REWARD MINERALS LTD

ANNUAL REPORT 2016

Contents

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 T: 08 9386 4699 F: 08 9386 9473 E: admin@rewardminerals.com W: www.rewardminerals.com
Auditor	Rothsay Chartered Accountants Level 1 Lincoln Building 4 Ventnor Avenue West Perth WA 6005 T: 08 9486 7094 E: swan2000@bigpond.com W: www.rothsayresources.com.au
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153 T: 1300 992 916 E: registrar@securitytransfer.com.au W: www.securitytransfer.com.au
Stock Exchange	ASX Code: **RWD**

Chairman's Letter

Dear Shareholder

It is with great pleasure that I present to you Reward Minerals' 2016 annual report.

The 2016 year was a significant year for your Company, culminating in the independent confirmation of a substantial Drainable Potash resource that confirms Lake Disappointment as a world class Sulphate of Potash (SOP) deposit.

In February 2017, the Company was pleased to announce that independent consultants had developed an In Situ Mineral Resource's of 596 million tonnes of SOP contained in the sediments of Lake Disappointment, from which, a Drainable Resource estimated at 153 million tonnes of SOP output. At the proposed production rates for the Project, the Drainable Resource equates to over 350 years of potash supply.

The numbers speak for themselves. Lake Disappointment stands out as a Tier 1 SOP deposit and the leading project of its kind in Australia.

The last 12 months has seen management and staff focused on three main areas on the pathway to bringing the Lake Disappointment Project to production.

- Finalising the independent In Situ and Drainable Mineral Resources.
- Environmental Approval Submissions.
- Developing Capital and Operating Cost estimates for Evaporation Ponds and Brine Supply Trenches.

The mineral resource estimates have been made possible through an extensive drilling, trenching and sampling programme involving drilling and sampling 20 direct push tube holes in the lakebed sequence for geological control and aquifer parameters; the construction and test pumping of 14 trenches; the drilling of 10 core holes for geological control, brine analysis and aquifer parameters; the drilling of 4 test bores for brine extraction parameters and aquifer performance.

Environmental submissions have been lodged with the Department of the Environment (Federal - DoEE) and the Western Australian Environmental Protection Authority (EPA-WA).

The EPA has advised that the Lake Disappointment Project will be assessed through the Environmental Review process. Reward has prepared an Environmental Scoping Document for the EPA, the resultant agreed Scope of works is now being carried out to satisfy EPA approvals for the Project.

The Cost Estimates for construction of Evaporation Ponds and Brine supply trenches are currently being prepared by well-respected contractors under a formal tender process. The Tenders have been prepared on the basis of Pond and Trench design parameters prepared by Knight Piesold Engineering late in 2016.

Management and staff have diligently conducted a myriad of programmes and processes aimed at bringing the Lake Disappointment Project to production.

As a result of years of diligent work, the Lake Disappointment Project is now at an advanced stage of its development. The Board believes we are now at a stage where we need to develop a strong team with the skills to take the Company from exploration and feasibility status to the developer and operator of the leading project of its kind in Australia.

The first step in this process is the recent appointment of Mr Gary Lethridge as Managing Director of the Company. Gary has more than 30 years of corporate expertise in resources and finance-related roles and brings a strong track record in resource project development. We are pleased to welcome Gary to the Board and management team and believe his experience will be integral as we continue to pursue the development of the Lake Disappointment Sulphate of Potash Project.

Gary will replace Dr Michael Ruane as Managing Director, however, Michael will remain as a Director and technical consultant to the Company and will be intimately involved in the technical processes of the project. We sincerely thank Michael for his leadership, foresight and tenacity as our Managing Director since 2004.

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

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

Colin McCavana
CHAIRMAN

30 March 2017

Operations Report

Corporate

During the 2016 year, Reward expended approximately $7 million on company activities. The Company received $3.8 million during the year via exercise of options and $2.04 million from the R&D Rebate. Options exercised increased the issued fully paid securities to 135,760,396 at 31 December 2016.

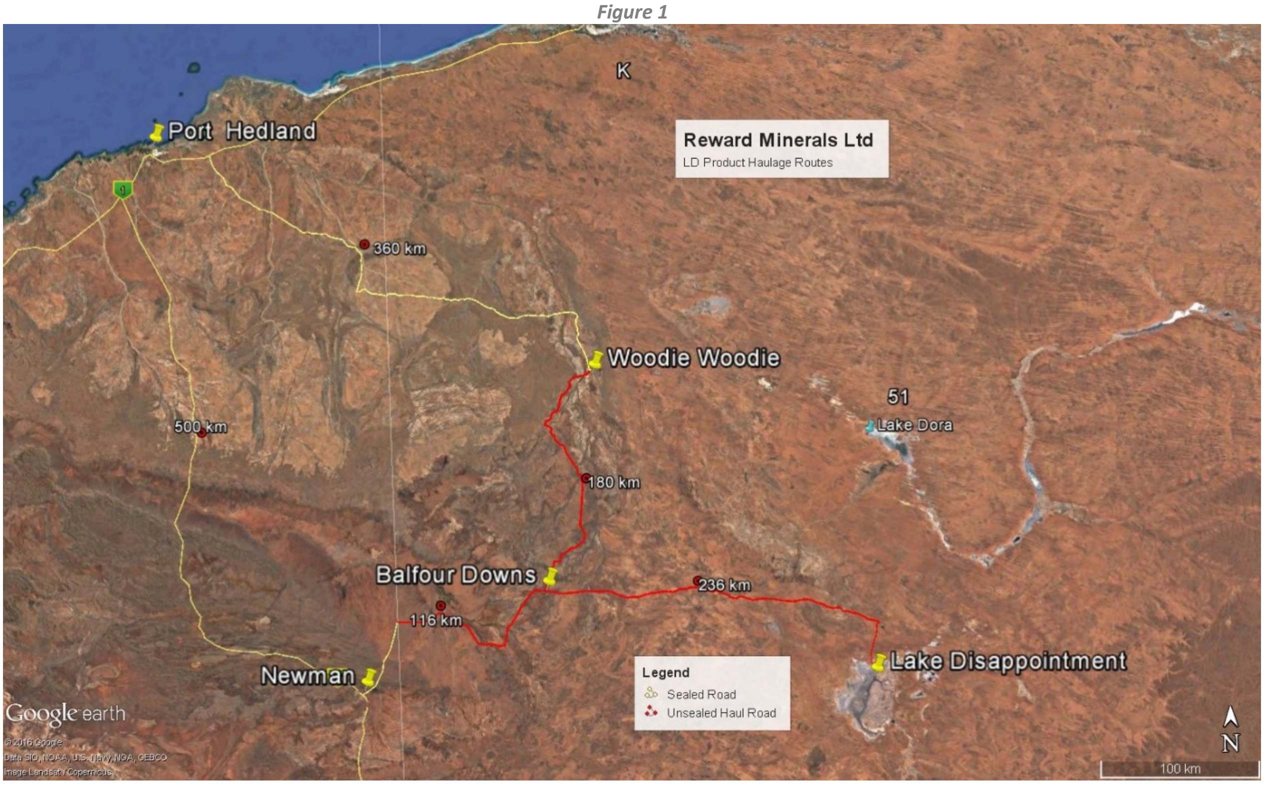
Following expiry of 50 cent options early in 2017 there are no remaining options on issue. Cash held at the end of the 31 December period was approximately $5 million.

