



ANNUAL REPORT 2014

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Lake Disappointment, WA



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Lake Disappointment, WA



Corporate Directory

Directors

Colin McCavana

Michael Ruane

Rod Della Vedova

Company Secretary

Bianca Taveira

Registered Office and Principal Place of Business

159 Stirling Highway

NEDLANDS WA 6009

Telephone: 08 9386 4699

Facsimile: 08 9386 9473

Solicitors

Fairweather Corporate Lawyers

595 Stirling Highway

COTTESLOE WA 6011

Telephone: 08 9383 6000

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West Perth WA 6005

Principal Banker

ANZ

Allendale Square

77 St George's Terrace

PERTH WA 6000

ASX Code: **RWD, RWDO**

Chairman's Letter

Dear Shareholder

During 2014, Reward Minerals Limited completed maiden exploration of the highly prospective Palaeovalley system in northwest Western Australia, as well as rationalising other tenement holdings through the divestment of a number of assets.

The Company drilled some 8,000 metres at the LD, Dora and Karly Projects throughout the year. While results were mixed, the theory underlying the exploration targeting approach remains sound. Ultimately, the Company returned its focus to the world-class LD Potassium Sulfate Project.

Despite commitments to significant regional exploration during the year, exploration and development activities at LD continued to advance.

Substantial LD exploration including RC drilling, diamond core drilling and the installation of bores for flow testing, was completed on the northern fringe of the lake. This exploration returned exceptional results with 75+ metre brine horizons intersected as well as excellent brine flows of up to 25 litres per second airlifted from several holes.

On the development front, the Company released capital and operating cost estimates for the SOP processing plant. These form part of the LD Scoping Study. Total cost of construction of a 400,000tpa plant is estimated to be \$142 million while plant processing costs are estimated at \$132 per tonne of SOP. Additional capital and operating costs for access roads, brine supply and solar evaporation components of the LD project are currently being compiled for an expanded LD scoping Study due for release shortly.

Overall LD continues to return excellent results from both geological and metallurgical standpoints and as a result it is the sole development focus for the Company.

In February, Reward raised \$5 million before costs to bolster its cash position for the drill programs completed during 2014, the upcoming LD program, as well as for the completion of a large volume of testwork. Over \$1 million was also received from the exercising of options.

During the year, the Company rationalised some of its non-core tenement holdings. Of particular note was the sale of technical data relating to the Mackay Project. The data, which was sold to Agrimin Limited, resulted in Reward receiving an approximate 9% interest in Agrimin. This has provided valuable exposure to the Mackay Project whilst enabling the Company to focus 100% of its resources on the LD Project.

At 31 December 2014, Reward held approximately \$5 million in cash and listed investments which will be sufficient for the Company's near term exploration and development activities.

The Company plans to commence a drill program on LD proper to define the potential for a greatly enhanced SOP resource in early 2015. While the current 24.4Mt resource is contained within the top 4 metres of the lake, exploration conducted during 2014 suggested that the area is likely to host substantial brine resources to a much greater depth.

Global demand for Potash continues to improve, in particular for SOP, and it is Reward's intention to advance its project as quickly as possible to take advantage of these favourable conditions.

While 2014 saw Reward conduct exploration on a regional scale, the Company's sole focus in 2015 is the rapid advancement of the LD Project and we look forward to adding significant value for all stakeholders.

On behalf of the Board I would like to thank our staff for their efforts and shareholders for their continued support.

Colin McCavana
CHAIRMAN

31 March 2015

Operations Report

Corporate

In February 2014 Reward raised \$5 million before costs in a capital raising to ensure it was adequately funded for its upcoming exploration programs at the LD, Dora and Karly Potash Projects. The Company also received \$1.1 million through the exercise of Director options in August as well as receiving a \$140,000 co-funding grant under the Western Australian Government's Exploration Incentive Scheme in June. Funds available from the scheme have been applied to exploration completed at the Karly Project.

Under an agreement executed in February Reward sold its remaining interest in the Karinga Lakes Potash Project in the Northern Territory to Rum Jungle Resources Limited for \$140,000 plus four million ordinary shares in RUM.

During August the Company executed an agreement with Agrimin Limited (Agrimin, ASX: AMN) for the sale of data relating to the Lake Mackay Potash Project. Reward had earlier relinquished its Lake Mackay tenements in view of a lack of progress and inability to obtain necessary Native Title clearances. During Reward's tenure at Lake Mackay a significant amount of geological and other data, including a JORC (2004) compliant Sulfate of Potash (SOP) resource, was compiled. Under the terms of the sale agreement Reward transferred its ownership of all geological and technical information relating to its exploration activities at Lake Mackay in exchange for 7,500,000 fully paid ordinary shares in Agrimin.

During the year the Company continued to provide financial and cultural support to indigenous communities proximate to its projects. This included proud sponsorship of the highly successful Martu Malya Yuturringu (Be A Star) community event held in Punmu in October.

Projects

LD Potash Project – Western Australia, Potash (RWD: 100%)

The LD Project is located in the Little Sandy Desert, Western Australia, approximately 340km east of Newman and accessed via the Talawana Track. The Project currently has a JORC compliant Indicated Resource of 24.4Mt of SOP grading 12.37kg/m³. Additional drilling with a view of expanding the resource will commence in early 2015.

The Project is made up of over 4,000km² of granted tenements covering the Lake Disappointment playa and surrounding Palaeovalleys. On 23 December 2011, Reward reached an agreement with the Traditional Owners of the land on terms and conditions of a Mining and Indigenous Land Use Agreement (ILUA) which resulted in the grant of key mining tenements required for the development of the LD Project. The ILUA was officially registered with the Native Title Tribunal on 21 December 2012.

Exploration

In 2007 a total of 30 holes were drilled using a purpose built 'Geoprobe' rig, transported over the lake by helicopter. The core retrieved from the lake was collected in sealed tubes that recover the lake sediments as well as the entrained brine for the interval. Drilling was carried out on a nominal 5km x 5km grid, being the drill spacing required for a JORC compliant resource based on a variography study carried out by RSG Global.

In addition to the drilling, a test-pumping programme was carried out by Global Groundwater Pty Ltd. Pumping was done at three separate trench sites to define the brine flow characteristics of the lakebed sediments.

The result of the program was a JORC compliant Indicated Resource of 24.4Mt of SOP grading 12.37kg/m³.

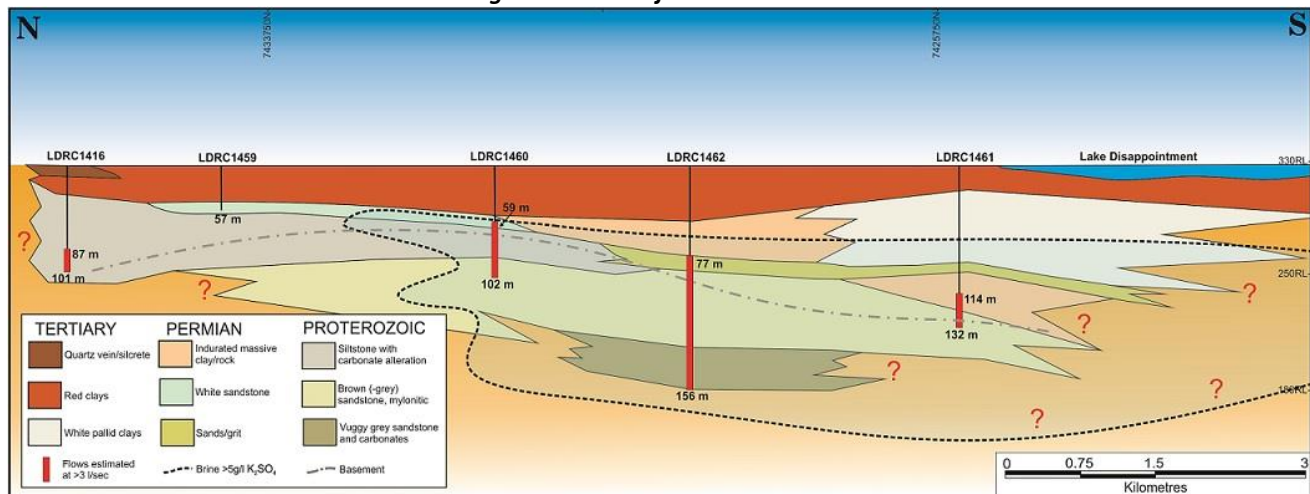
Recent drilling has suggested that the LD basin may be significantly deeper than previously expected and certainly extends well below the confines of the existing resource. The cross-section below illustrates the stratigraphy established by the results of the drill program (released to the ASX on 28 April 2014). Substantial brine flows were encountered down to 156 metres (LDRC1462). In hole 1461 a brine horizon in excess of 5kg/m³ and over 75 metres in vertical height was encountered with a core porosity of up to 60% through analysis.

Operations Report

LD Potash Project – Western Australia, Potash (RWD: 100%)

Exploration continued

Figure 1 – LD Project cross-section



The Company intends to drill on the lake in the coming months to test the extent of the basin below the lake with the objective of defining a substantially increased resource at the LD Project.

Project Development

During 2013 the Company upgraded the Talawana Track from Parngurr to the LD turnoff (75km), completed the LD access track (28km) and established a Project camp at LD providing a base for regional activities.

Completion of the access track and base camp assisted the LD environmental baseline surveys which have now been completed.

A scoping study for a SOP recovery plant was completed by the Company. The study provided recovery plant capital and operating costs ($\pm 30\%$) for a proposed 400,000tpa operation. The Company regards the results as an excellent outcome.

Processing and Metallurgy

The first stage in the recovery of SOP from LD brine will be via solar evaporation of the resource brine to crystallise a mixed salt grading $\sim 18\text{--}22\%$ SOP ($\sim 8\text{--}10\%$ K). Extensive pilot scale testwork has been undertaken by Reward to establish ideal operating conditions for an evaporation pond system at LD. This included a 10,000 litre pilot evaporation trial using lake brine which resulted in highly encouraging evaporation, recovery and harvest grade parameters. The trial at a site near LD ran for 180 days averaging 7-8mm of evaporation per day, 87.5% Potassium recovery and provided 983kg of harvest product for ongoing metallurgical testwork programs.

