eastern trench for a full two months, up to the end of the field season. The monitoring bores were established to assess drawdown of the water table (SWL) with time to provide data for hydrological modelling of the trench system. At the end of the pumping trial, Reward commenced deepening the trench to 5 metres but stopped at the end of the field season with a plan to recommence the trial in February 2018 – weather permitting.

Figure 14: Brine Extraction Trench – Close up, September 2017

It is also important to note that the Potash content of the brine pumped from the trench throughout both periods of extraction remained remarkedly steady, averaging 5.82 g/litre K or 13.0 g/litre SOP. (See Table 2 for analytical data.) In the end, approximately 75 million litres of brine was pumped from the trench during the exercise.

Operations Report

Lake Disappointment Sulphate of Potash Project ("LD Project") continued

Table 2 - PT12 Trench Brine Analyses

Trench ID	Sample ID	Date	Ca (mg/l)	K (mg/l)	SOP (g/l)	Mg (mg/l)	Na (mg/l)	SO_4 (mg/l)	Cl (mg/l)	SG
PT12	North End	2/08/17	425	6,000	13.40	5,300	103,700	16,050	169,689	1.19
PT12	North End	12/10/17	475	5,600	12.48	4,770	98,600	27,300	152,059	1.19
PT12	North End	26/10/17	500	5,800	12.92	5,100	94,100	14,100	156,466	1.18
PT12	South End	28/10/17	425	6,050	13.48	5,350	104,150	27,450	165,281	1.19
PT12	North End	28/10/17	475	5,650	12.59	4,820	96,800	26,850	152,059	1.18
PT12	North End	22/11/17	500	6,000	13.40	4,900	97,400	27,000	156,466	NA

On Lake Bore Pumping

While LD's SOP operations will be based on shallow trench brine supply for the foreseeable future, a substantial portion of the Company's longer-term resource base is contained in sediments below the shallow resource base. LD's Drainable SOP resource estimate is primarily based on brine extraction from LD sediment (cores) under industry accepted laboratory techniques and it is believed that the current trench test work programme will improve the level of definition of the resource estimate; however, a very long-life or scalable LD Project may require extraction of brine from bores across the playa. To further test this option pump tests are required from (cased) wells located on the playa which will determine the aquifer characteristics of the playa sediments at depth and the sustainable pumping rates from the bores.

Reward completed four 200mm cased wells late in 2016 but was unable to test pump these due to a rare, serious flooding event at LD in January 2017. The program was resumed late in 2017 with the commencement of first stage airlift pumping of wells LDBH1601-1604 on LD and one (LDRC 1462) located approximately 2km north of the northern shoreline of LD. In the airlift program wells were cleaned out and 200mm casing was installed in preparation for the tests to provide an indication of potential yields.

Three of the holes on the playa appear to have intersected the 10 to 15 metre triable sand / sandstone horizon reported in earlier core holes drilled nearby (see Figure 15). The first-round test pumping with a 75mm (3 litre/sec) submersible pump showed negligible drawdown of the water table in these three holes supporting the observation of a transmissive horizon in the holes.

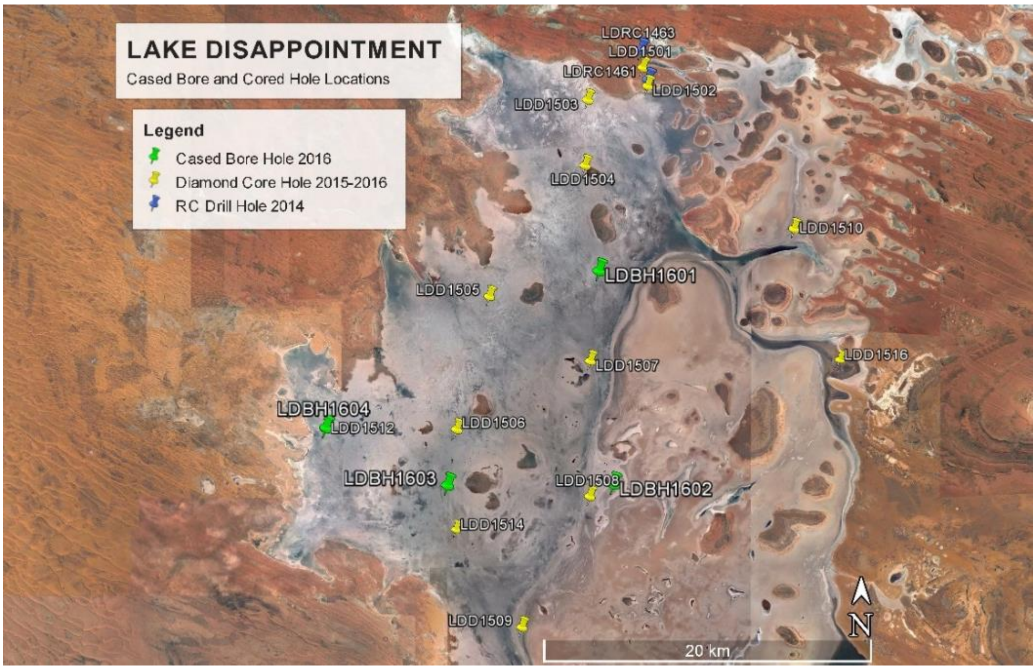

Figure 15: Location of Test Pumping Bores

As can be seen from the results provided in Table 3 below flow rates and brine analyses achieved were both very encouraging.

Operations Report

Lake Disappointment Sulphate of Potash Project ("LD Project") continued

Results from LDBH 1603 and 1604 were excellent in terms of both flow rates and brine grade. Airlift flow rates of 7.4l/sec and 5l/sec respectively of brine averaging 13.7 g/litre SOP are highly encouraging. Controlled pumping with variable speed electric submersible pumps is expected to improve the brine flow from these holes. These holes are approximately 8km apart across the interpreted LD Palaeochannel system.

Holes LDBH 1601 and 1602 are located at sites where previous core holes indicated significant thickness of clay sediment. Flowrates from these holes were relatively low 2.9 to 3 l/sec. The flow from LDBH 1602 was somewhat disappointing on the basis that it was located only 2km from core hole LDDH 1508 which intersected 8 metres of friable sand from 71 metres depth and a similar horizon was encountered in LDBH 1602 during drilling. Some technical issues during casing and gravel packing the bore may have contributed to the low flow results for LDBH 1602.

It was noted also that the SOP grades in brines recovered from LDBH 1601 to 1602 were somewhat lower (by Reward's standards) than those in 1603 and 1604 (10.6 vs 13.7 g/l SOP). Details are provided in Table 3 below.

