



AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 JUNE 2018

159 Stirling Highway, Nedlands WA 6009

PO Box 1104, Nedlands WA 6909

T 08 9386 4699

F 08 9386 9473

E [admin@rewardminerals.com](mailto:admin@rewardminerals.com)

[www.rewardminerals.com](http://www.rewardminerals.com)

# Contents

---

Corporate Particulars	1
Directors' Report	2
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14
Directors' Declaration	18
Auditor's Independence Declaration	19
Independent Review Report	20

# Corporate Particulars

---

## DIRECTORS

Non-Executive Chairman: Colin McCavana  
Executive Director: Michael Ruane  
Non-Executive Director: Rod Della Vedova

## SHARE REGISTRY

Security Transfer Australia Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

Telephone 1300 992 916  
Facsimile 08 9315 2233

## SENIOR MANAGEMENT

Chief Executive Officer: Greg Cochran  
Projects Director: Dan Tenardi

## AUDITORS

Rothsay Auditing  
Level 1, Lincoln Building  
4 Ventnor Avenue  
WEST PERTH WA 6005

Telephone 08 9486 7094

## COMPANY SECRETARY

Bianca Taveira

## ASX Code

RWD/RWDOA

## REGISTERED OFFICE

159 Stirling Highway  
NEDLANDS WA 6009

PO Box 1104  
NEDLANDS WA 6909

Telephone 08 9386 4699  
Facsimile 08 9386 9473  
Email [admin@rewardminerals.com](mailto:admin@rewardminerals.com)  
Web [www.rewardminerals.com](http://www.rewardminerals.com)

# Directors' Report

Your directors present their report on the consolidated entity consisting of Reward Minerals Ltd and the entities that it controls ("Reward" or "the Group") at the end of, or during, the half-year ended 30 June 2018.

## DIRECTORS

The following persons held office as directors of Reward at the date of this report or were directors at any time during the half-year:

Colin McCavana  
Michael Ruane  
Rod Della Vedova

## REVIEW AND RESULTS OF OPERATIONS

The consolidated entity is principally engaged in mineral exploration in Australia. The consolidated entity realised a profit after taxation of \$806,292 (2017: \$2,120,171 profit) for the half-year ended 30 June 2018.

### LD SOP Project

#### *Overview*

The Lake Disappointment ("LD") brine Sulphate of Potash ("SOP") Project is the Company's flagship asset. The LD SOP deposit is Australia's largest and has the highest average in-situ grade amongst its peers. The Project has the potential to be the longest life and largest brine SOP operation outside of China. LD is located within the Little Sandy Desert region of the northwest of Western Australia and comprises of over 3,000km<sup>2</sup> of granted Exploration Licences. The Project has a granted Mining Lease, Miscellaneous Licence and an executed Indigenous Land Use Agreement with the Martu people, the traditional owners of the land upon which LD is situated, and is well-advanced with its environmental permitting.

#### *Pre-Feasibility Study<sup>1,2</sup>*

During the half year, Reward announced the completion of its class-leading Pre-Feasibility Study ("PFS") conducted on the LD SOP Project see RWD ASX Announcement dated 1 May 2018<sup>1</sup>. The PFS, conducted to a high level of detail by respected Perth-based engineering consultants CPC Project Design, demonstrated that the LD Project is both technically sound and financially robust and is forecast to generate attractive returns.

Importantly, Reward took a conservative approach to the PFS with respect to a number of key operating parameters, such as abstracted potassium grade, flow rate and overall recovery which bodes well for the potential of significant upside as the Company progresses the Project towards the Definitive Feasibility Study ("DFS") stage. Reward also ensured that the PFS included only assumptions that are believed to be currently deliverable which therefore could be accurately costed within the PFS accuracy limits of +/-20%, the tightest limits within the Western Australian SOP space to date. These included items such as the use of brine abstraction from trenches only, dry harvesting of the crude potash salts and the product logistics solution to Port Hedland.

The total capital expenditure required to develop the Project was estimated at \$450.6M (See Table 1), including Indirects, Owners' Costs, a \$59.9M Contingency and Pre-Production expenses.

Subsequent to the release of the PFS, Reward announced a substantial improvement to its product logistics solution which significantly enhanced the Project's economics (see RWD ASX Announcement dated 13 July 2018<sup>2</sup>). This was seen as only the first of what is likely to be a number of improvements to LD that will be made prior to commencing the Definitive Feasibility Study ("DFS").