Further evaporation trials during the period were performed in a laboratory environment and demonstrated that K recoveries of 80+% can be achieved consistently and produce a crude harvest grading around 20% SOP and 15% Sodium Chloride (NaCl). The low NaCl content in the harvest removes the need for complicated flotation processes during the SOP recovery process.

Independent evaluation of the flowsheet and mass balance was undertaken by Elemental Engineering Pty Ltd and Amec Foster Wheeler (AFW). AFW has considerable experience in the Potash sector from its involvement in Potash processing at a number of North American operations.

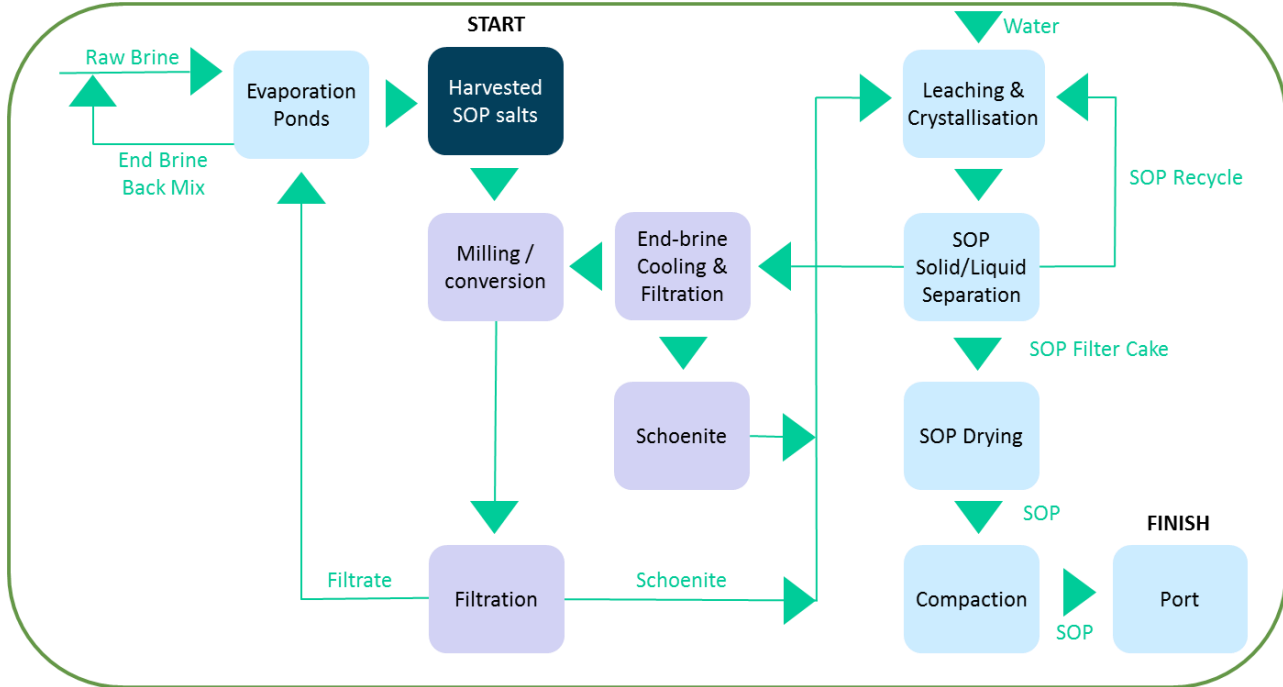
The proposed LD process takes salts harvested from the evaporation ponds containing K in the form of Kainite, leaches contaminants (primarily NaCl) from the crude harvest salts and at the same time converting the Kainite to Schoenite. Treatment of Schoenite with water results in crystallisation of SOP which is ultimately recovered in solid form (44+% Potassium).

Operations Report

LD Potash Project – Western Australia, Potash (RWD: 100%)

Processing and Metallurgy continued

Figure 2: LD Process Flowsheet



Reward is undertaking further testwork on simplification of the conversion process which has the potential to significantly reduced capital and operating costs.

Processing Plant – Capital Expenditure

Capital costs for the proposed 400,000tpa operation have been prepared by AFW and are estimated at \$142 million plus provisions. A breakdown of the capital cost estimate is presented in Table 1 below.

Table 1: LD Scoping Study Capital Cost Estimates

Category	Cost (\$'000)
Process Plant	87,712
Plant Infrastructure	25,151
Miscellaneous	7,475
Total Direct Plant Costs	120,338
Construction Facilities	1,204
EPCM	20,100
Total Indirect Plant Costs	21,304
Total Plant Costs	141,642

Note: Estimates exclude provisions

Operations Report

LD Potash Project – Western Australia, Potash (RWD: 100%)

Processing Plant – Operating Expenditure

Processing plant operating costs were estimated by AFW to be \$132 per tonne of SOP product using CNG (compressed natural gas) to power the operations. The study also considered the use of diesel which resulted in an operating cost of \$152 per tonne of SOP product.

Table 2: LD Scoping Study Operating Cost Estimates

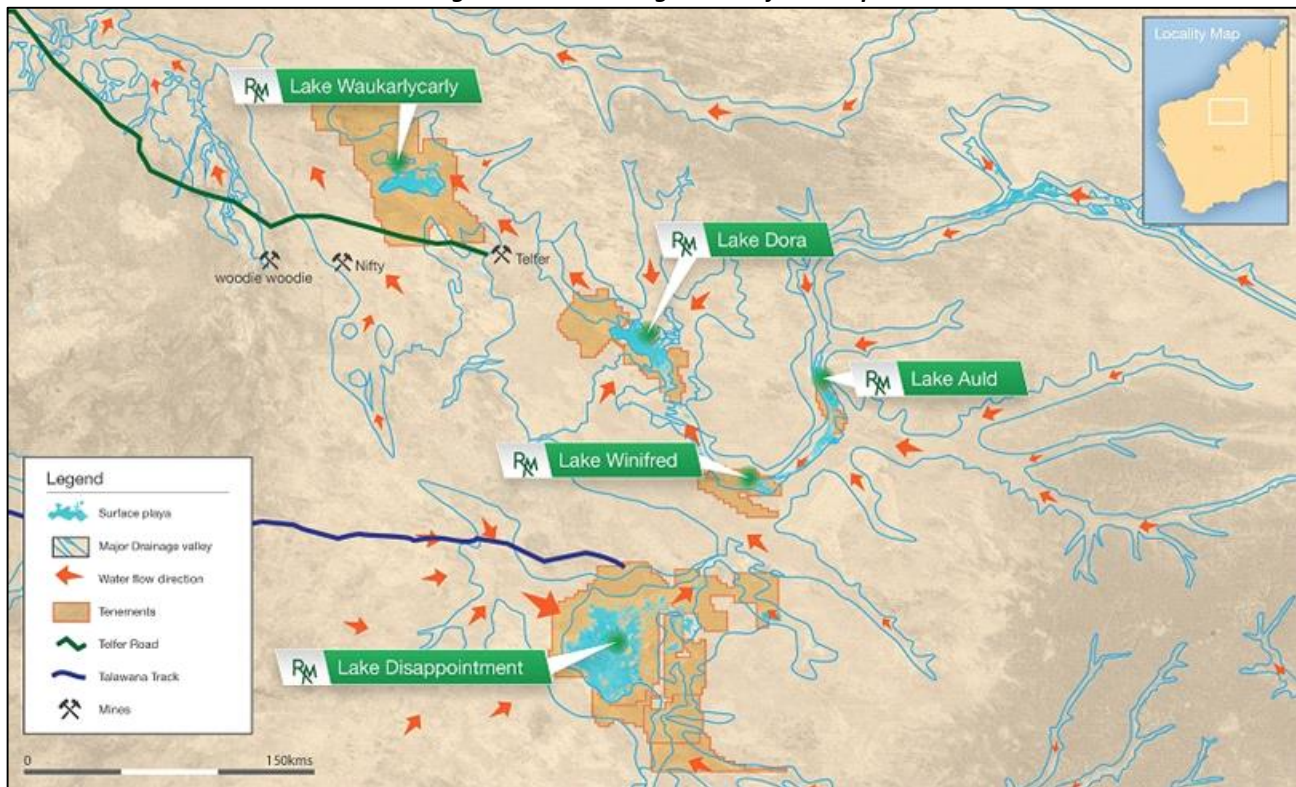
Category	CNG \$/t SOP	Diesel \$/t SOP
Labour & Maintenance	42.8	42.8
Consumables	80.2	100.2
Other Operating Costs	9.3	9.3
Total Plant Operating Costs	132.3	152.3

Regional Potash Projects – Western Australia, Potash

Reward Minerals holds a number of highly prospective tenements acquired as a part of the Company's project pipeline expansion and include Lake Dora, Lake Waukarlycarly, Lake Winifred and Lake Auld which were identified through the review of the Geoscience Australia 2010/12 Record survey. All of the prospects are a part of the same palaeoriver system which is believed to emanate from the Officer Basin.

Preliminary auger sampling has been completed at most of these prospects. Potassium bearing brines were retrieved at four lake sites. Of particular interest were the Potassium grades returned at Lake Auld which in some instances were up to three times of those at LD. However this Project is comparatively isolated and will be retained for later development.