Table 3 - Cased Boreholes – Airlift Results[1]

Hole ID	East	North	Cased Depth (m)	Airlift Flow Rates (l/s)	Assays (g/l of Brine)							Total Ions	Brine SG
					Ca	K	SOP	Mg	Na	SO_4	Cl		
LDBH1601	478589	7414131	81	2.9	0.72	4.53	10.10	2.96	92.78	14.85	145.45	271.4	1.167
LDBH1602	479490	7401184	78	3.0	0.58	4.95	11.00	3.37	93.20	21.45	143.24	277.8	1.170
LDBH1603	469348	7401120	78	7.4	0.39	5.73	12.80	5.93	96.78	22.20	154.26	298.1	1.182
LDBH1604	461906	7404594	90	5.0	0.33	6.55	14.60	7.45	99.75	33.75	160.87	323.3	1.195
LDRC1461 [2]	481560	7425711	132[3,4]	5.0	1.12	3.24	7.22	0.99	86.24	10.45	130.65	239.9	1.147
LDRC1463[5]	481130	7427520	106	20+	0.95	3.10	7.00	1.35	84.60	12.15	130.02	239.2	1.147

Notes: 1: December 2017
2: Off lake 120m north of LD shoreline - 100mm casing
3: Exploration hole 108mm diameter
4: Total drilled depth and airlift depth - hole remains uncased
5: Off lake 2,000m north of LD shoreline

Further pumping trials from additional bores may be conducted in future to firm up brine flow rates and draw down profiles to establish brine transmissivity and specific yield parameters of the deeper sediments at LD.

Pre-Feasibility Study

The conclusion of the PFS for the LD Project was delayed midway through 2017 due to the inability of the appointed engineering firm to complete the required program. This allowed Reward to re-evaluate tenders from at least three other engineering consultants (one global, one Canadian and one West Australian) and ultimately appoint CPC Project Design Pty Ltd of Perth to finalise the PFS. As a result of the hiatus prompted by the change the completion of the PFS was pushed back to the end of the first quarter of 2018.

An unexpected benefit of the delay was obtaining the latest, though not final results from the pilot evaporation pond seepage trials to enable a more accurate costing of the pond system; a major cost driver of the LD Project.

In addition to the appointment of CPC the Company also commissioned Ercosplan Anlagentechnik, a leading German potash process design, technology and project engineering company, to conduct an independent review of the Project's Mass Balance and Flowsheet. A positive review will reduce technical risk and enhance confidence in the underlying data used for equipment sizing and selection – so critical for generating accurate and reliable Project Capital and Operating cost estimates in a PFS.

At the time of drafting the PFS was nearing completion with release still expected at the end of the first quarter of 2018.

Operations Report

Competent Persons Statements

This information in this report that relates to Resource Estimation and hydrogeology is based on information compiled by Mr Robert Kinnell, a hydrogeologist and Competent Person who is a Member of The Australian Institute of Mining and Metallurgy and a Fellow of the Geological Society of London. Mr Kinnell is employed by Strategic Water Management and is a consultant to Reward Minerals Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kinnell consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to the Lake Disappointment SOP Project Mineral Resource Estimate can be found in Reward Minerals Limited's ASX Release dated 7 February 2017. The Company confirms that the form and context in which the Competent Person's findings are presented in this Report have not been materially modified from that ASX Release and that all related material assumptions and technical parameters underpinning that Mineral Resource Estimate continue to apply and have not materially changed. The Company confirms that it is not aware of any new information or data that may materially affect the information included in the current Lake Disappointment SOP Project Mineral Resource Estimate.

The information in this Report that relates to Metallurgical Flowsheet Design and Analyses is based on information compiled by Dr Geoff Browne, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Browne is a consultant to Reward Minerals Limited and has sufficient experience relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Browne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This Report may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on Reward Minerals Limited's current expectations, estimates and assumptions about the industry in which Reward Minerals Limited operates, and beliefs and assumptions regarding Reward Minerals Limited future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of Reward Minerals Limited. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecasts. Actual values, results or events may be materially different to those expressed or implied in this Report. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this report speak only at the date of issue of this Report. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Reward Minerals Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this Report or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

Tenement Schedule as at 31 December 2017

Prospect Area	Tenement	Area	RWD Equity	Registered Holder/Applicant
Lake Disappointment, WA	E45/2801	70 blocks	100%	HOL
	E45/2802	70 blocks	100%	HOL
	E45/2803	70 blocks	100%	HOL
	E45/3285	200 blocks	100%	HOL
	E45/3286	200 blocks	100%	HOL
	E45/4090	56 blocks	100%	HOL
	E45/4121	47 blocks	100%	HOL
	E69/2156	53 blocks	100%	HOL
	E69/2157	70 blocks	100%	HOL
	E69/2158	70 blocks	100%	HOL
	E69/2159	70 blocks	100%	HOL
	E69/3275	200 blocks	100%	HOL
	E69/3276	121 blocks	100%	HOL
	E69/3277	191 blocks	100%	HOL
	L45/302	3,258 ha	100%	HOL
	M45/1227	3,469 ha	100%	HOL
	LA46/128	744 ha	100%	HOL
Dora West, WA	E45/3246	44 blocks	100%	HOL
	E45/4292	73 blocks	100%	HOL
	ELA45/4321	165 blocks	100%	HOL
	ELA45/4488	61 blocks	100%	HOL

HOL	Holocene Pty Ltd	**L**	Miscellaneous Licence
E	Exploration Licence	**LA**	Application for Miscellaneous Licence
ELA	Application for Exploration Licence	**M**	Mining Lease

Directors' Report

Your Directors have pleasure in presenting their report together with the financial statements of the consolidated entity (hereafter referred to as the Group) for the year ended 31 December 2017 and the auditor's report thereon.

Directors

The names of the Directors of Reward Minerals Ltd during the financial year and to the date of this report are:

Colin McCavana (Chairman)
Michael Ruane (Executive Director)
Rod Della Vedova (Non-Executive Director)
Gary Lethridge (Appointed 3 April 2017, Resigned 17 May 2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Corporate Information

Reward Minerals Ltd is a Company limited by shares and is domiciled in Australia.

Principal Activities

During the year the Group was involved in mineral exploration.

Results of Operations

The net profit of the Group for the year ended 31 December 2017 was $711,582 (2016: Profit $1,460,570).

Dividends

No dividends were paid or declared since the end of the previous year. The Directors do not recommend the payment of a dividend.

Significant Changes in the State of Affairs

There were no significant changes to the state of the consolidated entity's affairs during the year.

Matters Subsequent to the End of the Financial Year

At the date of this report there are no other matters or circumstances which have arisen since 31 December 2017 that has significantly affected or may significantly affect:

(i) the operations of the Group;

(ii) the results of its operations; or

(iii) the state of affairs of the Group subsequent to 31 December 2017.

Likely Developments and Expected Results of Operations

Further information on the likely developments in the operations of the Group and the expected results of operations has been included in the Operations Report.

Directors Information

Colin McCavana - Non Executive Director and Chairman (appointed 24 February 2010 and Chairman on 30 November 2010)

Mr McCavana has over 30 years' experience in mining and earthmoving industries, including the management, acquisition, exploration and development of projects in Australia, USA, Tanzania, Mozambique and Indonesia.

Directorships held in other listed companies in the past 3 years:
- Northern Minerals Ltd, Director, appointed 22 June 2006

Dr Michael Ruane PhD MRACI – Executive Director (appointed 02 December 2004)

Dr Ruane holds a PhD in Chemistry and has over 40 years' experience as a Technical Consultant in the chemical and metallurgical fields.