Projects

LD Potassium Sulfate (SOP) Project

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 comprises of over 5,000km^2 of granted Exploration Licences. Following regional exploration at a number of the Company's prospective Potash Projects in 2014 and 2015 it was determined that focus solely on the advanced LD Project.

Figure 1



During 2016, the LD SOP project made significant advances on several fronts.

- Expansion of the LD in situ SOP resource to 596 Mt (from 564 Mt previously estimated).
- Estimation of a Drainable SOP resource at LD of 153 Mt of SOP from the 596 Mt in situ resource reported above.
- Confirmation that high SOP grade brines exist from surface to depths in excess of 100 metres within the LD sediment profile.
- Completion of four 200mm diameter cased bores to depths of 80 to 100 metres on LD in preparation for high flow brine recovery tests and hydrogeological modelling.
- Excavation and test pumping of sixteen surface (1 to 5 metres) brine collection trenches over LD to establish trench dimensions required for a 400,000 TPA SOP operation at LD.
- Drilling and test pumping of exploration holes to define and model the Process Water borefield for the LD Project.
- Construction of three pilot evaporation ponds and access causeway on LD to evaluate site evaporation parameters and brine seepage rates in the sector of LD proposed for evaporation ponds and Potash salts harvesting.
- First round evaporation pond and brine trench layout design by independent engineers, Knight Piesold.

Operations Report

LD Potassium Sulfate (SOP) Project continued

- Preparation and distribution of Tender documents for costings of construction of the LD evaporation pond and brine supply system.
- Update review by Lycopodium Engineering of the 2015 LD Scoping Study in preparation for full feasibility study (FS) of the LD project early in 2017.
- Design and costing of the Talawana Track upgrade for access and SOP haulage for inclusion in the FS.
- Preparation of Environmental Submissions for the Federal (DoEE) and State Environmental Authorities (EPA) including Flora/Fauna studies over LD, the Talawana Track, Process Water borefield and project operational areas (Plant/Airfield/Camp Facilities etc).

Outcomes/Project Status

Resource Definition

Following a program of hydrogeological modelling and core analysis, independent consultants Strategic Water Management provided revised in-situ and Drainable SOP resource estimates for LD (see Reward ASX release dated 17 February 2017).

The in-situ Resource was revised upward from 564Mt to 596Mt and the Drainable Resource estimated at 153 Mt of SOP. Reward believes that the 153Mt Drainable Resource figure highlights LD as a Tier 1 SOP resource of global significance.

Trench Pumping Results

Early production at LD will be based on brine extracted from surface trenches. Trench pumping trials conducted during 2016 have provided brine flow and extraction parameters from 13 trenches with depths of 1.5 to 5 metres over an extensive area of LD (see Figure 2).

Steady state flow tests and hydro modelling have indicated that approximately 50km of surface trenches in operation will provide approximately 7,200m^3 of brine per hour which at 12.5kg SOP per m^3 is sufficient for a 400,000 TPA SOP operation at LD (see Reward ASX release of 31 December 2016).

Figure 2: Brine Trench Locations

Operations Report

LD Potassium Sulfate (SOP) Project continued

LD Borehole Drilling

Reward is drilling a series of 250mm exploration bores on LD to assess brine recovery parameters and the transmissivity of sediments within the LD resource from surface to depths up to 100 metres.

The aim of pumping from these bores is to provide indicative brine recovery data for development of the hydrogeological model required to establish an SOP Ore Reserve within LD adequate for at least a 30 year mine life at 400,000 TPA SOP. To date four bores have been completed (LDDH 1601 to 1604) for test pumping (see Figure 3).

Initial pumping trials at flow rates of approximately 3 litres per second indicate that only minor drawdown of the water level at that rate hence flow rates well above this should be achievable. Installation of larger pump units is planned but has been delayed by record rainfall in the LD region in recent months.

Note that holes LDBH1603 and 1604 are 10km and 17.5km west of LDBH1602 respectively. Core hole LDD1509 is 8.6km south of LDBH1602. All of these holes recorded significant friable sand/sandstone horizons (10 to 15 metres thickness) when being drilled earlier. These results are very encouraging in the context of a potentially large drainable SOP resource from highly transmissive horizons at depth in LD.

Initial pumping trials on the cased bores were also encouraging in terms K grades of brines recovered and consistency of grade with depth downhole (to 100 metres).

SOP concentrations ranged from 12.39g/l to 14.77g/l for holes LDDH 1601 to 1604 similar to those from the near surface trenches. Downhole variations in K content of the brines recovered were minor. Additional work is in progress to better define the variability of brine concentrations across LD and at depth.