Figure 3: Reward Regional Projects Map

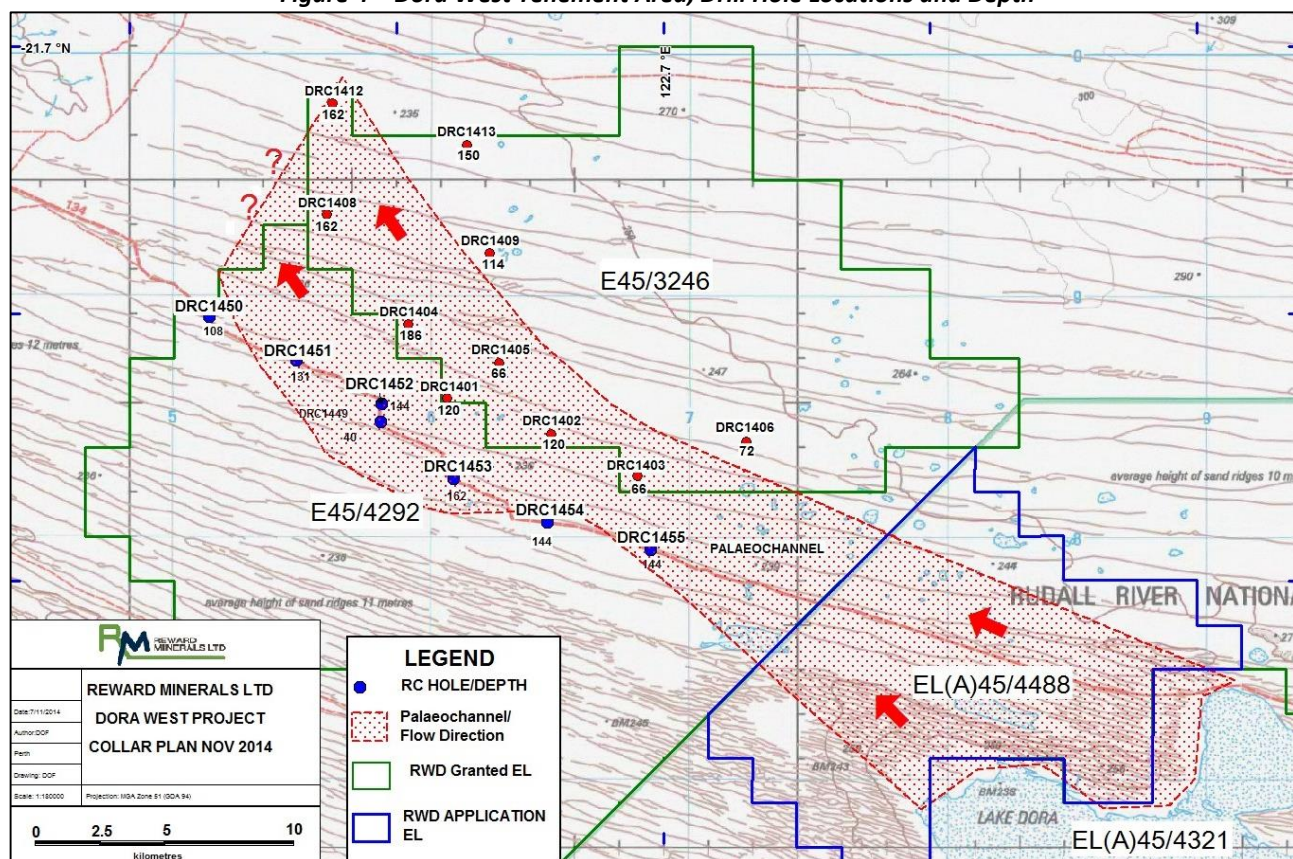


Operations Report

Dora Potash Project (RWD: 100%)

The Company completed two drilling campaigns at its Dora Project during 2014 where a total of 16 holes were drilled to identify the dimensions of the high conductivity brine zone in the region believed to pass through Lake Dora proper before continuing north-west to the Waukarlycarly embayment. From the preliminary data available and using a cut-off figure of 2g/litre Potassium (4.46kg/m^3 SOP) the Palaeochannel width in the Dora West prospect is approximately 6km and appears to transect the northwest/southeast length of the tenements (~25km). Refer to announcement dated 10 November 2014 for full details of results.

Figure 4 – Dora West Tenement Area, Drill Hole Locations and Depth



Brine flows were generally low until the holes reached around 60m vertical depth. At that depth flows of 3-5 litres/second were encountered and continued to improve (cumulatively) with the depth penetration thereafter. Assay results indicated that although brines are undersaturated ion chemistry is favourable for the production of SOP. Grades improved with depth. Although dilution is not ideal, favourable evaporation conditions in the region counteract the dilution effect of surface waters to a significant degree.

On the basis of the promising results received from the 2014 Dora West Project drilling, the Company applied for an additional Exploration Licence (ELA45/4488) covering the extension of Lake Dora between the tenements subject to exploration and the lake proper. Tenement ELA45/4321 held by Reward covers Lake Dora which is an extensive salina having approximately 160km² of exposed surface. Lake Dora has considerable Potash resource potential. However both ELA's lie within the Rudall River National Park hence access requires ministerial approval.

Operations Report

Karly Potash Project (RWD: 100%)

The Karly Project includes over 3,000km² of tenements and is located some 200km north west of LD and approximately 400km by road from Port Hedland, of which approximately 350km is bituminised.

Reward undertook a preliminary exploration program at the Project during October and November 2014 and successfully confirmed the Palaeovalley concept and the presence of a large Palaeo-system within the Waukarlycarly Embayment. Results suggest brine flows into the embayment from a south-easterly direction and concentrates in the vicinity of Lake Waukarlycarly. Results exhibited high grade brines near the evaporation epicentre.

The widely spaced holes covered a north-west south-east distance of approximately 35km and an east-west distance of approximately 20km at the widest point.

The Static Water Level (SWL) was less than two metres in all areas tested and effectively saturated with water or brine from near surface. Chemistry and ion ratios of brines encountered were similar to those observed at the LD and Dora West Projects and hence could be used for SOP recovery following evaporation.

This first pass, broad spaced exploration programme does not provide definitive SOP resource data due to the limited drilling conducted so far at the Project. A more focussed exploration programme will be required to accurately outline the Palaeochannel system and high grade brine supplies in a much larger area of the Waukarlycarly embayment than the limited area tested so far.

The Karly Project remains an important SOP project for Reward with significant grades and brine flow parameters to date and the Company is planning further exploration work to better understand and quantify the potential of this highly prospective Project.

Adavale Basin - Queensland, Potash (RWD: 100%)

The area held by Reward for its Adavale Project covers 790km² of granted tenements within the Adavale Basin in Queensland, Australia. The area covers an elongate northeast-trending structure west of the Warrego Fault and contains Bury 1 and Stafford 1 oil exploration wells.

In Bury 1 the top of the salt horizon was at a depth of 1,770m and a salt thickness of 580m. Minor Potash mineralisation was encountered in Bury 1 between 1,810m – 1,811m and 1,968m – 1,971m depths with Potassium values up to 4% observed in thin layers of approximately 15cm within these intervals. Much of the evaporate horizon was not analysed for Potassium.

It has been interpreted from seismic surveys that the evaporite horizon is up to 900 metres thick, coming to within 900 metres of surface in some areas.

The exploration strategy is to drill several 1,500m to 2,000m holes to intersect the uplifted salt horizon to ascertain the concentration and extent of Potash mineralisation within the unit.

The project area is near the coal mining site of Blackall, 600km inland from Gladstone. In addition to the Potash potential, the Adavale deposits could readily provide salt for the manufacture of caustic soda which is utilised in substantial quantities at the Gladstone Alumina operations of Comalco Ltd. Data available suggests that annual imports of caustic soda to Gladstone are in the order of 1.5Mt costing in excess of \$500 million.

COMPETENT PERSON STATEMENT

The information in this report that relates to the Mineral Resource Estimate for the LD Project is based on information compiled by Mr Simon Coxhell who is a full-time employee of Coxrocks Pty Ltd. Mr Coxhell is a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and is a consultant to Reward Minerals Ltd. Mr Coxhell has sufficient experience which 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 Coxhell 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 with respect to Resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Tenement Schedule as at 31 December 2014

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
	E69/2156	53 blocks	100%	HOL
	E69/2157	70 blocks	100%	HOL
	E69/2158	70 blocks	100%	HOL
	E69/2159	70 blocks	100%	HOL
	E69/2902	198 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
	M45/1227	3,469 ha	100%	HOL
	L45/302	3,258 ha	100%	HOL
	E45/4257	37 blocks	100%	HOL
	E45/4258	56 blocks	100%	HOL
	E45/4259	177 blocks	100%	HOL
	ELA69/3275	200 blocks	100%	HOL
	ELA69/3276	121 blocks	100%	HOL
	ELA69/3277	191 blocks	100%	HOL
Lake Auld, WA	E45/2804	62 blocks	100%	HOL
Lake Winifred, WA	E45/4272	181 blocks	100%	HOL
Dora West, WA	E45/3246	97 blocks	100%	HOL
	E45/4292	133 blocks	100%	HOL
	ELA45/4321	165 blocks	100%	HOL
	ELA45/4488	61 blocks	100%	HOL
Lake Waukarlycarly, WA	E45/4273	198 blocks	100%	HOL
	E45/4274	118 blocks	100%	HOL
	E45/4291	98 blocks	100%	HOL
	E45/4293	194 blocks	100%	HOL
	E45/4294	128 blocks	100%	HOL
	E45/4299	64 blocks	100%	HOL
	E45/4324	195 blocks	100%	HOL
	ELA45/4426	52 blocks	100%	HOL
	ELA45/4482	70 blocks	100%	HOL
Adavale, QLD	EPM16409	48 blocks	100%	HOL
	EPM16410	48 blocks	100%	HOL
	EPM16413	46 blocks	100%	HOL

HOL Holocene Pty Ltd
E Exploration Licence
ELA Application for Exploration Licence

EPM Exploration Permit for Minerals
L Miscellaneous 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 2014 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

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 loss of the Group for the year ended 31 December 2014 was loss of \$801,321 (2013: Loss \$731,773).

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

The Company's project focus for the latter half of 2014 was on exploration of Reward's Lake Dora and Lake Waukarlycarly Potash prospects 200km northwest of Lake Disappointment.

However, since the end of the period, focus of operations has reverted to development of the Lake Disappointment resource. In this context, the Company has acquired its own drilling equipment and ancillaries for drilling on the surface of Lake Disappointment to expand Potassium Sulfate (SOP) resources within the Lake Disappointment basin. A scoping study for a 400,000TPA SOP was also commenced in late February for the Lake Disappointment project.

At the date of this report there are no other matters or circumstances which have arisen since 31 December 2014 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 2014.