Directorships held in other listed companies in the past 3 years:
- Intermin Resources Ltd, Director, appointed 29 May 1998, resigned 31 May 2016
- Metaliko Resources Ltd, Director, appointed 28 June 2012, resigned 12 January 2017
- Echo Resources Ltd, Director, appointed 8 February 2016, resigned 30 May 2016

Directors' Report

Directors Information (continued)

Rod Della Vedova, BSc - Non Executive Director (appointed 16 January 2013)

Mr Della Vedova holds a post graduate degree in Chemical Engineering and has over 30 years' experience in large scale commercial production of salt by solar evaporation techniques.

Directorships held in other listed companies in the past 3 years:
- Nil

Gary Lethridge – Managing Director (appointed 3 April 2017 – resigned 17 May 2017)

Mr Lethridge has over 30 years of corporate expertise in resources and finance-related roles. He commenced as Managing Director but resigned shortly thereafter.

Directorships held in other listed companies in the past 3 years:
- Talisman Mining Ltd, Managing Director, appointed February 2009, resigned March 2016
- Helix Resources Ltd, Non-Executive Chairman, appointed March 2017

Bianca Taveira - Company Secretary

Mrs Taveira was appointed as Company Secretary on 15 April 2010. For over a decade, Mrs Taveira has been providing administration and secretarial services to many listed and unlisted public companies.

Directors' Interests in Shares and Options

As at the date of this report the relevant interest of each Director in the shares and options of the Company are:

	Ordinary Shares		Options	
Directors	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Colin McCavana	1,024,998	29,999	-	-
*Michael Ruane	8,163,679	32,058,547	-	-
Rod Della Vedova	20,000	-	-	-

*Michael Ruane is the Director of Tyson Resources Pty Ltd and Kesli Chemicals Pty Ltd. Michael Ruane is also a substantial shareholder of Intermin Resources Ltd which holds an additional 5,959,257 shares in the Company.

Shares under Option

As at the date of this report, there are 2,000,000 shares under option, with an expiry date of 1 December 2020 and exercisable at $0.443.

Option holders do not have any rights to participate in any issue of shares or interest of the Group.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

Indemnification and Insurance of Directors and Officers

During the financial year, the Group maintained an insurance policy which indemnifies the Directors and Officers of Reward Minerals Ltd in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Group. The Group's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

Directors' Meetings

The number of directors' meetings attended by each of the Directors of the Group during the year were:

Director	No. of Meetings while in office	No. of Meetings attended
Colin McCavana	4	3
Michael Ruane	4	4
Rod Della Vedova	4	3
Gary Lethridge	1	-

Directors' Report

Environmental Issues

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. There are no bonds currently in place in respect of the Group's tenement holdings.

The Directors advise that during the year ended 31 December 2017, no claim has been made by any competent authority that any environmental issues, condition of license or notice of intent has been breached, and no claim has been made for increase of bond.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 January 2017 to 31 December 2017 the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

Remuneration Report (Audited)

The information provided in this remuneration report has been audited as required by section 300A of the *Corporations Act 2001*.

A Principles Used to Determine Amount and Nature of Remuneration

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed. Shares given to Directors and Executives are valued as the difference between the market price of those shares and the amount paid by the Director or Executive. Options are valued using the Black-Scholes or Binomial methodologies.

The board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the annual general meeting (currently $150,000). Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and are able to participate in employee option plans.

The objective of the Group's executive reward framework is set to attract and retain the most qualified and experienced Directors and Senior Executives. The board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

Directors' Fees

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Performance Based Remuneration

The Group uses both short term and long term incentive programs to balance the short and long term aspects of business performance, to reflect market practice, to attract and retain key talent and to ensure a strong alignment between the incentive arrangements of Executives and the creation and delivery of shareholder return.

Executives are encouraged by the Board to hold shares in the company and it is therefore the Group's objective to provide incentives for participants to partake in the future growth of the group and, upon becoming shareholders in the Company, to participate in the group's profits and dividends that may be realised in future years. During the financial year the Company issued a total of 500,000 Shares, 2 million Options and 2 million Performance Rights to its newly appointed CEO, Greg Cochran. Refer below and Note 16 of the financial statements for full terms of the incentives issued. The Board considers that this equity performance linked remuneration structure is effective in aligning the long-term interests of group executives and shareholders as there exists a direct correlation between shareholder wealth and executive remuneration.

Directors' Report

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. This is facilitated through the issue of options or performance rights to Directors and Executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

Voting and comments made at the Group's 2017 Annual General Meeting

The resolution to approve the remuneration report was not passed at the Annual General Meeting held on 31 May 2017. The Directors' are of the belief that the remuneration paid to its Key Management Personnel are well within market parameters and accordingly, no specific action was taken in response to the first strike.

The Group received 77.85% of "yes" votes on its resolutions to re-elect Dr Michael Ruane as Director.

B Details of Remuneration of Key Management Personnel of the Group

The key management personnel ("KMP") of the Group for the year ended 31 December 2017 are the Directors, Project Director (appointed in February 2012) and CEO (appointed 1 December 2017).

Details of the nature and amount of each element of remuneration of each Director and key management personnel of the Group for the financial year are as follows:-

2017	Short Term						
Name	Consulting Fees $	Salary $	Directors' Fee $	Post Employment Superannuation $	Share Based Payments $	Total $	Performance Related %
Directors							
Colin McCavana	-	-	36,000	-	-	**36,000**	-
Michael Ruane	-	-	-	-	-	-	-
Rod Della Vedova	-	-	30,000	-	-	**30,000**	-
Gary Lethridge	16,500	-	33,000	-	-	**49,500**	-
Other KMP							
Greg Cochran - CEO	-	24,231	-	2,302	56,918	**83,451**	**68%**
Daniel Tenardi - Project Director	-	270,000	-	25,650	-	**295,650**	-
	16,500	**294,231**	**99,000**	**27,952**	**56,918**	**494,601**	

2016	Short Term				
Name	Consulting Fees $	Salary $	Directors' Fee $	Post Employment Superannuation $	Total $
Directors					
Colin McCavana	-	-	36,000	-	**36,000**
Michael Ruane	81,750	-	-	-	**81,750**
Rod Della Vedova	-	-	30,000	-	**30,000**
Other KMP					
Daniel Tenardi – Project Director	-	280,384	-	26,636	**307,020**
	81,750	**280,384**	**66,000**	**26,636**	**454,770**

There were no termination benefits paid during the year to any Director or key management personnel.

Directors' Report

C Share-Based Compensation

Year ended 31 December 2017

(i) Shares

During the financial year, $13,334 was recognised as a share based payment made to Greg Cochran, the Chief Executive Officer of the Group. This is in accordance with his Employment Agreement dated in December 2017 which states that subject to 12 months of service, 500,000 shares will be issued to him.

Grant Date	No of Shares Granted	Vesting Date	Value per share at Grant Date	Vested at 31 December 2017	Total value of Shares	2017 Value of Shares Expensed
1 December 2017	500,000	1 December 2018	$0.32	0%	$160,000	$13,334

(ii) Options

Greg Cochran was issued options by the Group as part of his employment agreement. The options are linked to future performance of the Group. The fair value of the incentive options is $367,009 as determined using the Black-Scholes valuation methodology. This amount is amortised over the respective vesting periods. An amount of $30,584 was recognised as a share based payment, included in the Statement of Financial Performance and Statement of Changes in Equity.

