



AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 JUNE 2019

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# Corporate Particulars

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## 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
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## AUDITORS

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Telephone 08 9486 7094

## COMPANY SECRETARY

Bianca Taveira

## ASX Code

RWD/RWDOA

## REGISTERED OFFICE

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# 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 2019.

## 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 \$1,071,879 (2018: \$806,292 profit) for the half-year ended 30 June 2019.

### 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 also has one of the highest average in-situ grades. The Project has the potential to be the longest life and largest brine SOP operation outside of China. LD is situated within the Little Sandy Desert region of the northwest of Western Australia, a location ideally suited to a brine operation with the highest evaporation rate in Australia and low average annual rainfall. It comprises of over 1,500km<sup>2</sup> of granted Exploration, Miscellaneous and Mining Licences. The Project has 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.

Reward completed a Pre-Feasibility Study ("PFS") on the LD SOP Project in 2018 (see RWD ASX Announcements dated 1 May 2018<sup>1</sup> and 13 July 2018<sup>2</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.

The total capital expenditure required to develop the Project was estimated at \$450.6M, including Indirects, Owners' Costs, a \$59.9M Contingency and Pre-Production expenses. Highlights of the Project's economics (using a conservative price assumption of US\$500/tonne SOP FOB Port Hedland and a 0.75 USD/AUD exchange rate) include:

- |                                   |          |
|-----------------------------------|----------|
| • Pre-tax NPV <sup>8% Real</sup>  | \$517.6M |
| • Post-tax NPV <sup>8% Real</sup> | \$292.8M |
| • Pre-tax IRR                     | 18.8%    |
| • Post-tax IRR                    | 14.9%    |
| • EBITDA margin                   | 44.6%    |
| • Average annual EBITDA           | \$118M   |

During the first half of 2019 Reward's Project activities focused on Crystallisation Trials at site and progressing environmental approvals. The Company also received encouraging assay results early in the year from its 2018 infill drilling program at LD.

#### *Infill Drilling Program: Assay Results*

As part of ongoing resource development work at LD, an infill auger drilling program was undertaken towards the end of 2018. A total of 61 large diameter shallow auger holes were completed over the main Lake Disappointment playa, with drilling targeting the shallow lakebed aquifer over the area of the proposed brine extraction trenches as modelled in the PFS.

# Directors' Report

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## REVIEW AND RESULTS OF OPERATIONS continued

### *Infill Drilling Program: Assay Results continued*

The main objectives of the auger drilling program were as follows:

- Infill previously completed 2006 Geoprobe and 2015 diamond core resource drilling to provide additional geological, hydrogeological and brine chemistry data to improve the confidence in the geological and hydrogeological model;
- Install properly constructed bores to facilitate pump testing to obtain additional hydraulic data and allow ongoing monitoring in support of numerical ground water modelling and a preliminary mine schedule; and
- Provide an additional network of suitable environmental monitoring sites for the ongoing collection of baseline information.

Drilling was completed on a nominal 4 x 4km grid that infilled the 5 x 5km 2006 shallow Geoprobe drilling to bring the average spacing to within 3km in the shallow lakebed aquifer.

At each drill site both a shallow vertical (4-5m depth) and a deeper vertical (6-7m depth) auger hole was drilled and these were used to construct bores in accordance with Australian Guidelines (i.e. National Uniform Drillers Licensing Committee 2001, Minimum Requirements for Water Bores in Australia, Third Edition, February 2012). Screened sections of the bores were completed as follows:

- Shallow bores – between the standing water table (SWL) and nominally 3.0 metres below ground level (mbgl)
- Deeper bores – nominally between 3.0 and 6.0 metres below ground level (mbgl)

A total of 30 shallow holes and 31 deeper holes were completed with bores successfully constructed for all holes.

Following completion of the auger drilling and bore construction phase of the program, development of bores was undertaken. Bores were initially pumped an equivalent of 1-3 times their volume in order to promote brine flow through the aquifer into the gravel pack and screened section of the PVC casing. The pump's discharge was then adjusted until a stable flow rate had been achieved.

A total of 40 bores were successfully developed whilst eight bores were only partially developed due to low flow rates and slow recharge. Ten bores were not developed as a result of low flow and recovery rates and limitations of the pumps. In addition, due to cement blocking the slotted PVC casing and obstructing insertion of the pump suction hose, development of another three bores could not be achieved.