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' Report

Directors Information

Non Executive Director and Chairman – Colin McCavana (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

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

Dr Ruane holds a PhD in Chemistry and has over 30 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
- Metaliko Resources Ltd, Director, appointed 28 June 2012

Non Executive Director – Rod Della Vedova, B.Sc. (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

Company Secretary

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

Directors	Ordinary Shares as at the date of this report		Listed Options as at the date of this report	
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Colin McCavana	1,029,999	26,666	34,999	3,333
*Michael Ruane	4,653,003	23,480,154	2,317,501	1,097,586
Rod Della Vedova	20,000	-	-	-

*Michael Ruane is the Director of Tyson Resources Pty Ltd, Kesli Chemicals Pty Ltd and Heartlink Ltd. Michael Ruane is also a Director of Intermin Resources Ltd which holds an additional 6,609,257 shares and 838,657 Listed Options in the Company.

Directors	Unlisted Options as at the date of this report	
	Direct Interest	Indirect Interest
Colin McCavana	-	-
Michael Ruane	-	-
Rod Della Vedova	-	-

Directors' Report

Shares under Option

Unissued ordinary shares of Reward Minerals Ltd under option as at the date of this report are as follows:

Nature	Expiry Date	Exercise Price of Options	Number under Option
Azure – Tranche 1	5 January 2016	\$0.45	2,800,000
Azure – Tranche 2	10 October 2016	\$0.45	2,000,000
Employee	8 October 2015	\$1.09	500,000
Martu Mining	28 February 2017	\$0.50	4,500,000
Listed Options	30 June 2016	\$0.25	14,341,548
			24,141,548

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

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.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

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

Environmental Issues

The Group's exploration and mining operations are subject to environment regulation under the law of the Commonwealth and the States. The Group holds exploration/mining tenements in Western Australia, the Northern Territory and Queensland thus is subject to the Mining Acts of these states each with specific conditions relating to environmental management. In some instances bonds may be held by the Group's bank in favour of the Minister for Mines to be released to the Group when the Minister is satisfied that conditions imposed on tenement licences have been met. In some jurisdictions Cash Bonds must be lodged with the relevant Department until conditions are fulfilled. 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 2014, 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 2014 to 31 December 2014 the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

Directors' Report

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

To align the interests of key management personnel with the long term objectives of the Group and its shareholders, the Group's policy, having regard to the stage of development of its assets, is to issue share options at the complete discretion of the Board, subject to shareholder approval for Directors. The issue of share options as remuneration represents cost effective consideration to Directors and key management personnel for their commitment and contribution to the Group and are used as a strategic tool to recruit and retain high calibre personnel.

The Group has no other performance based remuneration component built into Director and Executive remuneration packages, as the Company is in a loss position. The Directors do not see any appropriate indicators to base performance on.

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 2013 Annual General Meeting

The approval of the remuneration report was passed as indicated in the results of Annual General Meeting dated 28 May 2014. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

The Group received 99% of "yes" votes on its resolutions to re-elect Mr Colin McCavana as Director.

Directors' Report

B Details of Remuneration of Key Management Personnel of the Group

The key management personnel of the Group for the year ended 31 December 2014 are the Directors and Project Director (who was appointed in February 2012).

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:-

2014	Short Term						
Name	Consulting Fees \$	Salary \$	Directors' Fee \$	Post Employment Superannuation \$	Share-based Payments Options \$	Total \$	% of remuneration consisting of Options
Directors							
Colin McCavana	-	-	36,000	-	-	36,000	-
Michael Ruane	-	-	58,500	-	-	58,500	-
Rod Della Vedova	-	-	28,804	-	-	28,804	-
Other Key Management Personnel							
Daniel Tenardi – Project Director	-	270,000	-	25,312	-	295,312	-
	-	270,000	123,304	25,312	-	418,616	-

2013	Short Term						
Name	Consulting Fees \$	Salary \$	Directors' Fee \$	Post Employment Superannuation \$	Share-based Payments Options \$	Total \$	% of remuneration consisting of Options
Directors							
Colin McCavana	-	-	36,000	-	-	36,000	-
Michael Ruane	-	-	58,500	-	-	58,500	-
Rod Della Vedova	-	-	28,804	-	-	28,804	-
Cyrille Van Heyst	-	-	12,500	-	-	12,500	-
William Brooks	-	-	-	10,000	-	10,000	-
Other Key Management Personnel							
Daniel Tenardi – Project Director	-	270,000	-	24,637	-	294,637	-
	-	270,000	135,804	34,637	-	440,441	-

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 2014

There were no share-based compensation transactions during the year.

Year ended 31 December 2013

There were no share-based compensation transactions during the year.

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. In addition, Mr Tenardi is entitled to share options as detailed in Note C to this remuneration report.

[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 22 of this Annual Financial Report.

Dated this 31st day of March 2015 in accordance with a resolution of the Directors and signed for on behalf of the Board by:



Michael Ruane, Director

Corporate Governance Statement

Corporate governance is a matter of high importance in the Group and is undertaken with due regard to all of the Group's stakeholders and its role in the community. A description of the Group's corporate governance practices is set out below. Unless otherwise stated, all these practices were in place for the entire year.

Principle 1 Lay Solid Foundations for Management and Oversight

Recommendation 1.1 Entity has established the functions reserved to the Board and those delegated to senior executives

Disclosure

The Group is directly managed by the Board, through the Executive Director, contractors are used to perform functions as required.

Directors of the Group are required to act honestly, transparently, diligently, independently, and in the best interests of all shareholders with the objective of increasing shareholder value.

The Group operates in a framework to:

- Enable the Board to provide strategic guidance for the Group and effective oversight of contractors;
- Clarify the respective roles and responsibilities of Board members in order to facilitate Board accountability to the Group and shareholders;
- Ensure a balance of authority so that no single individual has unfettered powers.

Recommendation 1.2 Entity has disclosed its process for evaluating the performance of senior executives

Disclosure

The performance of non-executive directors is reviewed by the Chairman on an ongoing basis. Any Director whose performance is considered unsatisfactory is asked to resign.

Principle 2 Structure the Board to Add Value

Recommendation 2.1 A majority of the Board are independent directors

Disclosure

Two of the non executive directors are deemed to be independent due to what is considered to be low shareholdings.

One of the Directors, Dr Michael Ruane is considered not to be independent due to the substantial holdings that companies associated with him have in the Group. This is not a disadvantage to the Group. The Group's well being is of primary interest to Dr Ruane and his skill and experience is necessary to the Group.

As part of the Company's Constitution the Board:

- should comprise between 3 and 8 Directors;
- at least half of the Board should be non-executive Directors;
- the Chairman should be a non-executive Director;
- on appointment, Directors should desirably be able to serve a minimum of three years before retirement; and
- the Board should comprise Directors with a broad range of skills and experience.

At the date of signing the Directors' Report the Board consisted of one executive director and two non-executive directors. Details of the Directors are set out in the Directors' Report under the heading "Directors Information."

Directors are initially appointed by the full Board, subject to election by shareholders at the next general meeting of shareholders, and re-election at three-yearly intervals.

Disclosure

The most significant responsibilities and functions of the Board are:

- Development of corporate strategy and performance objectives;
- Approving and monitoring the progress of major capital expenditure, capital management and monitoring of the results;
- Oversight of the Group, including reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- Approving and monitoring financial and other reporting;
- Monitoring and influencing the culture, reputation and ethical standards of the Group;
- Monitoring the Board composition, director selection and Board processes and performance;
- Approving key executive appointments;
- Reviewing and approving executive remuneration.

Corporate Governance Statement

Principle 2 Structure the Board to Add Value continued

Recommendation 2.1 A majority of the Board are independent directors continued

The Directors are expected to attend all meetings of the Board. The frequency of Board meetings and Directors' attendance at those meetings is set out in the Directors' Report. Directors are expected to adequately prepare for meetings and attend and participate at Board meetings.

Recommendation 2.2 The Chair is an independent director

Disclosure

The independent Chair of the Board is Colin McCavana.

Recommendation 2.3 The roles of Chair and CEO are not exercised by the same individual

Disclosure

The role of the Chairman (Colin McCavana) and the CEO (Michael Ruane) are not exercised by the same individual.

Recommendation 2.4 The Board has established a nomination committee

Disclosure

Principle 2 has not been fully complied with as a nomination committee has not been established. The role of the nomination committee has been assumed by the full Board instead.

Recommendation 2.5 Entity has disclosed the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure

The Board has a process to review and evaluate the performance of the Board. The process involves consideration of all of the Board's key areas of responsibility. The Board of Directors have responsibility for the overall corporate governance of the Group and for protecting the rights and interests of the stakeholders in the Group.

Principle 3 Promote Ethical and Responsible Decision Making

Recommendation 3.1 Entity has established a code of conduct and disclosed the code or a summary of the code

Disclosure

The Group is committed to maintaining appropriate standards of ethical behaviour required of Group Directors and key executives (that is, officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the business and its financial performance) and encourage the observance of those standards.

The Board supports the following Code of Conduct issued by the Australian Institute of Company Directors:

- A Director must act honestly, in good faith and in the best interests of the Group as a whole;
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- A Director must use the powers of office for a proper purpose, in the best interests of the Group as a whole;
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Group;
- A Director must not make improper use of information acquired as a Director;
- A Director must not take improper advantage of the position of Director;
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Group;
- A Director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors;
- Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the Group from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that Group, or the person from whom the information is provided, or is required by law;
- A Director should not engage in conduct likely to bring discredit upon the Group;
- A Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

Corporate Governance Statement

Principle 3 Promote Ethical and Responsible Decision Making continued

Recommendation 3.2 Entity has established a policy concerning diversity and disclosed the policy or a summary of that policy

Recommendation 3.3 Entity has disclosed in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them

Disclosure

The Group values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. However due to the small size of the Group, the Group has not developed a formal diversity policy.

Recommendation 3.4 Entity has disclosed in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board

Disclosure

The Group embraces diversity, with a focus on female participation. Diversity is not limited to gender, age, ethnicity and/or cultural backgrounds.