Grant Date	No of Options Granted	Vesting Date	Expiry Date	Exercise Price	Value per share at Grant Date	Vested at 31 December 2017	Total value of Options	2017 Value of Options Expensed
1 Dec 2017	2,000,000	1 Dec 2018	1 Dec 2020	$0.443	$0.32	0%	$367,009	$30,584

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black & Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(iii) Performance Rights

During the financial year, $13,000 was recognised as a share based payment made to Greg Cochran. The performance rights will vest and convert to one fully paid share subject to satisfaction of certain performance conditions, as follows:

Class A – 1,000,000 rights: Prior to 1 December 2020, a definitive feasibility study based on ±15% capital and operating costs on the LD SOP Project.

Class B – 1,000,000 rights: Prior to 1 December 2022, completion and availability of full funding for the development of the LD SOP Project.

Each right will entitle Greg to one fully paid share in RWD at no additional cost. The Performance Rights do not have an exercise price and where not vested, will automatically lapse.

Directors' Report

C Share-Based Compensation continued

Performance Rights	Grant Date	No of Rights Granted	Vesting Date	Value per share at Grant Date	Vested at 31 December 2017	Total value of Rights	2017 Value of Rights Expensed
A	1 December 2017	1,000,000	1 December 2020	$0.32	0%	$310,000	$8,000
B	1 December 2017	1,000,000	1 December 2022	$0.32	0%	$310,000	$5,000

Year ended 31 December 2016
There were no share-based compensation transactions during the year ended 31 December 2016.

D Service Contracts

Directors are not employed under written contracts. Directors may be paid consulting fees at commercial rates calculated according to the amount of time spent on Group business. All Directors may receive consulting fees on an hourly basis which are paid from time to time for specialist services beyond normal duties. No Directors have received loans from the Group during the annual period.

Mr Daniel Tenardi, the Project Director, was appointed on 13 February 2012. His contract has no fixed term, and provides for a remuneration of $270,000 plus statutory superannuation. No termination benefits are included in the contract.

Mr Greg Cochran, the Chief Executive Officer, was appointed on 1 December 2017. His contract has no fixed term, and provides for a remuneration of $300,000 plus statutory superannuation and share based compensation as set out in Section C above. Refer to ASX announcement dated 1 December 2017 regarding Mr Cochran's employment benefits.

E KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel Interests in the Shares and Options of the Company

Shares

The number of shares in the Company held during the financial year by each Key Management Personnel ("KMP") of Reward Minerals Ltd, including their personally related parties, are set out below. There were no shares granted as compensation during the year.

2017	Balance at the start of the year	Received during the year on the exercise of options	Shares sold	Shares acquired	Balance at the end of the year
Directors					
C McCavana	1,054,997	-	-	-	1,054,997
M Ruane**	39,505,676	-	-	716,550	40,222,226
R Della Vedova	20,000	-	-	-	20,000
G Lethridge	-	-	-	-	-
Other KMP					
G Cochran*	-	-	-	-	-
D Tenardi	-	-	-	-	-
	40,580,673	**-**	**-**	**716,550**	**41,297,223**

*G Cochran is also entitled to 500,000 shares upon completion of 12 months employment on 1 December 2018. Refer Note C(i) above.

Directors' Report

E KEY MANAGEMENT PERSONNEL DISCLOSURES continued

Key Management Personnel Interests in the Shares and Options of the Company continued

Shares continued

2016	Balance at the start of the year	Received during the year on the exercise of options	Shares sold	Shares acquired	Balance at the end of the year
Directors					
C McCavana	1,056,665	38,332	(40,000)	-	1,054,997
M Ruane**	34,701,414	3,729,262	-	1,075,000	39,505,676
R Della Vedova	20,000	-	-	-	20,000
Other KMP					
D Tenardi	-	-	-	-	-
	35,778,079	**3,767,594**	**(40,000)**	**1,075,000**	**40,580,673**

** Michael Ruane is also a Substantial Shareholder and former director of Intermin Resources Ltd which holds 5,959,257 shares in the Company.

Options

The number of options over ordinary shares in the Company held during the financial year by each Key Management Personnel of Reward Minerals Ltd including their personally related parties are set out below:

2017	Balance at start of the year	Options granted as remuneration	Options expired during the year	Exercised during the year	Options sold	Balance at the end of the year	Vested and exercisable at the end of the year*
Directors							
C McCavana	-	-	-	-	-	-	-
M Ruane	-	-	-	-	-	-	-
R Della Vedova	-	-	-	-	-	-	-
G Lethridge	-	-	-	-	-	-	-
Other KMP							
G Cochran	-	2,000,000	-	-	-	2,000,000	- *
D Tenardi	-	-	-	-	-	-	-
	-	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**-**

*The options vest on 1 December 2018

2016	Balance at start of the year	Options acquired	Options expired during the year	Exercised during the year	Options sold	Balance at the end of the year	Vested and exercisable at the end of the year
Directors							
C McCavana	38,332	-	-	(38,332)	-	-	-
M Ruane	3,729,262	-	-	(3,729,262)	-	-	-
R Della Vedova	-	-	-	-	-	-	-
Other KMP							
D Tenardi	-	-	-	-	-	-	-
	3,767,594	**-**	**-**	**(3,767,594)**	**-**	**-**	**-**

Directors' Report

E KEY MANAGEMENT PERSONNEL DISCLOSURES continued

Key Management Personnel Disclosures

Performance Rights

Year ended 31 December 2017

2017	Balance at the start of the year	Granted as remuneration during the year	Performance Rights Vested	Balance at the end of the year	% Vested
Directors					
C McCavana	-	-	-	-	-
M Ruane	-	-	-	-	-
R Della Vedova	-	-	-	-	-
G Lethridge	-	-	-	-	-
Other KMP					
G Cochran	-	2,000,000	-	2,000,000	0%
D Tenardi	-	-	-	-	-

Year ended 31 December 2016

There were no performance rights granted during the year ended 31 December 2016.

[End of remuneration report]

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervened in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Non-Audit Services

The auditors have not provided any non-audit services to the Group in the current or prior financial years.

Auditors Independence Declaration

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a Declaration of Independence from Rothsay Chartered Accountants, the Group's auditors, as presented on page 25 of this Annual Financial Report.

Dated this 29th day of March 2018 in accordance with a resolution of the Directors and signed for on behalf of the Board. by:

Michael Ruane
Director

Declaration of Independence

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone 9486 7094 www.rothsayresources.com.au

The Directors
Reward Minerals Limited
159 Stirling Highway
Nedlands WA 6009

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2017 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rolf Garda (Lead auditor)

Rothsay Auditing

Dated 29 March 2018

Chartered Accountants

Independent Auditor's Report

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF REWARD MINERALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Reward Minerals Limited ("the Company") and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Exploration and evaluation expenditure and Mine development expenditure

The group has incurred significant exploration and evaluation expenditure and mine development expenditure which has been capitalised. As the carrying value of exploration and evaluation expenditure and mine development expenditure represents a significant asset of the Group we considered it necessary to assess whether facts and circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.