In addition to brine sampling of bore holes a total of 46 shallow pits were excavated across the playa surface and brine samples were taken to allow the near surface variability in brine chemistry to be assessed and comparisons made with the 2006 sampling program.

All bore hole and pit brine samples were dispatched to ALS Metallurgy in Perth for chemical analysis of K, Ca, Na, Mg and S by induced coupled plasma mass spectrometry (ICP-MS). Analysis of chloride and specific gravity was completed in-house by Reward's chemist using Mohr Titration and liquid pycnometry respectively. Samples were submitted as two separate submissions in late-December and early-January respectively with results reviewed and finalised during the first quarter. The analytical results were internally checked then compiled into a single data set.

Bore sampling results confirmed the exceptional grade profile of the shallow lakebed sequence with SOP grades averaging 14.45 kg/m<sup>3</sup> and 14.62 kg/m<sup>3</sup> from the shallow and deeper bores respectively. The brine chemistry of the upper portion (~0-3 mbgl) and lower portion (~3-6 mbgl) of the saturated sediments is very consistent as shown in Table 1.

# Directors' Report

## REVIEW AND RESULTS OF OPERATIONS *continued*

### *Infill Drilling Program: Assay Results continued*

**Table 1. Bore Hole Brine Sampling Results**

	K	Ca	Mg	Na	SO <sub>4</sub>	Cl	SOP
	(kg/m <sup>3</sup> )						(kg/m <sup>3</sup> )
Shallow Bore Hole Brine Sampling Results							
Min	4.65	0.15	3.76	85.30	24.45	126.30	10.36
Max	9.75	0.63	11.80	109.85	47.10	179.48	21.72
Mean	6.48	0.38	6.84	102.24	31.42	165.40	14.45
Deeper Bore Hole Brine Sampling Results							
Min	5.10	0.15	3.74	92.20	21.00	146.24	11.36
Max	9.85	0.55	12.00	109.10	43.95	181.70	21.95
Mean	6.56	0.38	6.79	102.30	30.78	166.43	14.62

It is worth noting that the average SOP grade used in the LD PFS was 10 kg/m<sup>3</sup> which was acknowledged as conservative at the time. The existing Indicated Mineral Resource has an average grade of 13.4 kg/m<sup>3</sup> and trench pumping trials also consistently produced grades close to that average (as per ASX Announcement dated 7 February 2017, "Lake Disappointment (LD) Project Confirmed as a Globally Significant Tier 1 Sulphate of Potash Deposit" and Reward's Quarterly reports dated 31 March and 30 June 2018).

The assay results of the infill drilling program provide cause to be optimistic for grade upside for the LD Project which could result in increased annual production and revenue (at the same brine abstraction rate and similar cost) or the same, PFS-level output, at a lower brine abstraction rate and therefore reduced cost.

### *Crystallisation Trials*

The long-term potassium/mixed salt crystallisation trial continued during the period under review. During the period a composite brine generated by Back Mixing a Magnesium Chloride (MgCl<sub>2</sub>) content end brine with concentrated lake brine was evaporated. The concentrated lake brine was obtained from shallow surface trenches on LD containing partially evaporated brine.

To recap, the trial involves five stages, with the fourth almost being complete by midyear. A brief summary of the earlier parts of the program have been included for context.

#### Stage 1

Stage 1(a), completed during the second half of 2018, consisted of the evaporation of LD surface brine from typical starting grades of Potassium (K) and Magnesium (Mg) of approximately 6 kg/m<sup>3</sup> to approximately 40 kg/m<sup>3</sup> K and 38 kg/m<sup>3</sup> Mg.

Stage 1(b) saw the harvesting of crystallised solids for mass balance and analytical data – primarily Halite (NaCl) crystallisation with minimal K content.

**Table 2. Stage 1 Feed Brine Analyses**

Ca (kg/m <sup>3</sup> )	K (kg/m <sup>3</sup> )	Mg (kg/m <sup>3</sup> )	Na (kg/m <sup>3</sup> )	SO <sub>4</sub> (kg/m <sup>3</sup> )	Cl (kg/m <sup>3</sup> )	SG (t/m <sup>3</sup> )
0.44	5.9	5.3	99.9	26.3	156.2	1.20

# Directors' Report

## REVIEW AND RESULTS OF OPERATIONS continued

### *Crystallisation Trials continued*

**Table 3. Stage 1 End Brine Analyses**

Ca (kg/m <sup>3</sup> )	K (kg/m <sup>3</sup> )	Mg (kg/m <sup>3</sup> )	Na (kg/m <sup>3</sup> )	SO <sub>4</sub> (kg/m <sup>3</sup> )	Cl (kg/m <sup>3</sup> )	SG (t/m <sup>3</sup> )
0.05	39.0	37.8	85.8	142.5	172.9	1.32