The improved logistics solution reduced the total FOB (Port Hedland) cash operating cost to \$335/tonne SOP from the original \$353/tonne SOP (Table 2). A detailed summary of Project economics is shown in Table 3 with some of the highlights listed below:

- Pre-tax NPV<sup>8% Real</sup> up by \$57.4M to \$517.6M (12.5% increase)
- Post-tax NPV<sup>8% Real</sup> up by \$40.2M to \$292.8M (15.9% increase)
- EBITDA margin up from 41.9% to 44.6% (6.4% increase)
- Estimated average annual EBITDA now \$118M

# Directors' Report

## REVIEW AND RESULTS OF OPERATIONS continued

**Table 1. LD SOP Project Capital Cost Estimate**

Initial and Sustaining Capital Costs (LOM Real)	AUD M
Production - Trenches and Ponds	57.6
Process Plant	73.2
Infrastructure	108.8
Site Support Temporary Services	2.9
Construction Costs	59.2
<b>Subtotal</b>	<b>301.7</b>
Indirect Costs (EPC, Consultants, Commissioning)	20.0
Owners Costs	23.4
<b>Subtotal</b>	<b>43.4</b>
<b>Total Capital Costs before Contingency</b>	<b>345.1</b>
Contingency	59.9
<b>Total Initial Capital Cost</b>	<b>405.0</b>
Working Capital (Pre-Production Operating Expenses)	45.6
<b>Total Development Capital Cost</b>	<b>450.6</b>

**Table 2. LD SOP Project FOB Cash Cost Breakdown**

Operating Cost Category	Unit Cost (A\$/t SOP)	Unit cost (%)
Evaporation Ponds & Harvesting	91	27.2
Process Plant	102	30.4
Product Logistics	105	31.3
Road Maintenance	15	4.5
Site Services/Overheads	22	6.6
<b>Total Unit Operating Cost</b>	<b>335</b>	<b>100</b>

# Directors' Report

## REVIEW AND RESULTS OF OPERATIONS continued

**Table 3. LD Project – Revised Economics\***

Project Financials (Ungeared): Real unless stated	AUD			USD	
	Unit	LOM		Unit	LOM
SOP Spot Price Average (LOM)	USD / t SOP	500		USD / t SOP	500
Exchange Rate (LOM)	AUDUSD	0.75		AUDUSD	0.75
SOP Spot Price Average	AUD / t SOP	666.67		AUD / t SOP	666.67
Initial Capex	AUD M	(450.6)		USD M	(337.9)
Sustaining Capex	AUD M	(68.7)		USD M	(51.6)
Total Capital	AUD M	(519.3)		USD M	(389.5)
FOB Cash Cost (SOP/t basis): Real	AUD / t SOP	335 / t SOP		USD / t SOP	251 / t SOP
All-in-Sustaining Cost (AISC): SOP/t Basis: Real	AUD / t SOP	376 / t SOP		USD / t SOP	282 / t SOP
Cash Cost Margin	%	48.4%		%	48.4%
AISC Margin	%	43.7%		%	43.7%
EBITDA Margin	%	44.6%		%	44.6%
Project NPV (Pre-Tax)	AUD M	517.6		USD M	388.2
Project NPV (Post Tax)	AUD M	292.8		USD M	219.6
Project IRR (Pre-Tax): Real	%	18.8%		%	18.8%
Project IRR (Post Tax): Real	%	14.9%		%	14.9%
Project Payback Period from Production Start	Years	5.7 Yr(s)		Years	5.7 Yr(s)
Discount Rate	%	8.0%		%	8.0%
Per Average Operating Year					
Revenue from Sales of SOP	AUD M	263.7		USD M	197.8
Logistics, Other Offsite Costs / Royalties	AUD M	(54.2)		USD M	(40.6)
Site Operating Expenses (incl Closure)	AUD M	(91.8)		USD M	(68.9)
EBITDA	AUD M	117.7		USD M	88.3

Note\*: Based on a WA State ad valorem royalty rate of 3.75% FOB Port Hedland



REVIEW AND RESULTS OF OPERATIONS continued

Knight Piesold was responsible for the design of the brine supply trench layout system and the layout of the evaporation ponds which are shown in Figures 1 and 2 below.