Chartered Accountants

Independent Auditor's Report

In doing so we carried out the following work in accordance with the guidelines set out in AASB 6 *Exploration for and Evaluation of Mineral Resources.* Our procedures included but were not limited to the following:

- We obtained evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure and mine development expenditure by obtaining searches of a sample of the Group's tenement holdings;
- We enquired of management and reviewed work programs to ensure that further expenditure on exploration on the mineral resources in the Group's areas of interest was planned and cross referenced these discussions to ASX announcements and where applicable minutes of directors' meetings;
- We tested a sample of current year expenditure on exploration and mine properties to source documents;
- We substantiated post 31 December 2017 expenditure on the mineral resources in the Group's areas of interest;
- We obtained an understanding of the key processes associated with management's review of the carrying values of capitalised exploration and evaluation expenditure and mine development expenditure and challenged management's assertion that the carrying amount of the capitalised expenditure was likely to be recovered in full from successful development or sale.

We have also assessed the appropriateness of the disclosures included in Notes 1, 11, 12 and 24 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Chartered Accountants

Independent Auditor's Report

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatementt, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2017.

In our opinion the remuneration report of Reward Minerals Limited for the year ended 31 December 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay Auditing

Dated 29 March 2018

Rolf Garda FCA
Partner

Chartered Accountants

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

Directors' Declaration

The Directors of the Company declare that, in the opinion of the Directors:

(a) The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position and performance of the consolidated entity; and

(ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.

(b) The financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1 and other mandatory professional reporting requirements.

(c) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

(d) There are reasonable grounds to believe that Reward Minerals Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

Dated this 29th day of March 2018

Michael Ruane
Director

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017

	Note	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Continuing Operations			
Revenue	2	44,291	169,526
Other income	2	2,628,267	2,112,775
		2,672,558	**2,282,301**
Depreciation		(205,173)	(219,596)
Audit fees		(29,000)	(24,000)
Consulting fees		(38,472)	(40,593)
Exploration expenses	3	(36,417)	(12,199)
Legal expense		(5,827)	(500)
Employee benefits expense		(349,864)	(115,507)
Administration expenses		(427,910)	(409,336)
Capitalised exploration expenditure written off	11	(811,395)	-
Share based payment	16	(56,918)	-
Profit/(Loss) from continuing operations before income tax		711,582	1,460,570
Income tax benefit	5	-	-
Profit/(Loss) from continuing operations for the year		711,582	1,460,570
Other Comprehensive Income for the year		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total Comprehensive Profit/(Loss) Attributable to Members of Reward Minerals Ltd		**711,582**	**1,460,570**
Profit/(Loss) per share attributable to the ordinary equity holders of the company:			
Basic and diluted earnings/(loss) per share	6	0.52 cents	1.13 cents

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 31 December 2017

	Note	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Current Assets			
Cash and cash equivalents	7	1,647,403	4,957,035
Trade and other receivables	9	142,042	187,958
Total Current Assets		1,789,445	5,144,993
Non-Current Assets			
Other assets		40,000	-
Property, plant and equipment	10	760,822	885,273
Exploration and evaluation expenditure	11	19,420,888	15,350,960
Mine development expenditure	12	13,645,113	13,645,113
Total Non-Current Assets		33,866,823	29,881,346
Total Assets		**35,656,268**	**35,026,339**
Current Liabilities			
Trade and other payables	13	684,900	823,471
Total Current Liabilities		684,900	823,471
Total Liabilities		**684,900**	**823,471**
Net Assets		**34,971,368**	**34,202,868**
Equity			
Contributed equity	14(a)	35,844,508	35,844,508
Reserves	15(b)	10,344,264	10,287,346
Accumulated losses	15(a)	(11,217,404)	(11,928,986)
Total Equity		**34,971,368**	**34,202,868**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 December 2017

Consolidated Entity	Contributed Equity $	Share-Based Payment Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 January 2016	**32,039,099**	**10,287,346**	**(13,389,556)**	**28,936,889**
Comprehensive income for the year				
Profit/(Loss) for the year	-	-	1,460,570	1,460,570
Total Comprehensive Income for the Year	**-**	**-**	**1,460,570**	**1,460,570**
Transactions with owners in their capacity as owners:				
Share issue	3,805,409	-	-	3,805,409
Balance at 31 December 2016	**35,844,508**	**10,287,346**	**(11,928,986)**	**34,202,868**
Balance at 1 January 2017	**35,844,508**	**10,287,346**	**(11,928,986)**	**34,202,868**
Comprehensive income for the year				
Profit/(Loss) for the year			711,582	711,582
Total Comprehensive Income for the Year			**711,582**	**711,582**
Transactions with owners in their capacity as owners:				
Share issue	-	-	-	-
Unlisted options granted	-	30,584	-	30,584
Performance rights	-	13,000	-	13,000
Shares granted	-	13,334	-	13,334
Balance at 31 December 2017	**35,844,508**	**10,344,264**	**(11,217,404)**	**34,971,368**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 31 December 2017

	Note	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(936,317)	(296,275)
Interest received		79,613	134,205
Research and development tax rebate received (net of professional costs)		2,592,320	2,028,204
Net Cash Provided By Operating Activities	7(b)	1,735,616	1,866,134
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(80,721)	(158,859)
Payments for exploration and evaluation expenditure		(4,964,527)	(6,854,995)
Net Cash Used In Investing Activities		(5,045,248)	(7,013,854)
Cash Flows from Financing Activities			
Proceeds from options exercised		-	3,805,409
Net Cash Provided by Financing Activities		-	3,805,409
Net Increase/ (Decrease) in Cash Held		(3,309,632)	(1,342,311)
Cash and Cash Equivalent at the Beginning of the Financial Year		4,957,035	6,299,346
Cash and Cash Equivalents at the End of the Financial Year	7(a)	**1,647,403**	**4,957,035**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT

Reporting Entity

This financial report of Reward Minerals Ltd ('the Company') for the year ended 31 December 2017 comprises the Company and its subsidiary (collectively referred to as 'the consolidated entity' or 'Group'). Reward Minerals Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report was authorised for issue in accordance with a resolution of Directors dated 29 March 2018.

The notes to the financial statements are organised into the following sections:

(a) **Key Performance:** Provides a breakdown of the key individual line items in the statement of comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes

2 Revenue from continuing operations
3 Profit/(Loss) for the year
4 Segment information
5 Income tax expense
6 Profit/(Loss) per share

(b) **Financial Risk Management:** Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

Notes

7 Cash and cash equivalents
8 Financial risk management

(c) **Other Assets and Liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

Notes

9 Trade and other receivables
10 Property, plant and equipment
11 Exploration and evaluation expenditure
12 Mine development expenditure
13 Trade and other payables

(d) **Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes

14 Contributed equity
15 Reserves and accumulated losses
16 Share-based payments

(e) **Consolidated Entity Structure:** Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

Notes

17 Parent entity information
18 Investment in controlled entities
19 Key Management Personnel Disclosures & Related party transactions

(f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

Notes

20 Remuneration of Auditors
21 Commitments for expenditure
22 Contingencies
23 Events occurring after reporting period
24 Summary of significant accounting policies
25 Critical accounting estimates and judgements
26 Company details

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT continued

1a Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Reward Minerals Ltd is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRSs

The financial statements of Reward Minerals Ltd also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 31 December 2017. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

(i) AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

(ii) AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers.