**Table 4. Stage 1 Evaporite Product Analyses**

Ca (%w/w)	K (%w/w)	Mg (%w/w)	Na (%w/w)	SO <sub>4</sub> (%w/w)	Cl (%w/w)
0.12	0.17	0.13	36.6	1.34	56.2

### Stage 2

Evaporation of the Stage 1 end brine to approximately 70 kg/m<sup>3</sup> Mg was done thereby crystallising an intermediate Potash mixed salt grading approximately 7% K. Almost half of the mixed salt consisted of Halite.

**Table 5. Stage 2 Feed Brine Analyses**

Ca (kg/m <sup>3</sup> )	K (kg/m <sup>3</sup> )	Mg (kg/m <sup>3</sup> )	Na (kg/m <sup>3</sup> )	SO <sub>4</sub> (kg/m <sup>3</sup> )	Cl (kg/m <sup>3</sup> )	SG (t/m <sup>3</sup> )
0.05	39.0	37.8	85.8	142.5	172.9	1.32

**Table 6. Stage 2 End Brine Analyses**

Ca (kg/m <sup>3</sup> )	K (kg/m <sup>3</sup> )	Mg (kg/m <sup>3</sup> )	Na (kg/m <sup>3</sup> )	SO <sub>4</sub> (kg/m <sup>3</sup> )	Cl (kg/m <sup>3</sup> )
0.08	39.0	70.0	33.0	103.6	214

**Table 7. Stage 2 Harvest Solids Analyses<sup>1</sup>**

Sample	Mass (t)	Ca (%w/w)	K (%w/w)	Mg (%w/w)	Na (%w/w)	SO <sub>4</sub> (%w/w)	Cl (%w/w)
A	7.78	0.014	6.4	4.1	20.2	28.8	27.7
B	7.75	0.015	7.4	4.6	19.0	28.9	28.2

Note 1: XRD analyses were also carried out on the Stage 2 Harvest Solids. See Table 11 for XRD results.

### Stage 3

The Stage 2 end brine was further evaporated to approximately 130 kg/m<sup>3</sup> Mg and this contained less than 5 kg/m<sup>3</sup> K. Analysis of the harvest from this stage demonstrated that the potassium content had increased to 10.7% and the Halite content reduced to 20.7%. The end brine from this stage, called Evaporation End Brine ('EEB'), is retained for recycle to a modified Stage 2 evaporation cycle. At this stage the harvested solids are suitable for direct processing to Schoenite/Leonite.

# Directors' Report

## REVIEW AND RESULTS OF OPERATIONS continued

### *Crystallisation Trials continued*

**Table 8. Stage 3 Feed Brine Analyses**

Ca (kg/m <sup>3</sup> )	K (kg/m <sup>3</sup> )	Mg (kg/m <sup>3</sup> )	Na (kg/m <sup>3</sup> )	SO <sub>4</sub> (kg/m <sup>3</sup> )	Cl (kg/m <sup>3</sup> )
0.08	39.0	70.0	33.0	103.6	214

**Table 9. Stage 3 End Brine Analyses**

Ca (kg/m <sup>3</sup> )	K (kg/m <sup>3</sup> )	Mg (kg/m <sup>3</sup> )	Na (kg/m <sup>3</sup> )	SO <sub>4</sub> (kg/m <sup>3</sup> )	Cl (kg/m <sup>3</sup> )
0.08	3.2	129.3	3.0	56.0	343

**Table 10. Stage 3 Harvest Solids Analyses<sup>1</sup>**

Mass (t)	Ca (%w/w)	K (%w/w)	Mg (%w/w)	Na (%w/w)	SO <sub>4</sub> (%w/w)	Cl (%w/w)
2.34	0.014	10.7	7.6	8.2	22.2	28.3

Note 1: The crystallised solids harvested from SP3 weighed 2.34 tonnes.

The harvested mixed salts from the respective evaporation trial stages were submitted to ALS for XRD analyses and these results are presented in Table 11 below.