As at March 2015, the proportion of women employed in the Group was:

- All employees – 11%
- In management positions – 11%
- In senior executive positions – Nil
- Board – Nil

Principle 4 Safeguard Integrity in Financial Reporting

Recommendation 4.1 The Board has established an audit committee

Recommendation 4.2 The Audit Committee has been structured

Recommendation 4.3 The Audit Committee has a formal charter

Disclosure

The Group currently does not have an Audit Committee, as matters which would normally be considered by such a committee come under the review of the entire Board.

The Group has in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the Group's financial position. The structure includes:

- The annual Directors Declaration can only be signed, after the receipt by the Board, of a declaration in writing, by the Chief Executive Officer, Chief Financial Officer and Company Secretary;
- A process to ensure the independence and competence of the Group's external auditors.

The Board believe that the Group is not of a size nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the functions associated with an audit committee.

Managing Director and Chief Financial Officer to Write to the Board

The Chief Executive Officer, Chief Financial Officer and the Company Secretary are required to state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards.

Declaration in writing by the Chief Executive Officer, Chief Financial Officer and Company Secretary that:

- The financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act;
- The financial statements and accompanying notes, for the financial year, comply with the applicable accounting standards;
- The financial statements and accompanying notes give a true and fair view;
- Any other matter prescribed by regulations.

The Annual Directors Declaration can only be signed after the receipt by the Board of a Declaration in writing, by the Chief Executive Officer, Chief Financial Officer and Company Secretary. The Directors' Declaration will state that the Directors have been given a declaration required by section 295A.

Corporate Governance Statement

Principle 4 Safeguard Integrity in Financial Reporting continued

Recommendation 4.1 The Board has established an audit committee continued

Recommendation 4.2 The Audit Committee has been structured continued

Recommendation 4.3 The Audit Committee has a formal charter continued

Directors Report – Management Discussion and Analysis

The Directors' Report will include information that the members would reasonably require to make an informed assessment of:

- The operations of the Group;
- The financial position of the Group;
- The Group's business strategies and prospects for future years.

Information may be omitted if it is likely to result in unreasonable prejudice to the Group. If information is omitted, the Directors Report will state this.

Related Party Transactions

Disclosure of all related party transactions, if any, is made in the annual report. All Directors are required to disclose to the Board any other Board appointments, contracts or other interests, which may give rise to a conflict with the interests of the Group. When a potential conflict of interest arises, the Director concerned does not receive copies of the relevant Board papers and withdraws from the Board meeting while such matters are considered. Accordingly, the Director concerned takes no part in discussions nor exercises any influence over other members of the Board if a potential conflict of interest exists.

Principle 5 Make Timely and Balanced Disclosure

Recommendation 5.1 Entity has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies

Disclosure

The Group supports the continuous disclosure policy set out in the Australian Stock Exchange Listing Rules to ensure that:

- All investors have equal and timely access to material information concerning the Group, including its financial situation, performance, ownership and governance;
- Group announcements are factual and presented in a clear and balanced way.

Communication with Shareholders

All Group announcements are subject to appropriate vetting and authorisation to ensure that Group announcements:

- Are made in a timely manner;
- Are factual;
- Do not omit material information;
- Are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Informing the Market

The Board's policy is that shareholders are informed of all major developments that are price sensitive, regardless of whether the information is good news or bad news.

Continuous Disclosure

The Managing Director is the nominated Australian Stock Exchange Communication Officer and is responsible for ensuring that the Group complies with its continuous disclosure requirements.

The Managing Director is responsible for overseeing and coordinating the disclosure of information to the stock exchange, analysts, brokers, shareholders, the media and the public.

The Group's compliance with its continuous disclosure obligations is reviewed at each meeting of the Board of Directors.

Corporate Governance Statement

Principle 6 Respect the Rights of Shareholders

Recommendation 6.1 *Entity has a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclosed the policy or a summary of the policy*

Disclosure

Principle 6 has not been complied with, the Group does not have a published Communications Policy. The Group communicates with shareholders in an open and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. Shareholders are encouraged to submit questions at general meetings and also to participate in discussions with the Board at the meetings.

Restrictions on Share Dealings by Directors

Directors are subject to the Corporations Act 2001 restrictions on applying for, acquiring and disposing of securities in, or other relevant financial products of, the Company (or procuring another person to do so), if they are in possession of inside information. Inside information is that information which is not generally available, and which if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities in, or other relevant financial products of, the Company.

The Board does not place any restrictions on the Directors or staff in trading in the Company's shares other than that no trading is to take place unless all information which is price sensitive is first released to the market. It is the Board's policy to keep the market informed at all times.

Principle 7 Recognise and Manage Risk

Recommendation 7.1 *Entity has established policies for the oversight and management of material business risks and disclosed a summary of those policies*

Recommendation 7.2 *Board requires management to design and implement the risk management and internal control system to manage the entity's material business risks and report to it on whether those risks are being managed effectively. The Board has disclosed that management has reported to it as to the effectiveness of the company's management of its material business risks*

Recommendation 7.3 *Board has disclosed whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks*

Disclosure

Principal 7 has not been complied with as the Group does not have a published risk management policy. A Board member is responsible for the day to day management of the Group and communicates directly with the other Board members, this ensures that any potential risk to the Group is dealt with immediately.

Access to Independent Professional Advice

The Group has a policy that each Director may seek independent legal and other professional advice at the Group's expense concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors. The prior approval of the Chairman is required, which must not be unreasonably withheld, before incurring the expense.

Principle 8 Remunerate Fairly and Responsibly

Recommendation 8.1 *The Board has established a remuneration committee*

Recommendation 8.2 *The remuneration committee is structured so that it consists of a majority of independent directors, is chaired by an independent chair, and has at least three members*

Disclosure

Principal 8 has not fully been complied with as the Group has not established a remuneration committee.

Recommendation 8.3 *Entity clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives*

Disclosure

The Directors' salaries are set out in the Directors' Report and published annually. The Group's administrative activities are carried out by contractors under instruction from the Board. Commercial rates are paid. Work performed by Director controlled entities is at commercial rates and disclosed annually. The Group's executives are paid a salary commensurate with their experience and market conditions.

Corporate Governance Statement

Principle 8 Remunerate Fairly and Responsibly continued

Recommendation 8.3 Entity clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives continued

Disclosure continued

The Board consists of only three members, performance evaluation by a remuneration committee is thus inappropriate. The Board evaluates its own performance on the success of the Group on a yearly basis. The Chairman evaluates the performance of the other Board members annually to assess their suitability and also to ensure that additional Directors are not required. The shareholders also have the right and are given the opportunity to question the Board members formally at meetings or informally by direct contact.

Departure from Best Practice Recommendations

From 1 January 2014 to 31 December 2014, the Company complied with each of the Eight Essential Corporate Governance Principles and Best Practice Recommendations published by the ASX Corporate Governance Council, other than the recommendations specified in the table below.

Recommendation	Notification of Departure	Explanation from Departure
2.4	The Board has not established a nomination committee.	The whole Board carries out the duties which would otherwise be undertaken by the nomination committee. The need for a nomination committee will be reviewed annually.
3.2 & 3.3	The Board has not established a policy concerning diversity.	Due to the small size of the Group, a Diversity Policy has not yet been introduced. The need for a diversity policy will be reviewed annually.
4.1, 4.2 & 4.3	The Board has not established an audit committee.	The whole Board carries out the duties which would otherwise be undertaken by an audit committee. The need for an audit committee and formal charter will be reviewed annually.
7.1 & 7.2	The Board has not established a risk management policy.	Risk management is dealt with on a daily basis by management and communicated directly to the Board. The need for a risk management policy will be reviewed annually.
8.1 & 8.2	The Board has not established a remuneration committee.	The whole Board carries out the duties which would otherwise be undertaken by the remuneration committee. The need for a remuneration committee will be reviewed annually.

Declaration of Independence



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

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 2014 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 31 March 2015



Chartered Accountants

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

Independent Auditor's Report



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
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Phone (08) 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF REWARD MINERALS LIMITED

Report on the financial report

We have audited the accompanying financial report of Reward Minerals Limited ("the Company") which comprises the balance sheet as at 31 December 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) 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. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

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

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

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

Independent Auditor's Report



Audit opinion

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

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2014. 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.

Audit opinion

In our opinion the remuneration report of Reward Minerals Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Graham R Swan
Partner

Dated 31 March 2015



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 31st day of March 2015



Michael Ruane
Director

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014

	Note	Consolidated Entity	
		2014 \$	2013 \$
Continuing Operations			
Revenue	2	92,265	82,239
Other income	2	901,475	-
		993,740	82,239
Depreciation		(94,350)	(78,036)
Audit fees		(26,000)	(36,074)
Consulting fees		(37,754)	(56,107)
Exploration expenses	3	(32,230)	(95,738)
Finance costs	22(b)	(12,535)	(57,534)
Legal expense		(8,353)	(49,525)
Employee benefits expense		(342,944)	(251,755)
Administration expenses		(632,012)	(189,243)
Capitalised exploration expenditure written off		(608,883)	-
Loss from continuing operations before income tax		(801,321)	(731,773)
Income tax benefit	4	-	-
Loss from continuing operations for the year		(801,321)	(731,773)
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		-	-
Loss on revaluation of financial assets, net of tax		(112,500)	-
Total Comprehensive Loss Attributable to Members of Reward Minerals Ltd		(913,821)	(731,773)
Loss per share attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	15	(0.74) cents	(0.90) 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 2014

	Note	Consolidated Entity	
		2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	5	4,011,913	3,855,598
Trade and other receivables	6	246,667	84,256
Total Current Assets		4,258,580	3,939,854
Non-Current Assets			
Financial assets	7	1,050,000	-
Other		2,000	2,000
Property, plant and equipment	8	444,559	403,539
Exploration and evaluation expenditure	9	4,149,197	941,126
Mine development expenditure	10	13,645,113	13,645,113
Total Non-Current Assets		19,290,869	14,991,778
Total Assets		23,549,449	18,931,632
Current Liabilities			
Trade and other payables	11	715,838	245,431
Borrowings	12	-	1,019,299
Total Current Liabilities		715,838	1,264,730
Total Liabilities		715,838	1,264,730
Net Assets		22,833,611	17,666,902
Equity			
Contributed equity	13(a)	26,161,820	20,081,290
Reserves	14(b)	10,174,846	10,287,346
Accumulated losses	14(a)	(13,503,055)	(12,701,734)
Total Equity		22,833,611	17,666,902