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT continued

1a Basis of Preparation continued

New Accounting Standards and Interpretations not yet mandatory or early adopted continued

For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

(iii) AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

1b Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 31 December 2017 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as Reward or the Consolidated Entity.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

1c GST

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated as inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Notes to the Financial Statements

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
2 REVENUE FROM CONTINUING OPERATIONS		
Interest income	44,291	169,526
Other income	35,947	69,408
Research and development tax rebate received (see Note 5(d))	2,592,320	2,043,367
	2,672,558	**2,282,301**
3 PROFIT/(LOSS) FOR THE YEAR		
Rental expense on operating leases	109,694	73,187
Exploration expenditure not capitalised	36,417	12,199
Capitalised exploration expenditure written off	811,395	-

4 SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity operates predominantly in one business segment which is Potash mineral exploration and predominantly in one geographical area which is Western Australia.

The company is domiciled in Australia. All revenue from external parties is generated from Australia only. All the assets are located in Australia.

5 INCOME TAX EXPENSE

	2017 $	2016 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	**-**
(b) Reconciliation of income tax expense to prima facie tax payable:		
Profit/(Loss) before income tax	711,582	1,460,570
Prima facie income tax at 27.5% (2016: 30%)	195,685	438,171
Tax-effect of exploration expenditure claimed	(1,342,363)	(2,061,767)
Other timing differences	15,510	2,726
Permanent differences	183,089	(62,358)
Tax loss not recognised	1,660,967	2,296,238
Research & development rebate not assessable	(712,888)	(613,010)
Income tax expense/(benefit)	**-**	**-**
(c) Unrecognised temporary differences		
Deferred tax assets and liabilities (at 27.5%) not recognised relate to the following:		
Deferred tax assets	-	-
Tax losses	9,074,826	9,840,452
Deferred tax liabilities - Capitalised exploration expenditure	(8,674,119)	(8,241,697)
Other temporary differences	63,555	63,257
Net Deferred Tax Assets / (Liabilities)	**464,262**	**1,662,012**

Notes to the Financial Statements

5 INCOME TAX EXPENSE continued

The deferred tax assets arising from these balances have not been recognised as an asset because recovery of tax losses is not probable at this point in time.

The potential tax benefit will only be obtained if the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and

i. the relevant company continues to comply with the conditions for deductibility imposed by the law; and
ii. no changes in tax legislation adversely affect the relevant company in realising the benefit.

(d) Research & Development tax rebate

During the year ended 31 December 2017, the Group applied for and received rebates from the Australian Taxation Office of $2,592,320, representing the tax value of research and development costs for the year ended 31 December 2016. These have been included as other income, refer Note 2.

6 PROFIT/(LOSS) PER SHARE

	2017 Cents Per Share	2016 Cents Per Share
Basic profit/(loss) per share	0.52	1.13

	2017 $	2016 $
The profit/(loss) for the year and the weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Profit for the year after income tax	711,582	1,460,570

	2017 No.	2016 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	135,760,396	129,160,135

7 CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2017 $	2016 $
7a Reconciliation of Cash		
For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and short term deposits	1,647,403	4,957,035

	Consolidated Entity	
	2017 $	2016 $
7b Reconciliation of Net Cash used In Operating Activities to Operating Profit/(Loss) after Income Tax		
Profit/(Loss) for the year	711,582	1,460,570
Depreciation	205,173	219,596
Impairment of assets/exploration costs expensed included in investing activities	847,813	12,199
Share based payment (refer Note 16)	56,918	-
Change in assets and liabilities during the financial year:		
Receivables	45,916	(17,578)
Payables	(91,786)	191,347
Other	(40,000)	-
Net cash inflow/(outflow) from operating activities	**1,735,616**	**1,866,134**

Notes to the Financial Statements

8 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Financial Assets			
Cash and cash equivalents	7a	1,647,403	4,957,035
Loans and receivables	9	142,042	187,958
Total Financial Assets		**1,789,445**	**5,144,993**
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	13	684,900	823,471
Total Financial Liabilities		**684,900**	**823,471**

Risk management is carried out by the Board of Directors, who identify, evaluate and manage financial risks as they consider appropriate.

8a Market Risk

(i) Cash Flow Interest Rate Risk

Refer to (d) below.

8b Credit Risk

The Group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the Group. Given this, the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of Note 8.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Financial assets that are neither past due and not impaired are as follows:

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Cash and cash equivalents		
‘AA’ S&P rating	1,647,403	4,957,035

Notes to the Financial Statements

8 **FINANCIAL RISK MANAGEMENT** continued

8c Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and, the availability of funding through the ability to raise further equity or through related party entities. Due to the dynamic nature of the underlying businesses, the Board aims at maintaining flexibility in funding through management of its cash resources. The Group has no financial liabilities at the year-end other than normal trade and other payables incurred in the general course of business. All financial liabilities mature in less than 6 months.

8d Cash Flow Risk

As the Group has significant interest-bearing assets in the form of cash, the Group's income and operating cash flows are exposed to changes in market interest rates.

Based on the year-end balances, a 1% increase in interest rates would have increased the consolidated profit by $16,474 (2016: Profit $49,570) and increased the cash balances by a corresponding amount. There were no other amounts included in Net Assets subject to material interest rate risks.

	Note	Consolidated Entity	
		2017 $	2016 $
9 TRADE AND OTHER RECEIVABLES			
Prepayments		36,262	29,553
GST assets		82,381	112,297
Trade and other receivables		23,399	46,108
		142,042	**187,958**
No receivables are impaired or past due but not impaired. Refer to Note 8 for Financial Risk considerations. The carrying value of all receivables approximates their fair value.			
10 PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment at cost		1,601,136	1,522,323
Less provision for depreciation		(840,314)	(637,050)
		760,822	**885,273**
Reconciliations:			
Plant and Equipment			
Carrying amount at the beginning of the year		885,273	946,010
Additions		80,722	158,859
Depreciation		(205,173)	(219,596)
Carrying amount at the end of the year		**760,822**	**885,273**
11 EXPLORATION AND EVALUATION EXPENDITURE			
Mining tenements at cost		19,420,888	15,350,960
		19,420,888	**15,350,960**
Tenements			
Carrying amount at the beginning of the year		15,350,960	8,478,406
Additions		4,881,323	6,872,554
Amounts written off		(811,395)	-
Carrying amount at the end of the year		**19,420,888**	**15,350,960**

The future realisation of these non-current assets is dependent on the granting of native title rights and obtaining funding necessary to commercialise the resources or realisation through sale.