Figure 1. Layout of Evaporation Ponds

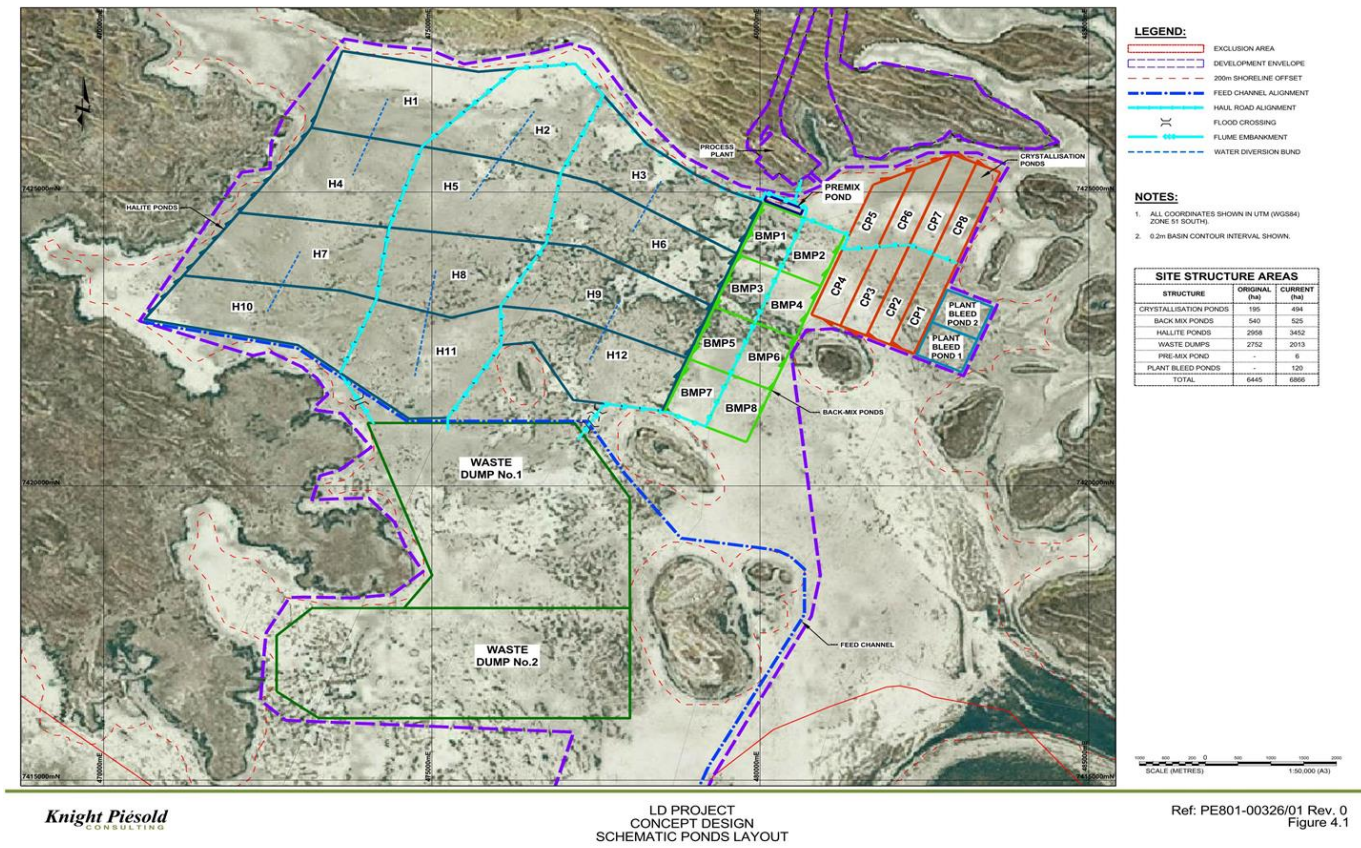
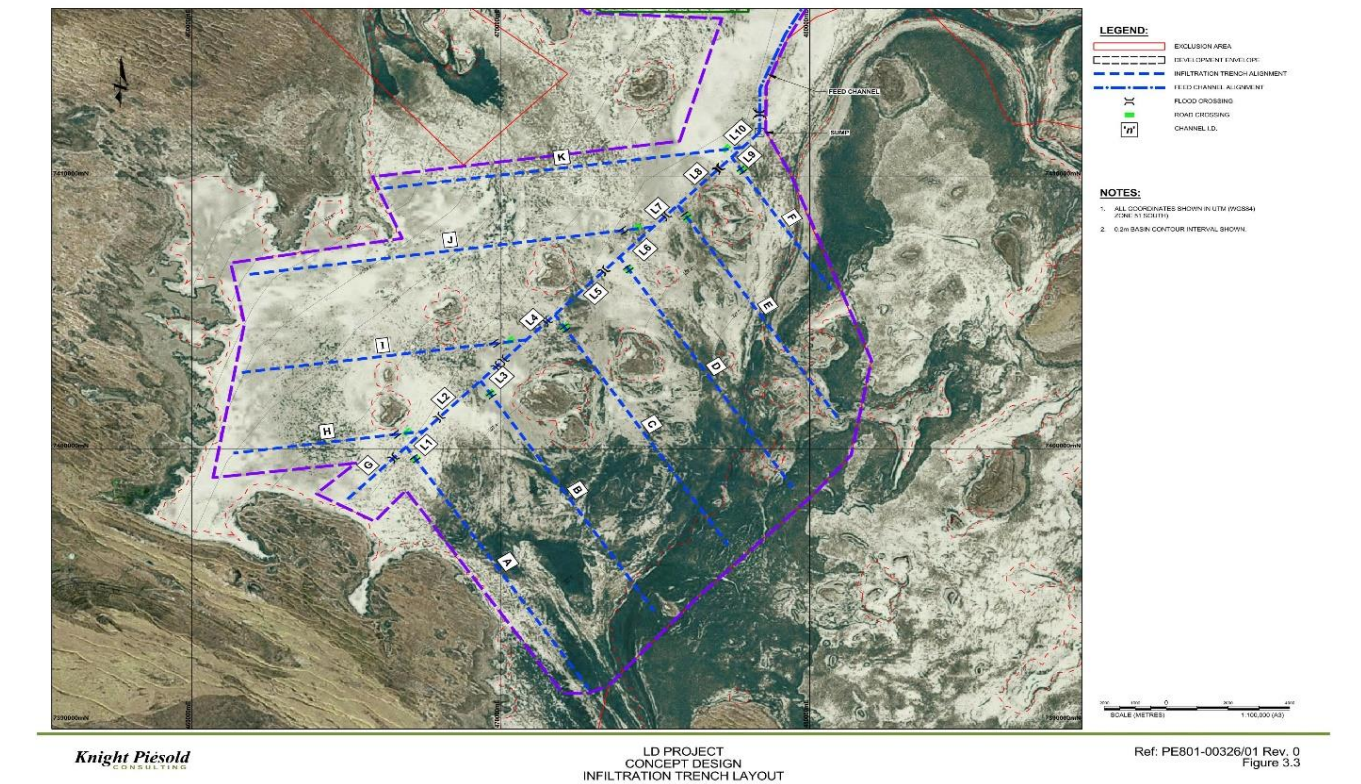