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 2014

Consolidated Entity	Contributed Equity \$	Share-Based Payment Reserve \$	Available for Sale Investments Revaluation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2013	15,568,465	10,057,346	-	(11,969,961)	13,655,850
Comprehensive income for the year					
Loss for the year	-	-	-	(731,773)	(731,773)
Total Comprehensive Income for the Year	-	-	-	(731,773)	(731,773)
Transactions with owners in their capacity as owners:					
Share issue	4,936,639	-	-	-	4,936,639
Cost of share issue	(423,814)	-	-	-	(423,814)
Options issued	-	230,000	-	-	230,000
Balance at 31 December 2013	20,081,290	10,287,346	-	(12,701,734)	17,666,902
Balance at 1 January 2014	20,081,290	10,287,346	-	(12,701,734)	17,666,902
Comprehensive income for the year					
Loss for the year	-	-	(112,500)	(801,321)	(913,821)
Total Comprehensive Income for the Year	-	-	(112,500)	(801,321)	(913,821)
Transactions with owners in their capacity as owners:					
Share issue	6,426,020	-	-	-	6,426,020
Cost of share issue	(345,490)	-	-	-	(345,490)
Options issued	-	-	-	-	-
Balance at 31 December 2014	26,161,820	10,287,346	(112,500)	(13,503,055)	22,833,611

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 2014

	Note	Consolidated Entity	
		2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts from customers		-	-
Payments to suppliers and employees		(1,084,529)	(875,407)
Interest received		92,265	82,239
Net Cash Used In Operating Activities	18(b)	(992,264)	(793,168)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(135,370)	(247,587)
Payments for exploration and evaluation expenditure		(4,214,271)	(2,268,143)
Payments for mine development		-	(1,482,736)
Proceeds from sale of interest in tenements		140,000	-
Proceeds from sale of investments		277,690	-
Net Cash Used In Investing Activities		(3,931,951)	(3,998,466)
Cash Flows from Financing Activities			
Proceeds from share issue		6,426,020	4,936,639
Share issue costs		(345,490)	(193,814)
Proceeds from borrowings	22(b)	-	1,212,287
Repayment of borrowings	22(b)	(1,000,000)	(192,988)
Net Cash Provided by Financing Activities		5,080,530	5,762,124
Net Increase/ (Decrease) in Cash Held		156,315	970,490
Cash and Cash Equivalent at the Beginning of the Financial Year		3,855,598	2,885,108
Cash and Cash Equivalents at the End of the Financial Year	18(a)	4,011,913	3,855,598

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

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

This financial report of Reward Minerals Ltd ('the Company') for the year ended 31 December 2014 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 31 March 2015.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements.

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.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity.

(i) AASB 10 Consolidated Financial Statements

AASB 10 provides a revised definition of 'control' which states that control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Consolidated Entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. This standard is not expected to significantly impact the Consolidated Entity's financial statements.

The standard has not significantly impacted the Consolidated Entity's financial statements.

(ii) AASB 11 Joint Arrangements

The Consolidated Entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

The standard has not significantly impacted the Consolidated Entity's financial statements.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1a Basis of Preparation continued

(iii) AASB 12 Disclosure of Interests in Other Entities

The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

The standard has not significantly impacted the Consolidated Entity's financial statements.

(iv) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

The standards have not significantly impacted the amounts recognised in the Consolidated Entity's financial statements.

(v) AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

The Consolidated Entity does not have any defined benefit plans and thus changes to the standard are not relevant.

(vi) AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

The standards have not significantly impacted the Consolidated Entity's financial statements.

(vii) AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

The standard has not significantly impacted the Consolidated Entity's financial statements.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1a Basis of Preparation continued

(viii) AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

The standard has not significantly impacted the Consolidated Entity's financial statements.

(ix) AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The standard amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments

(x) Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20

The Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The Interpretation only deals with waste removal costs that are incurred in surface mining activities during the production phase of the mine.

The interpretation has not significantly impacted the Consolidated Entity's financial statements

(xi) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The Consolidated Entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

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 2014. 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.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1a Basis of Preparation continued

(i) AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The Consolidated Entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the Consolidated Entity

(ii) AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments will not have a material impact on the Consolidated Entity.

(iii) AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments may increase the disclosures by the Consolidated Entity.

(iv) AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments will not have a material impact on the Consolidated Entity.

(v) AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments will have no impact on the Consolidated Entity.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1a Basis of Preparation continued

(vi) Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments will not have a material impact on the Consolidated Entity.

(vii) Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments will not have a material impact on the Consolidated Entity.

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 26.

1b Principles of Consolidation

The consolidated financial statements comprise the financial statements of Reward Minerals Ltd and its controlled entity, Holocene Pty Ltd. Control exists where the consolidated entity has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the consolidated entity to achieve the objectives of the consolidated entity. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits and losses have been eliminated on consolidation.

Non-controlling interests in the results and equity of the consolidated entities are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and consolidated Statement of Financial Position respectively.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1b Principles of Consolidation continued

Where control of an entity is obtained during a financial year, its results are included in the consolidated Statement of Profit or Loss and Other Comprehensive Income from the date on which control commences. Where control ceases, de-consolidation occurs from that date.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the economic entity exercises significant influence, but not control. Investments in subsidiaries are recognised at cost less impairment losses.

Subsidiaries

Subsidiaries are entities controlled by the Company. The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being Reward Minerals Ltd ("Company" or "Parent Entity") and its subsidiaries as defined in AASB 127: *Consolidated and Separate Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Acquisitions of entities are accounted for using the acquisition method of accounting. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full. Investments in subsidiaries are accounted for at cost in the financial report of Reward Minerals Ltd.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of voting rights. Investments in associates are accounted for in the parent financial statements using the cost method and in the consolidated financial statements using the equity method after initially being recognised at cost.

The Group's share of the post-acquisition profits or losses of associates is recognised in the consolidated Statements of Profit or Loss and Other Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the economic entity exercises significant influence, but not control.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the consolidated entity and its associates are eliminated to the extent of the consolidated entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions eliminated on consolidation

All intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any differences between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Reward Minerals Ltd.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1b Principles of Consolidation continued

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1c 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 have not formed an income tax consolidated Group under the Tax Consolidation Regime.

1d 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.

1e 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.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1e Exploration and Evaluation Expenditure continued

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 2014 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.

1f 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 1(o).

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.

1g 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.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1g Plant and Equipment continued

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.

1h 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.

1i 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.

1j 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.

1k Equity-Based Payments

Equity-based compensation benefits are provided to Directors and executives.

The fair value of options granted to Directors and executives is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the Directors and/or executives becomes unconditionally entitled to the options. Where options are issued to consultants the fair value of the options given is valued by the market value of the service being provided.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, 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.

1l 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.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1m 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.

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.

1n Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the Group's controlling shareholder's consolidated financial statements.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1n Business Combinations continued

Major changes include:

- Contingent consideration classified as debt is remeasured through profit or loss instead of adjusting the purchase consideration (goodwill).
- Acquisition-related costs are expensed immediately, rather than being included as part of the purchase consideration. Non-controlling interests can be measured on an acquisition by acquisition basis at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.
- If the Group recognises deferred tax assets after the initial accounting is complete, there will be no adjustment to goodwill and this will result in increased profits in the period when these deferred tax assets are recognised.
- Any intangible asset recognised on a business combination is amortised.

1o 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).

1p 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.

1q Investments and Other Financial Assets

The consolidated entity classifies its investments as available-for-sale financial assets and other financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Available-for-sale Financial Assets

These comprise listed equity securities. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Profit or Loss and Other Comprehensive Income as gains and losses from investment securities.

Other Financial Assets

These comprise investments in subsidiaries. Purchases and sales of investments are recognised on the trade-date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and pricing models to reflect the issuer's specific circumstances.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or Group of financial assets has been impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the Statement of Profit or Loss and Other Comprehensive Income. Impairment losses recognised in the Statement of Profit or Loss and Other Comprehensive Income on equity instruments are not reversed through the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1r Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

1s 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.

1t 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.

1u 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.

1v 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

2 REVENUE FROM CONTINUING OPERATIONS

Interest income	
Other income	
Profit on disposal of interests in tenement and databases	
Loss on sale of shares	

3 LOSS FOR THE YEAR

Rental expense on operating leases	
Interest expense on financial liabilities – related parties	
Exploration expenditure not capitalised	

4 INCOME TAX EXPENSE

(a) Income tax expense

Current tax	
Deferred tax	

(b) Reconciliation of income tax expense to prima facie tax payable:

Loss before income tax

Prima facie income tax at 30% (2013: 30%)

Tax-effect of exploration expenditure claimed

Other timing differences

Permanent differences

Tax loss not recognised

Income tax expense/(benefit)

(c) Unrecognised temporary differences

Deferred tax assets and liabilities (at 30%) not recognised relate to the following:

Deferred tax assets

Tax losses

Deferred tax liabilities - Capitalised exploration expenditure

Other temporary differences

Net Deferred Tax Assets / (Liabilities)

Consolidated Entity	
2014	2013
\$	\$
92,265	82,239
145,040	-
998,745	-
(242,310)	-
993,740	82,239
42,374	38,827
12,534	57,534
32,230	95,738
-	-
-	-
-	-
(801,321)	(731,773)
(240,396)	(219,532)
(962,421)	(1,106,880)
14,990	(4,990)
(43,652)	(10,571)
1,231,479	1,341,973
-	-
-	-
-	-
8,162,474	7,364,725
(4,881,169)	(4,375,872)
37,205	22,731
3,318,510	3,011,584

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

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

Notes to the Financial Statements

5 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank

Refer to Note 25 for Financial Risk considerations.

6 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Prepayments

GST assets

Trade and other receivables

No receivables are impaired or past due but not impaired. Refer to Note 25 for Financial Risk considerations. The carrying value of all receivables approximates their fair value.