Analytical data for the brines recovered from boreholes LDDH 1601 to 1604 are provided in Table 1.

Table 1

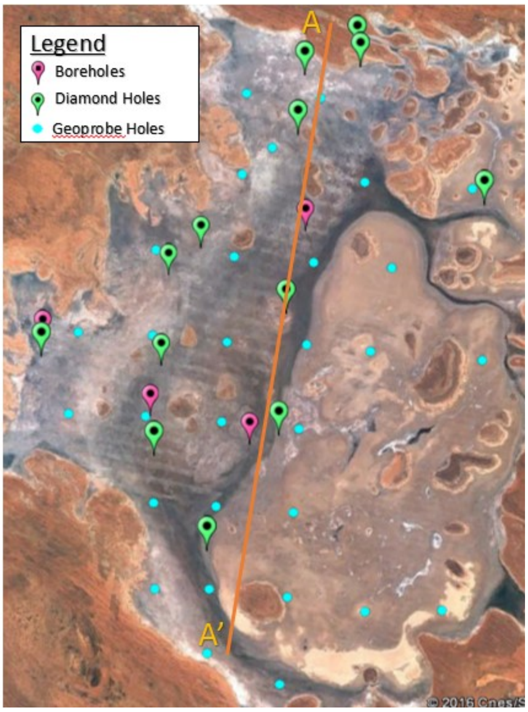
Brine Analysis – LD Bore Holes 1601 to 1604[1]

Hole ID	Ca	K	Mg	Na	SO_4	Cl	SOP[2]	SOM[3]	TDI[4]
LDBH1601	0.39	5.56	4.77	101.2	25.9	164.4	12.39	12.48	302.2
LDBH1602	0.40	5.76	5.41	101.0	26.9	160.4	12.83	14.16	299.9
LDBH1603	0.40	5.75	5.95	102.3	28.35	154.3	12.81	15.57	297.1
LDBH1604	0.40	6.63	7.63	106.0	33.08	165.3	14.77	19.97	319.0

Notes

(1) All analyses quoted as grams per litre of brine – Steady state pumping samples
(2) ASOP calculated as Potassium (K) x 2.228
(3) TDI – Total Dissolved Ions is the sum of columns 2-6 (g/l)
(4) SOM Sulfate of magnesium calculated as Mg x 2.617

Figure 3: Drill Hole Locations

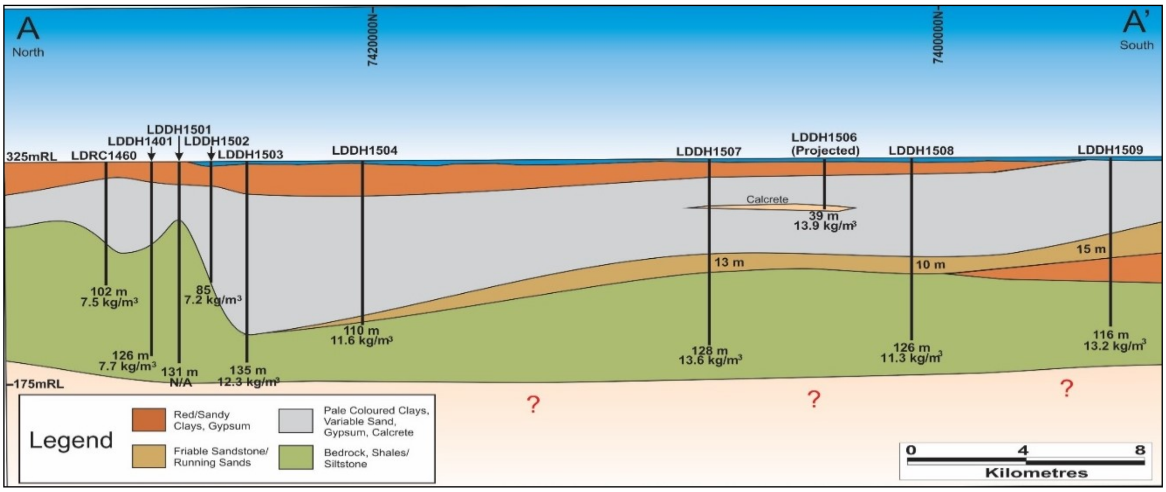


Operations Report

LD Potassium Sulfate (SOP) Project continued

LD Borehole Drilling continued

Figure 4: LD Stratigraphic Cross Section



Evaporation Pond Design/Costing

A number of evaporation pond designs were investigated during 2016 with a final design selected in conjunction with Knight Piesold Consultants giving consideration to data gained from recent evaporation trials and revised process chemistry.

Design of several brine supply trench layouts were also evaluated and included in tender documents issued to potential contractors.

Cost estimates for construction of the evaporation ponds and brine supply trenching is approximately $80 million. Recent modelling of the brine trench inflow parameters suggest that a significant reduction in the cost of the brine supply trenching component may be possible.

Talawana Track Upgrade – Design and Costing

During 2016, Reward contracted Survey Group to conduct a detailed survey of the Talawana Track from LD to Balfour Downs Station to define modifications and earth movements required to allow Reward to transport SOP on the route using quad road trains of 80+ tonne capacity. Tender documents were prepared and issued to potential contractors. Cost quotations have been received and are currently being assessed (see below) for inclusion in the Feasibility Study in preparation.

Scoping Study Review – Feasibility Studies

Reward has now received indicative cost estimates for all of the significant cost centres for the LD project.

The Company commissioned Lycopodium Engineers to initially review the design, capital and operating costs for the LD SOP recovery plant. Results of this study have been received.