Notes to the Financial Statements

	Consolidated Entity	
	2017 $	2016 $
12 MINE DEVELOPMENT EXPENDITURE		
Mine development expenditure at beginning of year	13,645,113	13,645,113
Carrying amount at the end of the year	**13,645,113**	**13,645,113**
Amounts capitalised relate to the Lake Disappointment Potash Project in Western Australia. The project is currently ongoing and amortisation will be charged when production commences.		
13 TRADE AND OTHER PAYABLES		
Trade Payables	596,150	739,946
Accrued Expenses	88,750	83,525
	684,900	**823,471**
14 CONTRIBUTED EQUITY		
14a Share capital		
At the beginning of the financial year	35,844,508	32,039,099
Options exercised during the year	-	3,805,409
At the End of the Financial Year	**35,844,508**	**35,844,508**

	2017 No. Shares	2016 No. Shares
At the beginning of the financial year	135,760,396	119,756,762
Shares issued during the year	-	16,003,634
At the End of the Financial Year	**135,760,396**	**135,760,396**

There were no shares issued during the 2017 financial year.

14b Terms and Condition of Contributed Equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	2017 Options	2016 Options
14c Movement in Options		
Balance at beginning of year	4,500,000	22,856,434
Options expired during the year	(4,500,000)	(2,352,800)
Options issued during the year to employees	2,000,000	-
Options exercised during the year	-	(16,003,634)
Balance at End of Year	**2,000,000**	**4,500,000**

Notes to the Financial Statements

14 CONTRIBUTED EQUITY continued

Closing balance is represented as follows:

Nature	Expiry Date	Exercise Price of Options	2017 Options	2016 Options
WDLAC options	28 February 2017	$0.50	-	4,500,000
Employee options	1 December 2020	$0.443	2,000,000*	-
			2,000,000	**4,500,000**

*To vest and exercise only after 12 months with a 3 year term from grant to expiry.

14d Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares, pay dividends or return to capital to shareholders.

Capital is calculated as 'equity' as shown in the Statement of Financial Position, and is monitored on the basis of funding exploration activities.

	Consolidated Entity	
	2017 $	2016 $
15 RESERVES AND ACCUMULATED LOSSES		
15a Accumulated Losses		
Accumulated losses at the beginning of the year	(11,928,986)	(13,389,556)
Net profit/(loss) for the year	711,582	1,460,570
Accumulated Losses at the end of the year	**(11,217,404)**	**(11,928,986)**
15b Reserves		
Share based payments reserve (i)	10,344,264	10,287,346
	10,344,264	**10,287,346**
(i) Share-Based Payments Reserve		
The share-based payments reserve is used to recognise the fair value of shares, options and performance rights issued.		
Balance at beginning of the year	10,287,346	10,287,346
Fair value of employee benefits issued during the year:		
- Shares	13,334	-
- Unlisted options	30,584	-
- Performance rights	13,000	-
Balance at the End of the Year	**10,344,264**	**10,287,346**

Notes to the Financial Statements

16 SHARE-BASED PAYMENTS

Employee share based payments

On 1 December 2017, Greg Cochran, the Chief Executive Office of Reward Minerals Ltd was granted the following as part of his employment agreement:

- 500,000 RWD shares – to vest only after 12 months of employment.
- 2,000,000 options – to vest and exercise only after 12 months with a 3 year term from grant to expiry.
- Performance Rights – where each right will entitle Greg to one fully paid share in RWD at no additional cost. The Performance Rights do not have an exercise price and where not vested, will automatically lapse.
  - A – 1,000,000 rights – to vest on completion of a definitive feasibility study based on ±15% capital and operating costs on the LD SOP Project with a 3 year term to expiry from grant date.
  - B – 1,000,000 rights – to vest on completion and availability of full funding for the development of the LD SOP Project with a 5 year term to expiry from grant date.

The fair value and model inputs for the share based payments granted during the year ended 31 December 2017 are as follows:

	Shares	Options	Performance Rights – A	Performance Rights – B
Number granted	500,000	2,000,000	1,000,000	1,000,000
Exercise price	-	$0.443	-	-
Grant date	1 December 2017	1 December 2017	1 December 2017	1 December 2017
Vesting date	1 December 2018	1 December 2018	Completion of milestones	Completion of milestones
Expiry date - options	-	1 December 2020	-	-
Expiry date of milestone achievements	-	-	1 December 2020	1 December 2022
Share price at grant date	$0.32	$0.32	$0.32	$0.32
Expected price volatility of the company's shares	N/A	100%	N/A	N/A
Expected dividend yield	N/A	0%	N/A	N/A
Risk-free interest rate	N/A	4.00%	N/A	N/A
% vested as at 31 December 2017	0%	0%	0%	0%
Fair value of share based payments	$160,000	$367,009	$310,000	$310,000
Vesting period (days)	365	365	1,096	1,826
Amount expensed in current year	$13,334	$30,584	$8,000	$5,000
Amount to be expensed in future years if all performance conditions are met	$146,666	$336,425	$302,000	$305,000

Notes to the Financial Statements

	Parent	
	2017 $	2016 $
17 PARENT ENTITY INFORMATION		
17a Summary Financial Information		
Financial Position		
Assets		
Current assets	34,841,579	33,245,861
Non-current assets	712,864	825,289
Total assets	**35,554,443**	**34,071,150**
Liabilities		
Current liabilities	602,520	711,175
Total liabilities	**602,520**	**711,175**
Equity		
Issued capital	35,844,507	35,844,507
Reserves	3,285,478	3,228,560
Accumulated losses	(4,178,062)	(5,713,092)
Total equity	**34,951,923**	**33,359,975**
Financial Performance		
Profit/(Loss) for the year	1,535,030	1,473,770
Other comprehensive income	-	-
Total comprehensive profit/ (loss) for the year	**1,535,030**	**1,473,770**

17b Guarantees

Reward Minerals Ltd has not entered into any guarantees in relation to the debts of its subsidiary.

17c Other Commitments and Contingencies

Reward Minerals Ltd has no commitments to acquire property, plant and equipment. Refer to Note 22 for the Company's contingent liabilities.

18 INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2017 %	2016 %
Holocene Pty Ltd	Australia	Ordinary	100	100

Notes to the Financial Statements

	Consolidated Entity	
19 KEY MANAGEMENT PERSONNEL DISCLOSURES & RELATED PARTY TRANSACTIONS	**2017 $**	**2016 $**
19a Details of Remuneration of Key Management Personnel		
Short-term benefits	409,731	428,134
Post-employment benefits	27,952	26,636
Share based payments (refer to Note 16)	56,918	-
	494,601	454,770
19b Aggregate Amount Payable to Directors and their Director Related Entities at Balance Date		
Current liabilities		
Accrued expenses	130,725	-
		-
20 REMUNERATION OF AUDITORS		
Remuneration for audit or review of the financial reports of the Group:	29,000	24,000
For auditing the financial statements		
	29,000	**24,000**

No non-audit services have been provided to the Group by the auditor.

Detailed remuneration disclosures are provided in the remuneration report on pages 19 - 24.

21 COMMITMENTS FOR EXPENDITURE

21a Mining Agreements

Upon making a 'Decision to Mine' on the Lake Disappointment Potash Project, the Company will issue 3.0 million options to WDLAC as per the 2011 Mining and Indigenous Land Use Agreement.

'Decision to Mine' is defined and means the date the Group has both completed feasibility studies on the Project, and made a formal decision to proceed with procurement and infrastructure development for the mine. A further 7.5 million options will be issued upon commencement of mining as per the above agreement. All options issued to WLDAC have an exercise price of $0.50 and will expire four years from the date of issue.