**Table 11. Stage 2 and Stage 3 Harvest Solids XRD Analyses**

Mineral or mineral group	Formula	Stage 2		Stage 3	
		A	B	A	B
		Mass (%)			
Kainite	KMgSO <sub>4</sub> Cl·3H <sub>2</sub> O	5	12	54	45
Carnallite	KMgCl <sub>3</sub> ·6H <sub>2</sub> O	0	0	0	7
Leonite	K <sub>2</sub> Mg(SO <sub>4</sub> ) <sub>2</sub> ·4H <sub>2</sub> O	18	6	0	0
Blödite (Astrakanite)	Na <sub>2</sub> Mg(SO <sub>4</sub> ) <sub>2</sub> ·4H <sub>2</sub> O	22	17	0	0
Hexahydrate	MgSO <sub>4</sub> ·6H <sub>2</sub> O	0	1	0	0
Halite	NaCl	56	63	46	47

The results from the XRD analysis shown in Table 11 above indicate that, for the early stage harvest solids from Stage 2, the 'Potash' is in the form of Leonite whereas for the Stage 3 harvest solids, the 'Potash' is almost exclusively in the form of Kainite. The results are as expected from the brine analyses that were obtained as the evaporation cycle progressed.



# Directors' Report

## REVIEW AND RESULTS OF OPERATIONS continued

### *Crystallisation Trials continued*

#### Stage 4

Stage 4 consists of a modified Stage 2 evaporation cycle where the EEB is recycled to the evaporation sequence at an earlier stage i.e. brine at 20 – 30 kg/m<sup>3</sup> K and 18 – 27 kg/m<sup>3</sup> Mg. The back-mix ratio is adjusted to ensure that the brine feed composition remains in the Kainite field.

It is anticipated that the trial will produce an evaporation harvest of >8% K with a Halite content well below 20% w/w – in keeping with laboratory trials. This projection is also based on the outcome of Stage 3 of the evaporation/crystallisation trial described above.

While this phase of the trial had not been completed by mid-year, it was progressing well. The evaporation rate dropped to a relatively low 2.8 – 3 mm/day given the density of the brine and prevailing winter conditions. This is expected to increase to above 5mm/day by the end of the third quarter in line with what was experienced during Stage 2 when the Mg content of the brine was in the 70 – 100 kg/m<sup>3</sup> range.

Results obtained from the respective evaporation stages are provided in Tables 12, 13 and 14.

**Table 12. Stage 4 Feed Brine Analyses**

	Ca (kg/m <sup>3</sup> )	K (kg/m <sup>3</sup> )	Mg (kg/m <sup>3</sup> )	Na (kg/m <sup>3</sup> )	SO <sub>4</sub> (kg/m <sup>3</sup> )	Cl (kg/m <sup>3</sup> )
Lake Brine	0.25	16.6	14.5	103	54.0	177
EEB	0.05	1.3	118	2.45	40.4	319
Combination	0.18	14.8	56.9	42.3	54.6	204

**Table 13. Stage 4 Back Mix Brine Analyses – Partial Evaporation<sup>1</sup>**

Ca (kg/m <sup>3</sup> )	K (kg/m <sup>3</sup> )	Mg (kg/m <sup>3</sup> )	Na (kg/m <sup>3</sup> )	SO <sub>4</sub> (kg/m <sup>3</sup> )	Cl (kg/m <sup>3</sup> )
0.15	21.5	72.8	22.7	62.4	226

Note 1: The back mixed brine used in the trial has been evaporated from a composition close to that shown in Table 12 to that shown in Table 13. The salt which crystallises during this early evaporation phase is primarily Halite (NaCl) with a very low K content.

**Table 14. Stage 4 Back Mix Trial Solids Analyses – Partial Evaporation**

Ca (%w/w)	K (%w/w)	Mg (%w/w)	Na (%w/w)	SO <sub>4</sub> (%w/w)	Cl (%w/w)
0.085	0.30	1.26	34.7	3.17	53.6

# Directors' Report

## REVIEW AND RESULTS OF OPERATIONS *continued*

### *Crystallisation Trials continued*

#### Stage 5

Stage 5 is expected to be completed towards the end of 2019. The objective of this stage is to produce a Mixed Salt harvest grading approximately 10% K containing less than 20% NaCl.