Operations Report

LD Potassium Sulfate (SOP) Project continued

Scoping Study Review – Feasibility Studies continued
Reward has subsequently commissioned Lycopodium to review the designs and cost quotations received for the other unit operations relating to the LD project for inclusion in the Feasibility Study being prepared. The Lycopodium study will include Capital and Operating costs parameters for:

- Pond and Brine Supply
- Process Plant
- Talawana Track Upgrade
- Process Water - Borefield and Reticulation
- Site works and Miscellaneous cost centres
- Power Generation and Reticulation - contract or supply and maintenance scenario

It is anticipated that the study will be completed by the end of May 2017.

Environmental Studies and Submissions
In June 2016, Reward initiated the Environmental approval process for LD with the Federal Department of the Environment and Energy (DoEE) and the WA Environmental Protection Authority (EPA).

Requests for additional information from the DoEE have been received and responded to. The Company is currently awaiting the outcome of the DoEE assessment.

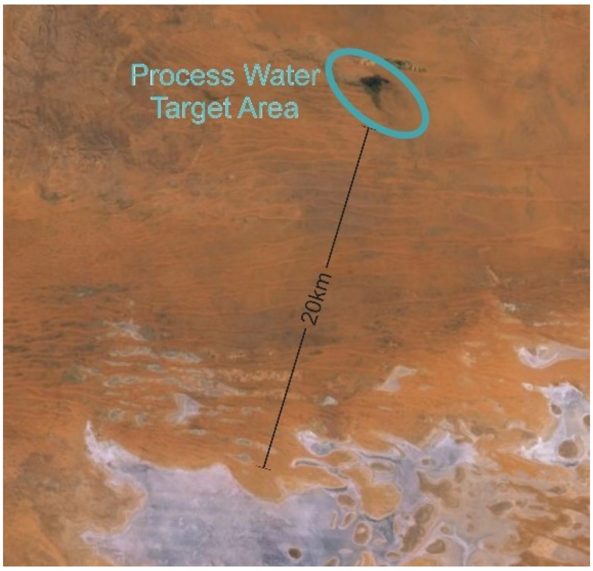
In October 2016, the EPA (WA) advised that the Environmental Scoping Document (ESD) prepared by EPA and Reward had been approved as an acceptable basis assessment of the LD Project via Public Environmental Review (PER) process (PER Assessment No 2087).

Reward is currently finalising documentation required under the ESD. This has involved commissioning a number of additional site studies including Level 2 Flora and Fauna Surveys for the Talawana Track, Process Water Borefield (Stygofauna) and Lake biota regimes (following recent flooding event).

Process Water Supply
During 2016, Reward conducted a major program of exploration and development drilling to establish a Process Water borefield capable of supplying 4 Gigalitres of low salinity water for the LD Project.

The program involved drilling of 17 x 110mm holes at the Mackay Creek borefield site 24km north of LD and five holes at the Cory borefield site approximately 16km north of LD (see Figure 5).

Figure 5: Location of Process Water Borefield



Operations Report

LD Potassium Sulfate (SOP) Project continued

Process Water Supply continued

Holes were drilled to 100+ metres or to solid basement.

To date six holes at the Mackay Creek field have been reamed out to 280mm and cased with 200mm slotted PVC casing for testing as production bores. Excellent flows of good water have been produced (<1,500g/l TDS) from most holes except P12, P14A and P15 which lie in the eastern sector of the area drilled to date.

Figure 6: Process Water Borefield

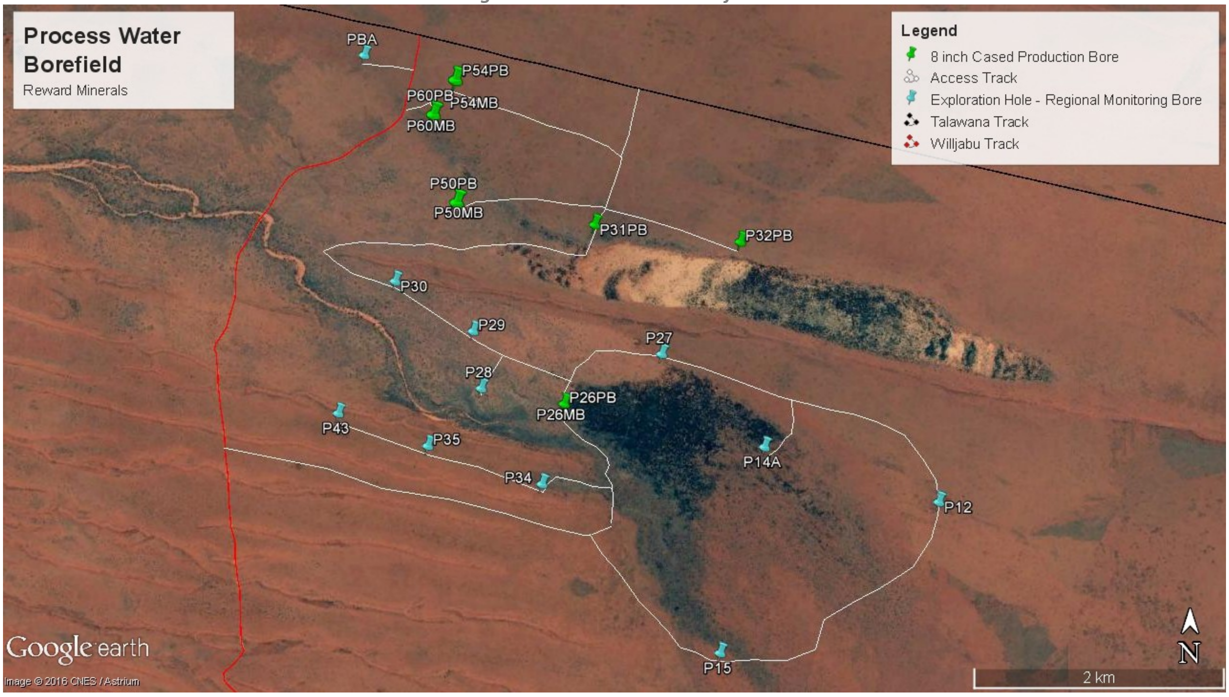
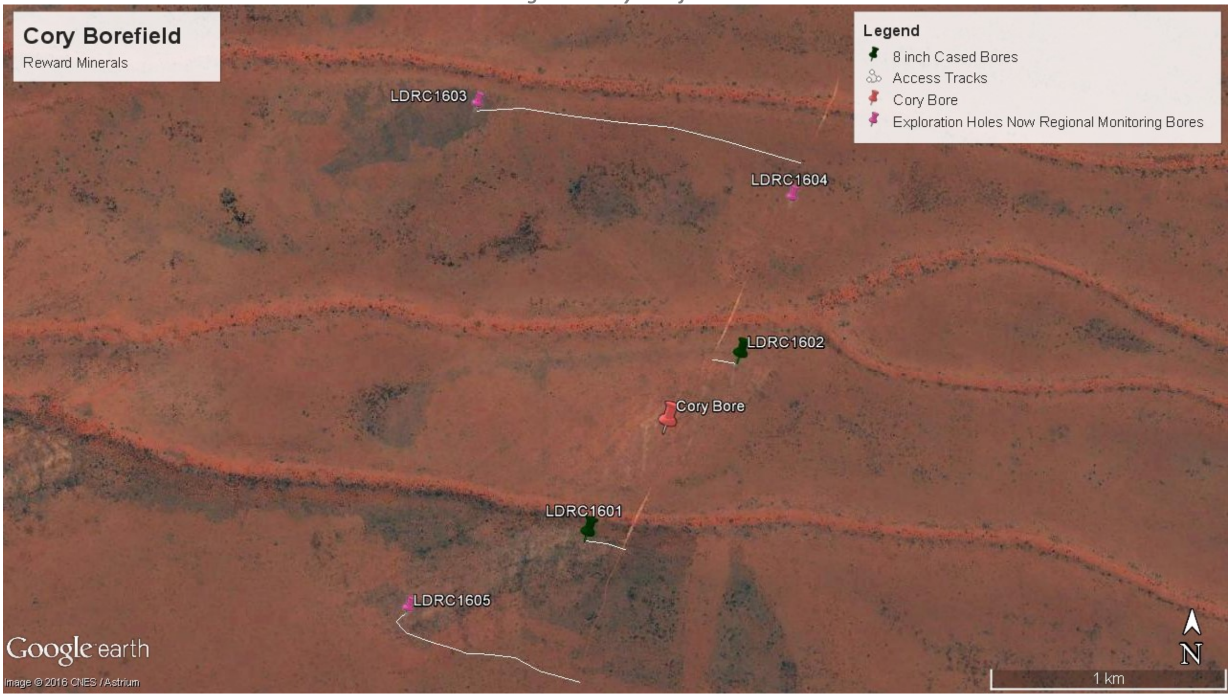