Figure 2. Brine Supply Trench Layout



# Directors' Report

---

## REVIEW AND RESULTS OF OPERATIONS continued

### *Status of Environmental Approvals*

The Environmental Review Document ("ERD") for the LD Project was submitted to Western Australia's Environmental Protection Authority ("WA EPA") at the end of 2017.

Reward is continuing to update its ERD in response to the feedback it received from the WA EPA. The Company also hosted a site visit by regulators and additional feedback was received. Reward was aiming to re-submit its ERD before the end of the September 2018 quarter. Assuming no further information requests by the WA EPA and once it has completed its final review a 6-week Public Review period will commence.

During the reporting period Reward also received notification from the Australian Department of the Environment and Energy (DotEE) that it had decided under sections 75 and 87 of the Environmental Protection and Biodiversity Conservation Act that the LD Project is a Controlled Action, meaning that it would require assessment and approval under the Act prior to commencement. Reward had anticipated this outcome, specifically in regard to the assessment of the LD Project's potential impacts on migratory birds and other threatened species.

### *Successful Trench Pumping Trials*

The trench pumping trials that commenced in August 2017 continued throughout the first half of the year, delivering excellent results. Reward excavated two 1 km x 2 m deep brine collection trenches (PT 12 and PT 13 to the west of PT 12) in the northern sector of LD in 2017, situated where the Project's evaporation ponds will ultimately be located, to conduct extended trench pumping trials.

The initial trial involved pumping approximately 20 million litres of brine from trench PT12 at a rate of 8 litres/sec over 33 days. A 0.2 m drawdown was observed in the trench and negligible drawdown was observed in monitoring bores beyond 10 metres from the trench edge. The average abstracted grade of the brine during this first phase was approximately 13 g/litre SOP.

During the second phase of this initial trial the pumping rate was increased and averaged 10.7 l/sec/km over 26 days (i.e. 925 m<sup>3</sup> of brine per km of trench per day) and once again the grade remained remarkably consistent at 13 g/litre SOP. Drawdown of 0.3 metres (from the initial static water level) was detected whilst barely measurable drawdown was found in the monitoring bores some 220 metres from the trench.

In the end, approximately 75 million litres of brine were pumped from PT12 before Reward ended this initial phase of the trial. It was intended to recommence pumping but heavy rainfall prevented lake access until mid-March 2018. The two trenches were cleaned out by the end of March to prepare for recommencement of test pumping and drawdown modelling.