**Table 15. Stage 5 Feed Brine Analyses as at 30 June 2019<sup>1</sup>**

Ca (kg/m <sup>3</sup> )	K (kg/m <sup>3</sup> )	Mg (kg/m <sup>3</sup> )	Na (kg/m <sup>3</sup> )	SO <sub>4</sub> (kg/m <sup>3</sup> )	Cl (kg/m <sup>3</sup> )
0.15	19.8	69.4	27.6	71.3	211

Note 1: The brine mixing ratio (vol/vol) is a function of the respective brine compositions. The high Mg EEB composition is relatively constant. However, the composition of the lake brine utilised is relatively flexible. The ratio of EEB to lake brine must be adjusted such that the feed brine to Stage 5 plots in the Kainite field of the Jänecke Phase diagram.

### *Status of Environmental Approvals*

Reward has made significant progress in the year to date with the permitting of the LD SOP Project. Early in the year it received notification from the Department of Water and Environmental Regulation of Western Australia (EPA Services Division) that the Project's Environmental Review Document ("ERD") had been approved for release for public review.

The public review period ran for six weeks and closed on Monday, 18<sup>th</sup> March 2019. The EPA Services Division provided the Company with a summary of the submissions made and responses have been prepared and submitted back to the EPA.

In parallel with this process Reward is also preparing an additional report to address questions raised by the (Federal) Department of the Environment and Energy for project assessment and approval under the Environment Protection and Biodiversity Conservation Act 1999.

### **Applications lodged for prospective Officer Basin tenements**

During the period Reward applied for 5,521 km<sup>2</sup> of Exploration Licences in the Officer Basin to the east of its Lake Disappointment Project. The Company also obtained exclusive rights to an additional 3,075 km<sup>2</sup> of Exploration Licences which are contiguous to these applications. Combined, the tenements make up a substantial land package in an area previously unexplored for buried Potash deposits.

The Officer Basin is one of a number of evaporite basins found in Western Australia that have historically been explored for oil and gas. Other basins in Western Australia, such as the Canning Basin, have also previously been explored for potash however there has been no concerted effort to explore for potash in the Officer Basin.

Based on its research and interpretation, Reward has concluded that the western part of the Officer Basin is highly prospective for hosting Sulphate of Potash (SOP) deposits at relatively shallow depths, which is the Company's prime target.

The model is based on the rationale that the brine hosted SOP deposits (such as Lake Disappointment, Lake Dora, Lake Auld, etc located in central Western Australia, which are all relatively high in Potassium and Sulphate and hence amenable to SOP production) may be derived from the erosion of near surface Browne Formation evaporites. These evaporites are found in the Gibson Area (formerly Sub-basin) of the western Officer Basin.

# Directors' Report

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## REVIEW AND RESULTS OF OPERATIONS continued

### *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 enhancement described in (2) below 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" which presented the full details of an 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 JORC-approved AMEC Brine Resource Estimation guidelines and the current ASX Listing Rules.

### *Competent Persons Statement*

The information in this report that relates to Exploration Results is based on information compiled by Matthew Wheeler, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Wheeler is contracted to Reward Minerals Ltd. Mr Wheeler 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 Wheeler consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Resource Estimation and hydrogeology of the Lake Disappointment SOP Project 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 was a consultant to Reward Minerals. He 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 the information in the form and context in which it appears.

The information in this report that relates to Brine Assays and Analyses is based on information compiled by Dr Michael Ruane, a Competent Person who is a Member of The Royal Australian Chemical Institute. Dr Ruane is an Executive Director of Reward Minerals. Dr Ruane 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 Ruane consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

# Directors' Report

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## 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.

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

There has not arisen since the end of the financial half year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Consolidated Entity to affect substantially the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

## 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 18 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 2019, Perth

# Consolidated Statement of Comprehensive Income for the Half-Year Ended 30 June 2019

	Note	June 2019 \$	June 2018 \$
Revenue from continuing operations	2	1,527,960	1,871,265
		<b>1,527,960</b>	<b>1,871,265</b>
Depreciation		(64,872)	(91,003)
Audit fees		(25,050)	(14,000)
Consulting fees		(12,554)	(35,308)
Exploration expenses		-	(23,002)
Share based payment		-	(343,505)
Interest expense		-	(27,945)
Legal expenses		(4,800)	(2,350)
Administration expenses		(223,189)	(245,112)
Employee costs		(125,616)	(282,748)
		(456,081)	(1,064,973)
Profit/(Loss) before income tax		1,071,879	806,292
Income tax (expense)/benefit		-	-
Profit/(Loss) for the half-year		1,071,879	806,292
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>1,071,879</b>	<b>806,292</b>
Basic profit/(loss) per share (cents)		0.66	0.59