Figure 7: Cory Borefield



Operations Report

LD Potassium Sulfate (SOP) Project continued

Process Water Supply continued

Heavy clays encountered in these holes resulted in much lower flow rates than western sector bores.

Drilling of additional holes is in progress to expand the aquifer resource identified to date. Test pumping of selected boreholes will continue in the new year to establish definitive water flows and develop the hydrogeological model required for Environmental clearance for the LD Project.

Bore holes at the Cory borefield were drilled in hard rock fracture structures. Water flows varied considerably (4-18 litres/sec) and the water produced was of somewhat higher TDS than from the Mackay Creek aquifer (2,500g/l vs <1,500 TDS). However, the Cory borefield represents a potential backup field for the LD Project despite higher drilling and development costs vs the Mackay Creek borefield.

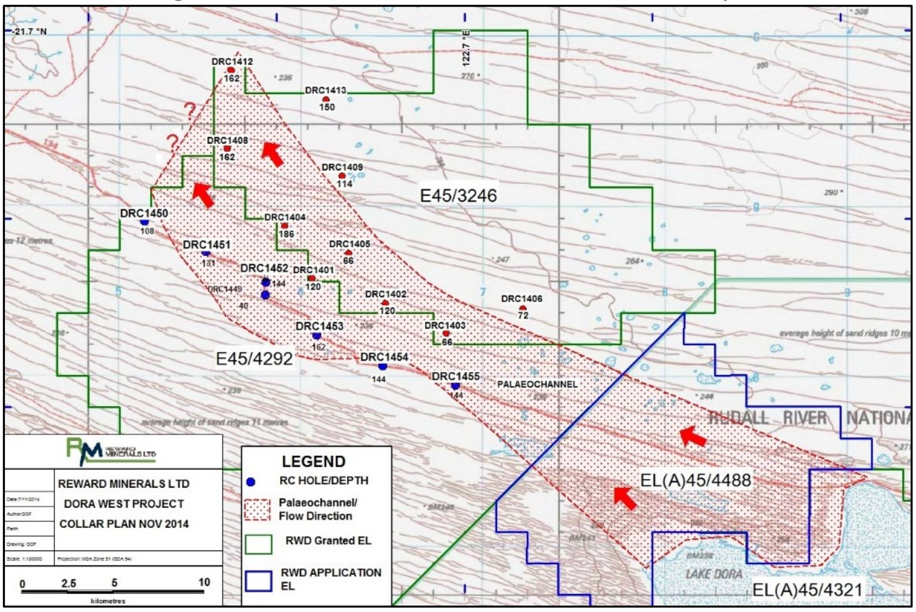
The Mackay Creek aquifer geology comprises stratified alluvium with variable layers of sand, cobble and heavy clays. With preponderance of the heavy clays east of 487000 east coordinate (P26). Heavy water flows are encountered from the sand and cobble zones with the cased holes tested to date producing >6l/sec which was the upper limit of the pumping equipment available at the time.

Lake Dora SOP Project

While the primary focus of Reward is on Lake Disappointment, the Company holds significant tenure over Lake Dora and adjoining grounds the north west, see Figures 8 & 9.

The prospect is located 150km north of LD and 45km east of the Telfer Mine.