Per the 2011 Mining and Indigenous Land Use Agreement in regards to the Lake Disappointment Potash Project, the Company is committed to reimburse the WDLAC for Martu law and culture matters in the sum of $300,000 per year for the first five years, and after that when mining is occurring.

22 CONTINGENCIES

22a Contingent Liabilities

Upon commencement of mining of the Lake Disappointment Potash Project, the Company is liable to pay WDLAC $500,000 as per the December 2011 Mining and Indigenous Land Use Agreement. There are no other contingent liabilities at reporting date.

23 EVENTS OCCURRING AFTER REPORTING DATE

There have been no other events subsequent to reporting date.

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

24a Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 25.

Notes to the Financial Statements

24 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

24b Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Reward Minerals Ltd and its wholly-owned Australian subsidiary formed an income tax consolidated Group under the Tax Consolidation Regime, effective 1 January 2015.

24c Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

(i) **Interest Income**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(ii) **Other Services**

Other debtors are recognised at the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided.

24d Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against operating results in the year in which the decision to abandon the area is made. When production commences the accumulated costs for the relevant area of interest are classified as development costs and amortised over the life of the project area according to the rate of depletion of the economically recoverable reserves.

Where independent valuations of areas of interest have been obtained, these are brought to account. Subsequent expenditure on re-valued areas of interest is accounted for in accordance with the above principles. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

At 31 December 2017 the Directors considered that the carrying value of the mineral tenement interests of the consolidated entity was as shown in the Statement of Financial Position and no further impairments arises other than that already recognised.

Notes to the Financial Statements

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

24e Mine Development

Development expenditure incurred by or on behalf of the company is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine, the related infrastructure and capitalised exploration and evaluation expenditure transferred from capitalised exploration and evaluation expenditure account.

Amortisation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved and probable reserves.

Mine properties are tested for impairment in accordance with the policy in note 24(m).

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs from that stage. Site restoration costs include obligations relating to dismantling and removing mining plant, reclamation, waste dump rehabilitation and other costs associated with restoration and rehabilitation of the site. Such costs have been determined using estimates of the future costs and current legal requirements and technology, discounted to present value. Any changes in the estimates for the costs are accounted for on a prospective basis.

24f Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a diminishing value over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10-66.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

24g Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An allowance for bad debts is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the Statement of Comprehensive Income. They are recognised initially at fair value and subsequently at amortised cost.

Deposits with maturity periods in excess of three months but less than twelve months are included in receivables and not discounted if the effect of discounting is immaterial.

Notes to the Financial Statements

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

24h Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid, together with assets ordered before the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

24i Employee Entitlements

(i) Wages, salaries and annual and sick leave

A liability for wages, salaries and annual leave expected to be settled within 12 months of the reporting date is recognised in other payables and is measured as the amount unpaid at balance date at current pay rates in respect of employees' services up to that date. No liability exists for sick leave.

(ii) Long service leave

A liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees' up to balance date.

24j Share-Based Payments

Share-based compensation benefits are provided to employees via the Group's Employee Incentive Plans. The incentive plans consist of the short term and long term incentive plans for Executive Directors and other Executives and the employee share scheme for all other employees.

The fair value of rights granted under the short term and long term incentive plans is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions and the impact of service conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of comprehensive income, with a corresponding adjustment to equity.

The initial estimate of fair value for market based and non-vesting conditions is not subsequently adjusted for differences between the number of rights granted and number of rights that vest.

When the rights are exercised, the appropriate amount of shares are transferred to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

The fair value of deferred shares granted to employees for nil consideration under the employee share scheme is recognised as an expense over the relevant service period, being the year to which the incentive relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

24k Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

24l Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the steering committee that makes strategic decisions.

Notes to the Financial Statements

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

24l Segment Reporting continued

The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

24m Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

24n Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

24o Provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

24p Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the Statement of Comprehensive Income and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

24q Comparative Figure

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

24r Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group satisfies all attached conditions.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Consolidated Statement of Profit or Loss and other Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

Where a grant is received in relation to the tax benefit of research and development costs, the grant shall be credited to other income in the Consolidated Statement of Profit or Loss and other Comprehensive Income in the year of receipt.

25 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. As at 31 December 2017, the carrying value of capitalised exploration expenditure is $19,420,888.

ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Valuation of share based payments

The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

Valuation of share based payments continued

Where options are issued to consultants, the Group values the service provided based on market rates. In the absence of market rates the share based payments are valued as above.

26 COMPANY DETAILS

The registered office of the Company is:

Reward Minerals Limited
159 Stirling Highway
NEDLANDS WA 6009

Shareholder Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 21 March 2018.

DISTRIBUTION OF SHAREHOLDERS Spread of Holdings			Number of Holders	Number of Shares	Percentage of Issued Capital
1	-	1,000	210	81,059	0.06%
1,001	-	5,000	360	1,051,568	0.77%
5,001	-	10,000	180	1,457,887	1.07%
10,001	-	100,000	426	16,103,169	11.86%
100,001	-	and over	179	117,066,713	86.23%
			1,355	**135,760,396**	

There were 362 holders of ordinary shares holding less than a marketable parcel.

Substantial Shareholders	Number of Shares	Percentage of Issued Capital
*Tyson Resources Ltd	12,778,085	9.41
*Kesli Chemicals Ltd	11,181,499	8.24
*Dr Michael Ruane	8,163,679	6.01

**Denotes unmerged data*

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction.

	Top Twenty Shareholders - RWD	Number of Ordinary Shares Held	%
1	Tyson Resources Pty Ltd	12,778,085	9.41
2	Kesli Chemicals Pty Ltd	11,181,499	8.24
3	Dr Michael Ruane	8,163,679	6.01
4	Intermin Resources Ltd	5,959,257	4.39
5	Gasmere Pty Ltd	3,713,888	2.74
6	Hillboi Nominees Pty Ltd	3,285,122	2.42
7	Franway Pty Limited <Kennedy Family S/F A/c>	3,250,000	2.39
8	Bill Brooks Pty Ltd <Bill Brooks Family A/c>	3,176,751	2.34
9	Kesli Chemicals Pty Ltd <Ruane S/F A/c>	2,210,656	1.63
10	Spar Nominees Pty Ltd	1,790,000	1.32
11	Mr Prashant Kumar Newnaha	1,774,146	1.31
12	Citicorp Nominees Pty Limited	1,661,524	1.22
13	RPM Super Pty Ltd <RPM S/F A/c>	1,423,970	1.05
14	Taurus Corporate Services Pty Ltd	1,415,650	1.04
15	Goldfire Enterprises Pty Ltd	1,389,333	1.02
16	Hornet Computer Systems Pty Ltd	1,374,863	1.01
17	Nickyboy Super Pty Ltd <Nickyboy S/F A/c>	1,156,664	0.85
18	Drawone Pty Ltd <Newton Investment A/c>	1,100,000	0.81
19	McCusker Holdings Pty Ltd	1,100,000	0.81
20	GR Cunnold and LC Groves <Stratford A/c>	1,000,000	0.74
		68,905,087	**50.75**

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REWARD MINERALS LTD

ANNUAL REPORT 2017

Lake Disappointment – Pilot Pond, WA