*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 2019

	Note	June 2019 \$	December 2018 \$
<b>Current Assets</b>			
Cash and cash equivalents		1,569,212	3,201,496
Trade and other receivables	3	1,468,262	130,489
<b>Total current assets</b>		<b>3,037,474</b>	<b>3,331,985</b>
<b>Non-Current Assets</b>			
Other Assets		50,000	50,000
Property, plant and equipment		541,315	602,975
Exploration and evaluation expenditure	7	23,904,353	23,019,568
Mine development expenditure		13,645,113	13,645,113
<b>Total non-current assets</b>		<b>38,140,781</b>	<b>37,317,656</b>
<b>Total assets</b>		<b>41,178,255</b>	<b>40,649,641</b>
<b>Current Liabilities</b>			
Trade and other payables		286,244	829,509
<b>Total current liabilities</b>		<b>286,244</b>	<b>829,509</b>
<b>Total liabilities</b>		<b>286,244</b>	<b>829,509</b>
<b>Net assets</b>		<b>40,892,011</b>	<b>39,820,132</b>
<b>Equity</b>			
Contributed equity		39,957,900	39,957,900
Reserves		11,234,355	11,234,355
Accumulated losses		(10,300,244)	(11,372,123)
<b>Total equity</b>		<b>40,892,011</b>	<b>39,820,132</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 2019

	Contributed Equity \$	Share-Based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 January 2019</b>	39,957,900	11,234,355	(11,372,123)	39,820,132
<b>Comprehensive income for the half-year</b>				
Profit/(Loss) for the half-year	-	-	1,071,879	1,071,879
<b>Total comprehensive income for the half-year</b>	-	-	1,071,879	1,071,879
Transactions with owners in their capacity as owners:				
Unlisted options granted	-	-	-	-
Performance rights	-	-	-	-
Shares granted	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>39,957,900</b>	<b>11,234,355</b>	<b>(10,300,244)</b>	<b>40,892,011</b>
<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>

*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 2019

	June 2019 \$	June 2018 \$
<b>Cash Flows From Operating Activities</b>		
Payments to suppliers and employees	(717,781)	(498,425)
Interest received	21,983	10,779
<b>Net cash outflow from operating activities</b>	<b>(695,798)</b>	<b>(487,646)</b>
<b>Cash Flows From Investing Activities</b>		
Payments for mineral exploration	(933,274)	(1,340,373)
Payment for plant and equipment	(3,212)	(12,727)
<b>Net cash outflow from investing activities</b>	<b>(936,486)</b>	<b>(1,353,100)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	-	1,000,000
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>1,000,000</b>
Net increase/(decrease) in cash held	(1,632,284)	(840,746)
Cash and cash equivalents at the beginning of the half-year	3,201,496	1,647,403
<b>Cash and cash equivalents at the end of the half-year</b>	<b>1,569,212</b>	<b>806,657</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 2019

## 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 2018 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 2019 \$	Half-Year Ended June 2018 \$
Interest income	22,737	10,779
Research and development tax rebate receivable (Note 3(i))	1,304,254	1,830,306
Sundry income	200,969	30,180
	<b>1,527,960</b>	<b>1,871,265</b>

## 3. Receivables

	June 2019 \$	Dec 2018 \$
Prepayments	7,154	19,160
GST assets	35,140	99,149
Other receivables	121,714	12,180
R & D tax rebate receivable (Note i)	1,304,254	-
	<b>1,468,262</b>	<b>130,489</b>

- (i) During the period, the Consolidated Entity applied for a rebate from the Australian Taxation Office of \$1,304,254 representing the tax value of research and development costs for the year ended 31 December 2018. This refund amount was issued by the ATO in July 2019 and was received in August 2019.

# Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2019

## 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 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. The final payment under the Agreement was made during the 2017 financial year.

## 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 2019 \$	December 2018 \$
23,019,568	19,420,888
884,785	3,598,680
-	-
<b>23,904,353</b>	<b>23,019,568</b>

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.

# Directors' Declaration

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1. In the opinion of the Directors of Reward Minerals Ltd:
  - a. The financial statements and notes set out on pages 11 to 16, 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 2019 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 2019, Perth

# Auditor's Independence Declaration

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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 2019 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Auditing

Dated 13 September 2019



Liability limited by a scheme approved under Professional Standards Legislation

# Independent Review Report to the Members of Reward Minerals Ltd



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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 2019.

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 2019 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 2019 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

Graham Swan FCA  
Partner

Dated 13 September 2019



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