Figure 8: Dora West Tenement Area, Drill Hole Locations and Depth

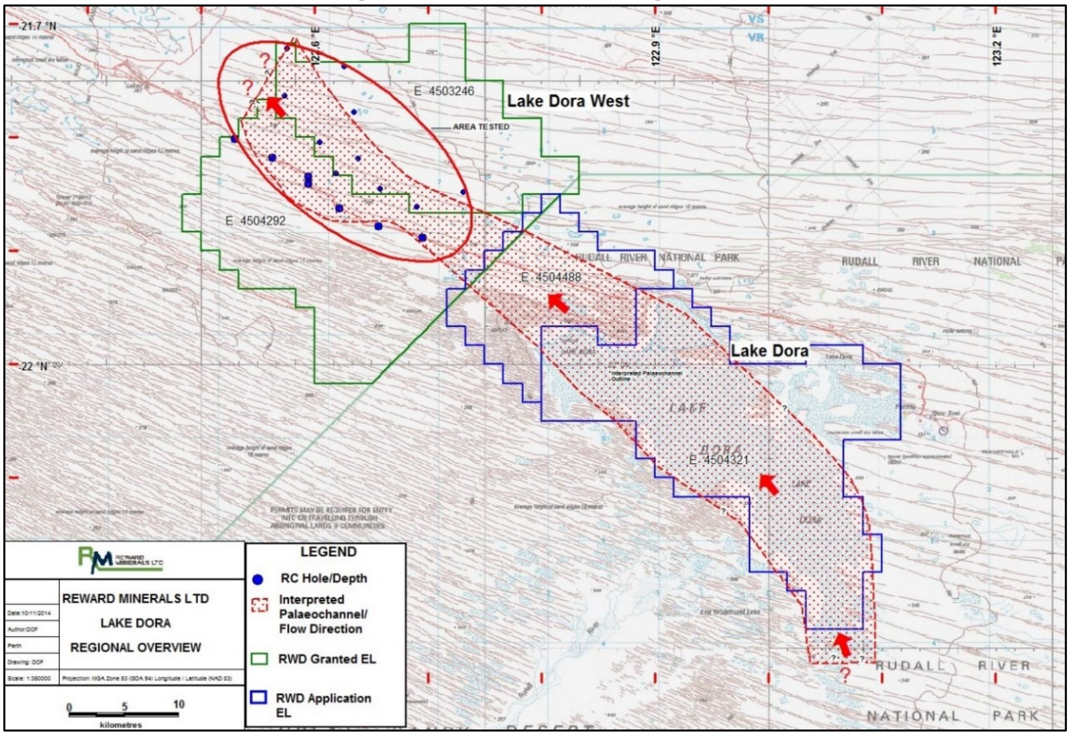


Lake Dora is one of the major lakes in the postulated Canning Palaeovalley between Lake Disappointment and Lake Waukarlycarly. Lake Dora has an exposed surface of approximately 260km^2 where evaporation has resulted in crystallisation of salts indicating that the lake brine is saturated in evaporate components. Reward applied for coverage over Lake Dora (via EL(A) 45/4321) in 2013 followed by EL(A)45/4488 late in 2014. However, since these ELA's lie within the Karlamilyi (Rudall River) National Park grant of the tenements and access requires Ministerial Approval and is not available as yet.

Operations Report

Lake Dora (SOP) Project continued

Figure 9: Reward Tenement Holdings



Exploration by Reward at Dora has targeted the postulated palaeovalley emanating from Lake Dora traversing the Company's tenements to the north west. Seventeen holes have been drilled to date. The Static Water Level (SWL) is generally less than four metres below surface. Heavy brine flows were encountered in seven of the seventeen holes drilled. The drill holes providing the highest brine flows also produced the highest grade brines and are believed to lie near the centre of the interpreted Canning palaeovalley.

Data obtained for the five highest flow holes are provided in Table 2. The average K value in brines from the holes was 2.35kg/m^3 (5.23kg/m^3 SOP). The results are regarded as very encouraging since the hole closest to Lake Dora (Dora 1403) is 19km north west of Dora and the most distant (1408) is approximately 36km from Dora.

Table 2

			Assays (mg/L)						
Hole ID	**Depth (m)**	**Flow Rate (l/sec)**	**K (mg/l)**	**K_2SO_4 (mg/l)**	**Mg (mg/l)**	**Na (mg/l)**	**SO_4 (mg/l)**	**Cl (mg/l)**	**TDI (mg/l)**
DRC1401	0-120m(1)	4(4)	3028	6758(2)	3941	35327	28888	55247	127111(3)
DRC1402	0-120m(1)	3	2028	4527	2259	22512	18468	34790	80834
DRC1404	0-186m(1)	4	2203	4917	2972	27531	20604	45029	99082
DRC1408	0-162m(1)	4	2310	5156	2980	30206	22936	45505	104636
DRC1412	0-162m(1)	5	2168	4838	2879	31768	20719	50535	108800
		Total Average	**2347**	**5239**	**3006**	**29469**	**22323**	**46221**	

Notes

(1) Brine analyses averaged over the total hole depth
(2) K_2SO_4 = K x 2.228
(3) TDI – Total Dissolved Ions = sum of values in columns 4, 6, 7, 8 and 9
(4) Flow rates are approximate only – obtained by air lifting of brine from deeper levels of 110mm diameter holes

Operations Report

Lake Dora SOP Project continued

The aquifer is typically tertiary basal channel sands. Underlying the tertiary sequence is a thick unit of Paterson Formation in the form of graphite siltstones with occasional glacial dropstones and tillites. Highest brine flows were observed where this unit was more competent but fractured. Depth limits of the formation remain to be tested.

The chemistry of the Dora Brines is favourable in terms of the K:Mg ratio (0.78:1) SO_4:K (9.5:1) and NaCl:K_2SO_4 (14.4:1) and upon concentration will be ideal for SOP production.