7 FINANCIAL ASSETS

Shares in listed company – at market value

The investment in listed company represents shares in an ASX listed company received as part consideration for sale of tenements.

The shares are subject to a voluntary escrow until August 2015, at which time they will be reclassified as available for sale

8 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Plant and equipment at cost

Less provision for depreciation

Reconciliations:

Plant and Equipment

Carrying amount at the beginning of the year

Additions

Depreciation

Carrying amount at the end of the year

9 NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

Mining tenements at cost

Tenements

Carrying amount at the beginning of the year

Additions

Cost of tenements disposed

Transfer to mine development expenditure

Amounts written off

Carrying amount at the end of the year

Consolidated Entity	
2014 \$	2013 \$
4,011,913	3,855,598
4,011,913	3,855,598
9,310	8,743
109,027	74,248
128,330	1,265
246,667	84,256
1,050,000	-
1,050,000	-
682,781	547,411
(238,222)	(143,872)
444,559	403,539
403,539	233,988
135,370	247,587
(94,350)	(78,036)
444,559	403,539
4,149,197	941,126
4,149,197	941,126
941,126	10,896,641
4,640,709	2,165,850
(823,755)	-
-	(12,121,365)
(608,883)	-
4,149,197	941,126

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

10 NON-CURRENT ASSETS – MINE DEVELOPMENT EXPENDITURE

Mine development expenditure at beginning of year

Mine development expenditure capitalised during the year

Transfer from exploration and evaluation expenditure

Carrying amount at the end of the year

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.

11 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade Payables

Accrued Expenses

12 CURRENT LIABILITIES – BORROWINGS

Loan from Director (Refer Note 22b)

13 CONTRIBUTED EQUITY

13a Share capital

At the beginning of the financial year

Shares issued during the year

Share issue costs

Options exercised during the year

At the End of the Financial Year

At the beginning of the financial year

Shares issued during the year

At the End of the Financial Year

13b 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.

13c Movement in Options

Balance at beginning of year

Options issued during the year

Options exercised during the year

Balance at End of Year

Consolidated Entity	
2014 \$	2013 \$
13,645,113	-
-	1,523,748
-	12,121,365
13,645,113	13,645,113
662,981	207,623
52,857	37,808
715,838	245,431
-	1,019,299
-	1,019,299
20,081,290	15,568,465
5,261,020	4,936,639
(345,490)	(423,814)
1,165,000	-
26,161,820	20,081,290
2014 No. Shares	2013 No. Shares
98,492,189	73,808,996
13,187,667	24,683,193
111,679,856	98,492,189

2014 Options	2013 Options
26,491,548	12,150,000
-	14,341,548
(2,350,000)	-
24,141,548	26,491,548

Notes to the Financial Statements

13 CONTRIBUTED EQUITY continued

Closing balance is represented as follows:

Nature	Expiry Date	Exercise Price of Options	2014 Options	2013 Options
Directors options	31 August 2014	\$0.50	-	2,150,000
Azure – Tranche 1	5 January 2016	\$0.45	2,800,000	3,000,000
Azure – Tranche 2	10 October 2016	\$0.45	2,000,000	2,000,000
Employee options	8 October 2015	\$1.09	500,000	500,000
WDLAC options	28 February 2017	\$0.50	4,500,000	4,500,000
Listed options	30 June 2016	\$0.25	14,341,548	14,341,548
			24,141,548	26,491,548

13d 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.

14 RESERVES AND ACCUMULATED LOSSES

14a Accumulated Losses

Accumulated losses at the beginning of the year

Net loss for the year

Accumulated Losses at the end of the year

14b Reserves

Share based payments reserve (i)

Financial investments revaluations reserve (ii)

(i) Share-Based Payments Reserve

The share-based payments reserve is used to recognise the fair value of options issued.

Balance at beginning of the year

Fair value of options issued during the year or about to be issued:

- for capital raising costs (refer Note 27(b))

Balance at the End of the Year

(ii) Financial Investments Revaluation Reserve

The Financial Investments Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets.

Balance at beginning of year

Revaluation of shares in listed company

Balance at the end of the year

Consolidated Entity	
2014 \$	2013 \$
(12,701,734)	(11,969,961)
(801,321)	(731,773)
(13,503,055)	(12,701,734)
10,287,346	10,287,346
(112,500)	-
10,174,846	10,287,346
10,287,346	10,057,346
-	230,000
10,287,346	10,287,346
-	-
(112,500)	-
(112,500)	-

Notes to the Financial Statements

15 (LOSS) PER SHARE

Basic loss per share

2014 Cents Per Share	2013 Cents Per Share
(0.74)	(0.90)

The loss for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

Loss for the year after income tax

2014 \$	2013 \$
(801,321)	(731,773)

Weighted average number of ordinary shares for the purposes of basic earnings per share

2014 No.	2013 No.
107,899,778	81,653,518

16 REMUNERATION OF AUDITORS

Remuneration for audit or review of the financial reports of the Group:
For auditing the financial statements

Consolidated Entity	
2014 \$	2013 \$
26,000	36,074
26,000	36,074

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

17 KEY MANAGEMENT PERSONNEL DISCLOSURES

17a Details of Remuneration of Key Management Personnel

Short-term benefits

Post-employment benefits

Share based payment

393,304	405,804
25,312	34,637
-	-
418,616	440,441

Detailed remuneration disclosures are provided in the remuneration report on pages 13 - 15.

17b Key Management Personnel Interests in the Shares and Options of 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:

2014	Balance at start of the year	Issued as remuneration	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	788,332	-	(750,000)	-	38,332	38,332
M Ruane	4,413,695	-	-	(159,951)	4,253,744	4,253,744
R Della Vedova	-	-	-	-	-	-
Other Key Management Personnel						
D Tenardi	500,000	-	-	-	500,000	500,000
	5,702,027	-	(750,000)	(159,951)	4,792,076	4,792,076

Notes to the Financial Statements

17 KEY MANAGEMENT PERSONNEL DISCLOSURES continued

17b Key Management Personnel Interests in the Shares and Options of the Company continued

2013	Balance at start of the year	Issued as remuneration	Exercised during the year	Issued during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
C McCavana	750,000	-	-	38,332	788,332	788,332
M Ruane	-	-	-	4,413,695	4,413,695	4,413,695
R Della Vedova	-	-	-	-	-	-
C Van Heyst	650,000	-	(150,000)	-	500,000 *	500,000
W Brooks	750,000	-	-	-	750,000 *	750,000
Other Key Management Personnel						
D Tenardi	500,000	-	-	-	500,000	500,000
	2,650,000	-	(150,000)	4,452,027	6,952,027	6,952,027

* Represents balance held at date of resignation.

Shares

The number of 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. There were no shares granted as compensation during the year.

2014	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	306,665	750,000	-	-	1,056,665
M Ruane**	35,737,803	-	(1,322,319)	181,930	34,597,414
R Della Vedova	20,000	-	-	-	20,000
Other Key Management Personnel					
D Tenardi	-	-	-	-	-
	36,064,468	750,000	(1,322,319)	181,930	35,674,079
2013					
Directors					
C McCavana	230,000	-	-	76,665	306,665
M Ruane	20,312,039	-	-	15,425,764	35,737,803
R Della Vedova	-	-	-	20,000	20,000
C Van Heyst	969,006	-	-	-	969,006 *
W Brooks	3,522,051	-	-	-	3,522,051 *
Other Key Management Personnel					
D Tenardi	-	-	-	-	-
	25,033,096	-	-	15,522,429	40,555,525

* Represents balance held at date of resignation.

** Michael Ruane is also a Director of Intermin Resources Ltd which holds 6,609,257 shares and 838,657 Listed Options in the Company.

See note 22 for information on other transactions with Key Management Personnel and related parties.

Notes to the Financial Statements

		Consolidated Entity	
		2014 \$	2013 \$
18	NOTES TO STATEMENTS OF CASH FLOWS		
18a	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	4,011,913	3,855,598
18b	Reconciliation of Net Cash used In Operating Activities to Operating Loss after Income Tax		
	Loss for the year	(801,321)	(731,773)
	Share based payments to employees	-	-
	Depreciation	94,350	78,036
	Impairment of assets/exploration costs expensed included in investing activities	1,319,829	-
	Gain on disposal of tenements	(1,580,190)	-
	Change in assets and liabilities during the financial year:		
	Receivables	(162,411)	(12,010)
	Payables	137,479	(127,421)
	Net cash outflow from operating activities	(992,264)	(793,168)
18c	Non-cash investing and financing activities		
	Consideration received upon sale of mining interests, satisfied by issue of shares in listed company	1,682,500	-

19 FINANCE FACILITIES

No credit standby facility arrangement or loan facilities existed at 31 December 2014.

20 COMMITMENTS FOR EXPENDITURE

20a 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.

21 EVENTS OCCURRING AFTER REPORTING DATE

There have been no other events subsequent to reporting date.

Notes to the Financial Statements

22 RELATED PARTY DISCLOSURES

22a Directors Remuneration

Details of Directors remuneration are disclosed in Note 17 to the Financial Statements.

22b Other Transactions with Director Related Entities

During the year ended 31 December 2013, the Company's Managing Director, Michael Ruane, loaned funds to the Company. The loan was unsecured for the period of 12 months, carrying an interest rate of 7.5% interest payable quarterly in arrears. The Company repaid the loan in full during the year ended 31 December 2014.

Movements for the year are as follows:

	Consolidated Entity	
	2014 \$	2013 \$
Opening balance	1,019,299	-
Funds received	-	1,212,287
Funds repaid	(1,019,299)	(192,988)
Closing balance	-	1,019,299
There were no other transactions with Directors or Director related entities during the year.		
22c Aggregate Amount Payable to Directors and their Director Related Entities at Balance Date		
Current liabilities		
Accrued interest	-	13,356
Borrowings	-	1,019,299
	-	1,032,655

23 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.