It was planned to deepen PT12 to approximately 5 metres however this program was halted when mechanical problems with the amphibious excavator were encountered.

Pumping commenced in May from PT13, the Western trench, at an initial rate of 15 litres/second and continued until after the half-year end. The pumping rate gradually declined to a steady state rate between 6 and 8 litres/second. According to Reward's hydrogeologist, brine drawdown data for PT13 and the associated monitoring bores is of good quality for modelling purposes.

Steady drawdown of brine levels in the monitoring bores over 400 metres from PT13 were very encouraging, indicating a large drawdown area per trench – this is an important result as it implies that when LD is in operation wide spacing of trenches should be possible. A further encouraging feature of the PT13 pumping trial has been the rapid recharge of brine into the trench once pumping ceased.

The K grade of brine from PT13 was steady, averaging 5.75 g/litre K (12.8 g/litre SOP), as can be seen from a selection of the pumping trial's assay data presented in Table 4. On advice from its consulting hydrogeologist, Reward stopped pumping only recently, having run the trial for over 60 days. Over 50 million litres of brine were pumped from PT13 during the trial period at an average abstraction rate of approximately 10 litres/second.



# Directors' Report

## REVIEW AND RESULTS OF OPERATIONS continued

**Table 4. PT13 Trench Brine Analyses\***

Date	Ca (mg/l)	K (mg/l)	SOP (mg/l)	Mg (mg/l)	Na (mg/l)	SO <sub>4</sub> (mg/l)	Cl (mg/l)
28/05/2018	500	5,550	12,371	4,990	95,650	25,590	149,090
01/06/2018	450	5,750	12,817	5,250	99,950	28,176	154,664
03/06/2018	450	5,800	12,928	5,200	96,250	25,401	150,905
08/06/2018	450	5,700	12,705	5,200	95,100	25,429	149,020
12/06/2018	450	5,650	12,594	5,150	93,100	24,502	146,430
15/06/2018	450	5,750	12,817	5,250	96,550	25,733	151,224
17/06/2018	450	5,700	12,705	5,250	95,400	24,899	150,021
20/06/2018	450	5,950	13,263	5,300	98,500	26,434	154,041
22/06/2018	450	5,800	12,928	5,250	96,000	25,291	150,747
24/06/2018	450	5,850	13,040	5,250	97,300	25,352	152,752
29/06/2018	450	5,800	12,928	5,300	95,150	25,564	149,380
03/07/2018	450	5,750	12,817	5,150	97,050	25,093	152,176
06/07/2018	450	5,800	12,928	5,250	97,400	25,296	152,902

\* SG's were consistent at 1.19, in line with earlier results

The third phase of this trial will commence once trench PT12 has been deepened and will consist of a brine pumping trial from a trench of significantly greater dimensions within a similar sedimentary profile section of LD.

An important side benefit of these pumping trials has been the positive outcome of the assessment of the potential for Acid Sulfate Soil (ASS) and Monosulfidic Black Ooze (MBO) generation associated with brine extraction from LD's near surface sediments.

ASS and MBO generation in waterways where sulphates exist can result in significant environmental damage to biota and the ecological balance of such systems. Detailed testwork by Reward showed no discernible generation of ASS and MBOs in sediments and brines associated with the excavation and brine extraction from PT12 and PT13. A comprehensive report by independent consultant Galt Environmental will be incorporated into the environmental approvals documentation.

### *Long Term Evaporation/Seepage Trials*

Monitoring of two pilot scale evaporation ponds, which commenced in October 2017, continued during the period. Brine input to pond PP1 and pond PP2 (both of similar internal dimensions of approximately 560 m<sup>2</sup>) was controlled to maintain a steady head of brine to assess long term evaporation rates and seepage losses. Control evaporation pans (with zero seepage) placed adjacent to the respective pilot ponds were also monitored to establish control evaporation only data for the site over the same period.

With the onset of winter, evaporation rates were (as to be expected) subdued but nevertheless provided useful diagnostic data. Initially PP1 demonstrated substantial seepage estimated to be between 7 and 11 mm/day due to a minor construction issue, demonstrating the importance of strict construction controls and providing valuable learnings for the future. Seepage however decreased over time and by late May the rate had dropped to approximately 3.1 mm/day. The brine evaporation rate measured in the adjacent control evaporation pan over the same period was 3.9 mm/day, compared to 10+ mm/day during the summer months, which is reflective of the increasing density of the potassium-rich brine and the lower temperatures.