Although, the TDI (105g/l) of the brines from the area drilled are well below saturation (approximately 350g/l) the very favourable evaporation conditions in the region counteract the lower brine concentrations. It is also anticipated that drilling closer to Lake Dora will produce higher grade brines but retaining similar ion ratios.

Additional drilling and brine analysis data is required to better define Palaeochannel depth and width dimensions for Resource estimation purposes. Refer to the announcement dated 11 October 2014 for further details and analytical results relating to the Dora project.

Competent Persons Statement

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

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

Tenement Schedule as at 31 December 2016

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
	E69/3275	200 blocks	100%	HOL
	E69/3276	121 blocks	100%	HOL
	E69/3277	191 blocks	100%	HOL
Dora West, WA	E45/3246	44 blocks	100%	HOL
	E45/4292	73 blocks	100%	HOL
	ELA45/4321	165 blocks	100%	HOL
	ELA45/4488	61 blocks	100%	HOL

HOL Holocene Pty Ltd
E Exploration Licence
ELA Application for Exploration Licence
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 2016 and the auditor's report thereon.

Directors

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

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

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

Corporate Information

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

Principal Activities

During the year the Group was involved in mineral exploration.

Results of Operations

The net profit of the Group for the year ended 31 December 2016 was $1,460,570 (2015: Profit $225,999).

Dividends

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

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

At the date of this report there are no other matters or circumstances which have arisen since 31 December 2016 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 2016.

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

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

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

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

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

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

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

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

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

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

Bianca Taveira - Company Secretary

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

Mr Paul Savich was appointed as Joint Company Secretary of the Company effective 29 July 2015 and since resigned on 6 December 2016. Mrs Bianca Taveira will continue in her role as Company Secretary which she has held since 15 April 2010.

Directors' Interests in Shares and Options

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

Directors	Ordinary Shares		Options	
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Colin McCavana	1,024,998	29,999	-	-
*Michael Ruane	7,263,679	26,282,740	-	-
Rod Della Vedova	20,000	-	-	-

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

Shares under Option

Since the end of the reporting period, WDLAC held 4,500,000 unlisted options expiring 28 February 2017 and exercisable at 50 cents per option, the unlisted options expired unexercised. There are no further unissued ordinary shares of Reward Minerals Ltd under option as at the date of this report.

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.

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' Report

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

The Directors advise that during the year ended 31 December 2016, 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 2016 to 31 December 2016 the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

Remuneration Report (Audited)

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

A Principles Used to Determine Amount and Nature of Remuneration

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

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

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

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

Directors' Fees

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

Performance Based Remuneration

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.

Directors' Report

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

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

Voting and comments made at the Group's 2016 Annual General Meeting

The approval of the remuneration report was passed as indicated in the results of Annual General Meeting dated 31 May 2016. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

The Group received 98.62% of "yes" votes on its resolutions to re-elect Mr Colin McCavana as Director.

B Details of Remuneration of Key Management Personnel of the Group

The key management personnel of the Group for the year ended 31 December 2016 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:-

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

2015	Short Term				
Name	Consulting Fees $	Salary $	Directors' Fee $	Post Employment Superannuation $	Total $
Directors					
Colin McCavana	-	-	36,000	-	**36,000**
Michael Ruane	-	-	82,500	-	**82,500**
Rod Della Vedova	-	-	30,000	-	**30,000**
Other Key Management Personnel					
Daniel Tenardi – Project Director	-	270,000	-	25,650	**295,650**
	-	**270,000**	**148,500**	**25,650**	**444,150**

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 2016

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

Year ended 31 December 2015

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.

E KEY MANAGEMENT PERSONNEL DISCLOSURES

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:

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

2015	Balance at start of the year	Options acquired	Options expired during the year	Exercised during the year	Options sold	Balance at the end of the year	Vested and exercisable at the end of the year
Directors							
C McCavana	38,332	-	-	-	-	38,332	38,332
M Ruane	4,253,744	1,053,175	-	(330,000)	(1,247,657)	3,729,262	3,729,262
R Della Vedova	-	-	-	-	-	-	-
Other Key Management Personnel							
D Tenardi	500,000	-	(500,000)	-	-	-	-
	4,792,076	**1,053,175**	**(500,000)**	**(330,000)**	**(1,247,657)**	**3,767,594**	**3,767,594**

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.

Directors' Report

E KEY MANAGEMENT PERSONNEL DISCLOSURES continued

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

Shares continued

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

2015	Balance at the start of the year	Received during the year on the exercise of options	Shares sold	Shares acquired	Balance at the end of the year
Directors					
C McCavana	1,056,665	-	-	-	1,056,665
M Ruane**	34,597,414	330,000	(650,000)	424,000	34,701,414
R Della Vedova	20,000	-	-	-	20,000
Other Key Management Personnel					
D Tenardi	-	-	-	-	-
	35,674,079	**330,000**	**(650,000)**	**424,000**	**35,778,079**

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

[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 28 of this Annual Financial Report.

Dated this 30th day of March 2017 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 to 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.

	Comply Y/N
Principle 1 Lay Solid Foundations for Management and Oversight **Recommendation 1.1** A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 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.	Y
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 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.	Y
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. All Directors do not have written agreements with the Company. Colin McCavana, Rod Della Vedova and Michael Ruane have all been appointed pursuant to letters of engagement setting out the terms of their appointment. Under the Company's Board Policy, when the Board considers the appointment of any new Director, the terms of appointment of a director must be recorded in a letter of appointment which takes into consideration the ASX Recommendations. This will form the basis of the written agreement entered into between the Company and a director.	Y
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. The Board Policy states that the Company Secretary will be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	Y

Corporate Governance Statement

	Comply Y/N
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Diversity is not limited to gender, age, ethnicity and/or cultural backgrounds. As at December 2016, the proportion of women employed in the Group was: • All employees – 20% • In management positions – Nil • In senior executive positions – Nil • Board – Nil **Explanation for Departure** The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of a diversity policy is justified at this time.	N
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. **Explanation for Departure** Given the Company's size and nature there is no formal process for evaluating the performance of its senior executives. Should the size of the Company change, the Board will consider establishing a formal process. The Board Policy sets out how the company addresses succession issues.	N
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process **Explanation for Departure** Given the Company's size and nature there is no formal process for evaluating the performance of its senior executives. Should the size of the Company change, the Board will consider establishing a formal process. The Board Policy sets out how the company addresses succession issues.	N