24 INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2014 %	2013 %
Holocene Pty Ltd	Australia	Ordinary	100	100

25 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:

Notes to the Financial Statements

25 FINANCIAL RISK MANAGEMENT continued

	Note	Consolidated Entity	
		2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	6	4,011,913	3,855,598
Loans and receivables	7	246,667	84,256
Total Financial Assets		4,258,580	3,939,854
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	11	715,838	245,431
Borrowings	12	-	1,019,299
Total Financial Liabilities		715,838	1,264,730

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

25a Market Risk

(i) Cash Flow Interest Rate Risk

Refer to (d) below.

25b 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 25.

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	
	2014 \$	2013 \$
Cash and cash equivalents		
'AA' S&P rating	4,011,913	3,855,598

25c 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.

25d 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 (projected increase in cash rate for 2014 calendar year, applied for a full financial year, would have reduced the consolidated loss by \$40,119 (2013: Loss \$38,556) and increased the cash balances by a corresponding amount. There were no other amounts included in Net Assets subject to material interest rate risks.

Notes to the Financial Statements

26 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 2014, the carrying value of capitalised exploration expenditure is \$4,149,197.

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.

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.

27 SHARE BASED PAYMENTS

27a 2014 Options Issued for Services Rendered – Year ended 31 December 2014

No shares were issued during the year for services rendered.

27b 2013 Options Issued for Services Rendered – Year ended 31 December 2013

During the year ended 31 December 2013, share issue costs were satisfied by the issue of 2,000,000 options in the Group.

The assessed fair value at grant date of options granted was 11.5 cents per option. The fair value at grant date is 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.

The model inputs for these options granted included:

- (a) Exercise price: \$0.25
- (b) Grant date: 18 July 2013
- (c) Expiry date: 30 June 2016
- (d) Share price at grant date: \$0.20
- (e) Expected price volatility of the company's shares: 80% - 120%
- (f) Expected dividend yield: 0%
- (g) Risk-free interest rate: 2.5%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Notes to the Financial Statements

27 SHARE BASED PAYMENTS continued

27c Expenses arising from share-based payment transactions

Accounting entries arising from share-based payment transactions recognised during the year are as follows:

	Consolidated Entity	
	2014 \$	2013 \$
Capitalised share issue costs		
Share options issued to consultants	-	230,000
Capitalised as exploration expenditure		
Opening balance	-	7,058,785
Total options issued for capitalised exploration expenditure	-	7,058,785

28 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers that reportable segments are defined by the nature of the exploration activities.

During the year, the Group considers that it has only operated in one segment, being Potash mineral exploration within Australia.

	Potash 2014 \$	Potash 2013 \$	Total 2014 \$	Total 2013 \$
Revenue	901,475	-	901,475	-
Exploration expenditure	(641,113)	(95,738)	(641,113)	(95,738)
Loss before income tax	260,362	(95,738)	260,362	(95,738)
Total Segment Assets	17,794,310	14,586,239	17,794,310	14,586,239

	Consolidated Entity	
	2014 \$	2013 \$
28a Segment revenue		
Segment revenue reconciles to revenue from continuing operations as follows:		
Segment revenue	901,475	-
Interest revenue	92,265	82,239
Other revenue	-	-
Revenue from Continuing Operations	993,740	82,239
28b Segment loss		
Segment loss reconciles to total comprehensive income as follows:		
Segment Profit before Income Tax	260,362	(95,738)
Interest revenue	92,265	82,239
Unallocated costs net of other revenue	(1,153,948)	(718,274)
Loss before Income Tax	(801,321)	(731,773)

Notes to the Financial Statements

28 SEGMENT INFORMATION continued

28c Segment Assets

Segment assets reconcile to total assets as follows:

Segment assets

Unallocated assets

Total Assets

Consolidated Entity	
2014 \$	2013 \$
17,794,311	14,586,239
5,755,138	4,345,393
23,549,449	18,931,632

28d Segment Liabilities

The Group's liabilities are not reported to management on an individual segment basis, but rather reported on a consolidated basis.

29 PARENT ENTITY DISCLOSURES

29a Summary Financial Information

Financial Position

Assets

Current assets

Non-current assets

Total assets

Liabilities

Current liabilities

Total liabilities

Equity

Issued capital

Reserves

Accumulated losses

Total equity

Financial Performance

Profit/(Loss) for the year

Other comprehensive income

Total comprehensive profit/ (loss) for the year

Parent	
2014 \$	2013 \$
21,272,691	16,291,615
1,400,696	286,106
22,673,387	16,577,721
606,811	1,132,305
606,811	1,132,305
26,161,819	20,081,289
3,116,060	3,228,560
(7,211,303)	(7,864,433)
22,066,576	15,445,416
653,130	(703,855)
-	-
653,130	(703,855)

29b Guarantees

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

29c Other Commitments and Contingencies

Reward Minerals Ltd has no commitments to acquire property, plant and equipment. Refer to Note 23 for the Company's contingent liabilities.

30 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 24 March 2015.

DISTRIBUTION OF SHAREHOLDERS Spread of Holdings			Number of Holders	Number of Shares	Percentage of Issued Capital
1	-	1,000	225	97,032	0.09%
1,001	-	5,000	402	1,181,724	1.06%
5,001	-	10,000	189	1,528,827	1.37%
10,001	-	100,000	439	14,878,688	13.32%
100,001	-	and over	150	93,993,710	84.16%
			1,405	111,679,981	100.00%

There were 183 holders of ordinary shares holding less than a marketable parcel.

Substantial Shareholders	Number of Shares	Percentage of Issued Capital
Tyson Resources Ltd	12,249,409	10.97%
Kesli Chemicals Ltd	8,376,604	7.50%
Intermin Resources Ltd	6,609,257	5.92%

DISTRIBUTION OF OPTIONHOLDERS Spread of Holdings			Number of Holders	Number of Listed Options	Percentage of Issued Capital
1	-	1,000	59	25,613	0.18%
1,001	-	5,000	51	121,290	0.85%
5,001	-	10,000	21	152,470	1.06%
10,001	-	100,000	65	2,634,472	18.37%
100,001	-	and over	27	11,407,703	79.54%
			223	14,341,548	100.00%

UNQUOTED SECURITIES

Class	Number of Unquoted Securities	Holders with more than 20%
Options over ordinary shares exercisable at \$0.45 on or before 5 January 2016	2,800,000	Azure Capital Investments Pty Ltd – 100%
Options over ordinary shares exercisable at \$0.45 on or before 10 October 2016	2,000,000	Azure Capital Investments Pty Ltd – 100%
Options over ordinary shares exercisable at \$0.50 on or before 28 February 2017	4,500,000	Martu Mining Services Pty Ltd – 100%

Directors and Employee Options

Class	Number of Unquoted Securities	Number of Holders
Employee Options over ordinary shares exercisable at \$1.09 on or before 8 October 2015	500,000	1

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction.

Shareholder Information

	Top Twenty Shareholders - RWD	Number of Ordinary Shares Held	%
1	Tyson Resources Pty Ltd	12,249,409	10.97
2	Kesli Chemicals Pty Ltd <Ruane Super Fund A/C>	8,376,604	7.50
3	Intermin Resources Ltd	6,609,257	5.92
4	Michael Ruane	4,653,003	4.17
5	Bill Brooks Pty Ltd <Bill Brooks Super Fund A/C>	3,350,551	3.00
6	Franway Pty Ltd <Kennedy Family Super Fund A/C>	3,000,000	2.69
7	Kesli Chemicals Pty Ltd	2,215,455	1.98
8	Hillboi Nominees Pty Ltd	2,161,141	1.94
9	Citicorp Nominees Pty Ltd	1,684,548	1.51
10	Bell Potter Nominees Ltd <BB Nominees A/C>	1,296,912	1.16
11	Taurus Corporate Services Pty Ltd	1,200,000	1.07
12	Craig John Hutchinson	1,174,999	1.05
13	Spar Nominees Pty Ltd	1,165,000	1.04
14	Merrill Lynch (Australia) Nominees Pty Ltd	1,111,413	1.00
15	RPM Super Pty Ltd <RPM Super Fund A/C>	1,050,000	0.94
16	HSBC Custody Nominees (Australia) Ltd	1,041,666	0.93
17	GR Cunnold and LC Groves <Stratford A/C>	1,000,000	0.90
18	UBS Wealth Management Australia Nominees Pty Ltd	905,586	0.81
19	Mikael MacDougall Pty Ltd <Mikael MacDougall Super Fund A/C>	850,000	0.76
20	Warawong Pty Ltd <Warawong Super Fund A/C>	821,333	0.74
		55,916,877	50.08

Shareholder Information

	Top Twenty Optionholders - RWDO	Number of Listed Options Held	%
1	Michael Ruane	2,317,501	16.16
2	Blackswan Group Pty Ltd <The Blackswan A/C>	1,100,000	7.67
3	Hillboi Nominees Pty Ltd	942,500	6.57
4	HSBC Custody Nominees (Australia) Limited GSCO ECA	885,000	6.17
5	Intermin Resources Ltd	838,657	5.85
6	Perth Investment Corporation Ltd	625,000	4.36
7	Kesli Chemicals Pty Ltd <Ruane Super Fund A/C>	513,358	3.58
8	Tyson Resources Pty Ltd	388,676	2.71
9	Spar Nominees Pty Ltd	375,000	2.61
10	RPM Super Pty Ltd <RPM Super Fund A/C>	373,970	2.61
11	Mercator Capital Services Pty Ltd <Mercator Super Fund A/C>	274,266	1.91
12	Mr Nicholas Crispin Lyons & Mrs Kerrie Maree Lyons <Geronimo Super Fund A/C>	250,000	1.74
13	Franway Pty Ltd <Kennedy Family Super Fund A/C>	250,000	1.74
14	RM Company Pty Ltd <R MacGregor Investment A/C>	250,000	1.74
15	Mr Robert Paul Martin & Mrs Susan Pamela Martin <RP & SP Martin Super Fund A/C>	250,000	1.74
16	Gavin Caudle	250,000	1.74
17	Joseph Wills	237,226	1.65
18	Gargamel Nominees Pty Ltd	150,000	1.05
19	Mr Edward Keith Hawkins & Mrs Barbara Jean Hawkins	141,666	0.99
20	Walloon Securities Pty Ltd	137,500	0.96
		10,550,320	73.55

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