# Directors' Report

## REVIEW AND RESULTS OF OPERATIONS *continued*

A different construction methodology was used for PP2 and monitoring for a period in excess of 40 days indicated that seepage loss was not measurable (<1 mm per day). As above the control brine evaporation rate was measured at 3.9 mm per day.

Salt bed thicknesses in both ponds has also been monitored and in PP2 averaged 415 mm after 255 days. Analysis of the salt bed indicated <0.25% K in the salt crystals, whilst K analyses of the brines from PP1 and PP2 were 9.3 g/l and 15.6 g/l respectively at (20.7 g/l and 34.8 g/l SOP respectively). The potassium salt crystallisation stage occurs in the range 38-40 g/l K.

Quarterly rainfall at LD of over 400 mm occurred during the summer months, most of which fell between the last week of December 2017 and the first week of February 2018. That equates to 2.3 mm per day loss of evaporation and also caused considerable dilution of the pond feed brines.

### *Notes, Cautionary Statements and No New Information or Data*

1. Please refer to the assumptions, sensitivities, risk factors and cautionary statements disclosed respectively in Table 2 (pages 4-6), Table 3 (pages 7-8) and on pages 12 and 13 of Reward's ASX release dated 1 May 2018 entitled "PFS confirms LD Project as a globally significant SOP Project", as well the details included in the PFS Executive Summary appended thereto, which may adversely impact upon the information and forecasts in this report.

Apart from the improvement in trucking cost presented in this report all other material assumptions and technical parameters underpinning the PFS continue to apply and have not materially changed. The Company confirms that the form and context in which the results of the PFS were presented in the original ASX announcement have not been materially modified.

2. Refer to ASX announcement dated 13 July 2018 titled "LD SOP Project PFS Enhancements" for full details of the improvement in product logistics costs for the LD Project. Apart from the improvement in trucking cost presented in that release all other material assumptions and technical parameters underpinning the PFS continue to apply and have not materially changed.
3. The Company has concluded that it has a reasonable basis for providing the forward-looking statements in this report. However, the Pre-Feasibility referred to in this report does not provide certainty that the conclusions of the said study will be realised. Furthermore, Reward cautions that there is no certainty that the forecast financial information derived from the production targets quoted in this report, in the Pre-Feasibility Study or in subsequent announcements, will be realised.
4. The estimated mineral resources underpinning the Pre-Feasibility Study production targets have been prepared by competent persons in accordance with the current JORC Code 2012 Edition, the Canadian Institute of Mining and Metallurgy and Petroleum Best Practice Guidelines for Resource and Reserve Estimation for Brines, the draft AMEC Brine Resource Estimation guidelines and the current ASX Listing Rules.

### *Competent Persons Statement*

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 Australasian 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 and has sufficient experience that is 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 Brine and Sediment Assays and Analyses is based on information compiled by Dr Geoff Browne, of SBL Browne Pty Ltd, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. SBL Browne Pty Ltd provides consulting services to Reward Minerals. Dr Browne has sufficient experience that is 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'. 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.

# Directors' Report

---

## REVIEW AND RESULTS OF OPERATIONS continued

### *Forward Looking Statements*

This document may contain certain “forward-looking statements”. When used in this document, the words such as “could”, “plan”, “estimate”, “expect”, “intend”, “may”, “potential”, “should”, and similar expressions are forward-looking statements. Although Reward believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

For a more detailed discussion of such risks and uncertainties, see Reward’s other ASX Releases, Presentations and Annual Reports. Readers should not place undue reliance on forward-looking statements. Reward does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this ASX Release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

### *Funding*

No shares were issued during the half year.

### *Matters Subsequent to the End of the Financial Period*

Subsequent to the reporting date, the Company issued a prospectus seeking to raise approximately \$4,887,374 by way of a non-renounceable rights offer of up to approximately 27,152,079 new shares and 13,576,040 new options. The rights offer is on the basis of 1 new share for every 5 shares held at an issue price of 18 cents per share together with 1 free option for every 2 new shares subscribed for under the prospectus. Proceeds from the offer will be used to further develop the Company’s Lake Disappointment Project and additional working capital.

There were no other matters subsequent to the end of the financial period.

## AUDITOR’S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from Rothsay Auditing, the consolidated entity’s auditors, as presented on page 19 of this half-year’s financial report.

This report is made in accordance with a resolution of directors, and signed for on behalf of the Board by:

**M RUANE**  
**EXECUTIVE DIRECTOR**

13 September 2018, Perth

# Consolidated Statement of Comprehensive Income for the Half-Year Ended 30 June 2018

	Note	June 2018 \$	June 2017 \$
Revenue from continuing operations	2	1,871,265	2,635,986
		<b>1,871,265</b>	<b>2,635,986</b>
Depreciation		(91,003)	(94,610)
Audit fees		(14,000)	(14,000)
Consulting fees		(35,308)	(31,283)
Exploration expenses		(23,002)	(15,485)
Share based payment	9	(343,505)	-
Interest expense	10	(27,945)	-
Legal expenses		(2,350)	(5,827)
Administration expenses		(245,112)	(169,614)
Employee costs		(282,748)	(184,996)
		<b>(1,064,973)</b>	<b>(515,815)</b>
Profit/(Loss) before income tax		806,292	2,120,171
Income tax (expense)/benefit		-	-
Profit/(Loss) for the half-year		806,292	2,120,171
Other comprehensive income		-	-
Other comprehensive income for the half-year, net of tax		-	-
<b>Profit/(loss) for the half-year and total comprehensive income attributable to Members of Reward Minerals Ltd</b>		<b>806,292</b>	<b>2,120,171</b>
Basic profit/(loss) per share (cents)		0.59	1.56

*The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Financial Position for the Half-Year Ended 30 June 2018

	Note	June 2018 \$	December 2017 \$
<b>Current Assets</b>			
Cash and cash equivalents		806,657	1,647,403
Trade and other receivables	3	1,901,162	142,042
<b>Total current assets</b>		<b>2,707,819</b>	<b>1,789,445</b>
<b>Non-Current Assets</b>			
Other Assets		50,000	40,000
Property, plant and equipment		682,546	760,822
Exploration and evaluation expenditure	7	20,490,546	19,420,888
Mine development expenditure		13,645,113	13,645,113
<b>Total non-current assets</b>		<b>34,868,205</b>	<b>33,866,823</b>
<b>Total assets</b>		<b>37,576,024</b>	<b>35,656,268</b>
<b>Current Liabilities</b>			
Trade and other payables		426,914	684,900
Borrowings	10	1,027,945	-
<b>Total current liabilities</b>		<b>1,454,859</b>	<b>684,900</b>
<b>Total liabilities</b>		<b>1,454,859</b>	<b>684,900</b>
<b>Net assets</b>		<b>36,121,165</b>	<b>34,971,368</b>
<b>Equity</b>			
Contributed equity	8	35,844,508	35,844,508
Reserves		10,687,769	10,344,264
Accumulated losses		(10,411,112)	(11,217,404)
<b>Total equity</b>		<b>36,121,165</b>	<b>34,971,368</b>

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



# Consolidated Statement of Changes in Equity for the Half-Year Ended 30 June 2018

	Contributed Equity \$	Share-Based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 January 2018</b>	35,844,508	10,344,264	(11,217,404)	34,971,368
<b>Comprehensive income for the half-year</b>				
Profit/(Loss) for the half-year	-	-	806,292	806,292
<b>Total comprehensive income for the half-year</b>	-	-	806,292	806,292
Transactions with owners in their capacity as owners:				
Unlisted options granted	-	183,505	-	183,505
Performance rights	-	80,000	-	80,000
Shares granted	-	80,000	-	80,000
<b>Balance at 30 June 2018</b>	<b>35,844,508</b>	<b>10,687,769</b>	<b>(10,411,112)</b>	<b>36,121,165</b>
<b>Balance at 1 January 2017</b>	35,844,508	10,287,346	(11,928,986)	34,202,868
<b>Comprehensive income for the half-year</b>				
Profit/(Loss) for the half-year	-	-	2,120,171	2,120,171
<b>Total comprehensive income for the half-year</b>	-	-	2,120,171	2,120,171
<b>Balance at 30 June 2017</b>	<b>35,844,508</b>	<b>10,287,346</b>	<b>(9,808,815)</b>	<b>36,323,039</b>

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

# Consolidated Statement of Cash Flows for the Half-Year Ended 30 June 2018

	June 2018 \$	June 2017 \$
<b>Cash Flows From Operating Activities</b>		
Payments to suppliers and employees	(498,425)	(406,514)
Interest received	10,779	18,030
<b>Net cash outflow from operating activities</b>	<b>(487,646)</b>	<b>(388,484)</b>
<b>Cash Flows From Investing Activities</b>		
Payments for mineral exploration	(1,340,373)	(2,443,742)
Payment for plant and equipment	(12,727)	(44,181)
<b>Net cash outflow from investing activities</b>	<b>(1,353,100)</b>	<b>(2,487,923)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	1,000,000	-
<b>Net cash inflow from financing activities</b>	<b>1,000,000</b>	<b>-</b>
Net increase/(decrease) in cash held	(840,746)	(2,876,407)
Cash and cash equivalents at the beginning of the half-year	1,647,403	4,957,035
<b>Cash and cash equivalents at the end of the half-year</b>	<b>806,657</b>	<b>2,080,628</b>

*The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.*

# Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2018

## 1. Summary of Significant Accounting Policies

### a. Basis of Preparation of Half-Year Report

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 31 December 2017 and any public announcements made by Reward Minerals Ltd during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value for certain classes of assets. The accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial report, except as set out below:

### New and Revised Accounting Standards and Interpretations

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

## 2. Revenue from continuing operations

	Half-Year Ended June 2018 \$	Half-Year Ended June 2017 \$
Interest income	10,779	22,192
Research and development tax rebate receivable (Note 3(i))	1,830,306	2,592,320
Sundry income	30,180	21,474
	<b>1,871,265</b>	<b>2,635,986</b>

## 3. Receivables

	June 2018 \$	Dec 2017 \$
Prepayments	24,397	36,262
GST receivable	42,376	82,381
Other receivables	4,083	23,399
R & D tax rebate receivable (Note i)	1,830,306	-
	<b>1,901,162</b>	<b>142,042</b>

- (i) During the period, the consolidated entity applied for a rebate from the Australian Taxation Office of \$1,830,306 representing the tax value of research and development costs for the year ended 31 December 2017. This refund amount was issued by the ATO in June 2018 and was received in July 2018.

# Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2018

## 4. Commitments for Expenditure

### 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 WDLAC 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.

## 5. Dividends

No dividends have been paid or proposed to be paid during the period.

## 6. 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 mining and 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.

## 7. Capitalised exploration expenditure

Exploration and evaluation expenditure at 1 January  
Exploration expenditure capitalised during the period  
Exploration expenditure written off

**Exploration and evaluation expenditure**

June 2018 \$	December 2017 \$
19,420,888	15,350,960
1,069,658	4,881,323
-	(811,395)
<b>20,490,546</b>	<b>19,420,888</b>

## 8. Contributed Equity

**Issue of ordinary shares during the half-year**

Balance at 1 January

**Balance at 30 June**

2018 Shares	2017 Shares	2018 \$	2017 \$
135,760,396	135,760,396	35,844,508	35,844,508
<b>135,760,396</b>	<b>135,760,396</b>	<b>35,844,508</b>	<b>35,844,508</b>

# Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2018

## 9. Share Based Payment

On 1 December 2017, Greg Cochran, the Chief Executive Officer 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  $\pm 15\%$  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.

During the half-year ended 30 June 2018, \$343,505 was expensed as a share based payment, with the fair value being recognised over the vesting period.

The fair value and model inputs for the share based payments expensed during the half year ended 30 June 2018 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 prior year	\$13,334	\$30,584	\$8,000	\$5,000
Amount expensed in current period	\$80,000	\$183,505	\$50,000	\$30,000
Amount to be expensed in future years	\$66,666	\$152,920	\$252,000	\$275,000



# Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2018

---

## 10. Borrowings

During the half-year ended 30 June 2018, the Company's Managing Director, Michael Ruane, loaned funds to the Company. The loan was unsecured for a period of 12 months, carrying an interest rate of 7.5% p.a. with interest payable quarterly in arrears.

	June 2018 \$	Dec 2017 \$
Loan from Director	1,000,000	-
Accrued interest	27,945	-
	<b>1,027,945</b>	<b>-</b>

# Directors' Declaration

---

1. In the opinion of the Directors of Reward Minerals Ltd:
  - a. The financial statements and notes set out on pages 10 to 17, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2018 and of its performance for the half-year ended on that date; and
    - (ii) complying with Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements.
  - b. there are reasonable grounds to believe that Reward Minerals Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the Corporations Act 2001, and signed for on behalf of the Board by:

**M RUANE**  
**EXECUTIVE DIRECTOR**

13 September 2018, Perth

# Auditor's Independence Declaration



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

The Directors  
Reward Minerals Ltd  
PO Box 1104  
Nedlands WA 6909

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 review of the 30 June 2018 interim 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 13 September 2018



Chartered Accountants

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



# Independent Review Report to the Members of Reward Minerals Ltd



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 www.rothsayresources.com.au

## Independent Review Report to the Members of Reward Minerals Ltd

### The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Reward Minerals Ltd for the half-year ended 30 June 2018.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 30 June 2018 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Reward Minerals Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Reward Minerals Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 30 June 2018 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay Auditing

Rolf Garda  
Partner

Dated 13 September 2018



Chartered Accountants

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