Corporate Governance Statement

	Comply Y/N
Principle 2 Structure the Board to Add Value **Recommendation 2.1** The board of a listed entity should (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. There is no nomination committee. **Explanation for Departure** The full Board considers those matters that would usually be the responsibility of a nomination committee. The composition of the Board does not make the establishment of a separate nomination committee practicable. The Board has adopted a nomination committee charter, which it applies when convening as the nomination committee.	N
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. The Board regularly evaluates the mix of skills, experience and diversity at the Board level. The Board believes that a highly credentialed Board, with a diversity of background, skills and perspectives, will be effective in supporting and enabling delivery of good governance for the Company and value for the Company's shareholders. The mix of skills comprised in the current Board, and that the Board would look to maintain, and to build on, includes: • mining industry expertise; • metallurgy and metals marketing expertise; • experience in dealing with joint ventures and high levels of government and regulators; • high level of business acumen; • technical expertise (including finance); • ability to think strategically; • governance experience and expertise. The Board aspires to have a Board comprised of individuals' diverse experience and expertise and will be mindful of this when making appointments which will also be based on merit. A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.	Y
Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the Board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Corporate Governance Principles and Recommendations but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each director. The Board considers that the current composition of the Board is adequate for the Company's current size and operations and includes an appropriate mix of skills and expertise relevant to the Company's business. The current Board structure presently consists of two independent non-executive directors being Mr Colin McCavana (Chairman) and Mr Rod Della Vedova, the managing director, Dr Michael Ruane is not independent. The Company considers that each of the directors possess skills and experience suitable for building the Company. It is the Board's intention to appoint another independent director as and when the size and complexity of its operations changes and a suitable candidate is identified. A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.	Y

Corporate Governance Statement

	Comply Y/N
Recommendation 2.4 A majority of the board of a listed entity should be independent directors The majority of the board are independent directors.	Y
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director, and in particular, should not be the same person as the CEO of the entity. The Chairman of the Board, Mr Colin McCavana, is an independent, non-executive Director.	Y
Recommendation 2.6 A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. All new directors are provided with an induction including comprehensive meetings with the Chief Executive Officer, senior executives and management, and provision of information on the Company including Company and Board policies and other material documents. All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company. The Company Secretary under the guidance of the full Board oversees the induction program for new directors.	Y
Principle 3 Act Ethically and Responsibly **Recommendation 3.1** A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 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.	Y

Corporate Governance Statement

	Comply Y/N
Principle 4 Safeguard Integrity in Corporate Reporting **Recommendation 4.1** The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. **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. **Explanation for Departure** 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.	N

Corporate Governance Statement

	Comply Y/N
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. Due to the size of the Company the Managing Director is responsible to provide a declaration to the Board in accordance with section 295A of the Corporations Act as the company does not have a Chief Executive Officer (or equivalent) or Chief Financial Officer (or equivalent). Accordingly, the Board will seek to procure that the Managing Director puts in place sound systems of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.	Y
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. The Company's external auditor attends each AGM of the Company and is always available to answer questions from security holders relevant to the audit.	Y
Principle 5 Make Timely and Balanced Disclosure **Recommendation 5.1** A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. The Company has not established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance. **Explanation for Departure** The Directors have a long history of involvement with public listed companies and are familiar with the disclosure requirements of the ASX listing rules. The Company has in place informal procedures that it believes are sufficient for ensuring compliance with ASX Listing Rule disclosure requirements and accountability for compliance. The Board has nominated the Managing Director and the Company Secretary as being responsible for all matters relating to disclosure.	N
Principle 6 Respect the Rights of Security Holders **Recommendation 6.1** A listed entity should provide information about itself and its governance to investors via its website. Information about the Group, its operations and governance are located at: www.rewardminerals.com	Y
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. The Company has not established a formal Shareholder communication strategy. **Explanation for Departure** While the Company has not established a formal Shareholder communication strategy, it actively communicates with its Shareholders in order to identify their expectations and actively promotes Shareholder involvement in the Company via announcements lodged with the ASX. Shareholders with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.	N

Corporate Governance Statement

	Comply Y/N
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. While the Company has not established a formal Shareholder communication strategy, the Company 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 Company. Shareholders are encouraged to submit questions at general meetings and also to participate in discussions with the Board at the meetings.	Y
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. Shareholders are able to make contact with and receive communications from both the Share Registry and the Company electronically.	Y
Principle 7 Recognise and Manage Risk **Recommendation 7.1** The Board of a listed entity should: (a) have a committee or committee to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent Director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose the fact and the processes it employs for overseeing the entity's risk management framework. The Company has not established a risk committee. **Explanation for Departure** Due to the size of the Company, it 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. Should the size of the Company change, the Board will consider establishing a separate risk committee.	N
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. The Board will review the entity's risk management framework at least annually to satisfy itself that it continues to be sound. The entity will disclose whether the review has taken place in each annual report.	Y
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. The Company does not have an internal audit function. **Explanation for Departure** 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.	N

Corporate Governance Statement

	Comply Y/N
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and , if it does, how it manages or intends to manage those risks. The Company undertakes minerals exploration and, as such, faces risks inherent to its business, including economic, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. One of the Company's core values is safety; it prioritises safety and health to people, the environment and community. The Company views sustainable and responsible business practices as an important long term driver of performance and shareholder value and is committed to transparency, fair dealing, responsible treatment of employees and partners and positive interaction with the community. **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.	Y
Principle 8 Remunerate Fairly and Responsibly **Recommendation 8 .1** The Board of a listed entity should: (a) have a Remuneration Committee which: (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members; or (b) if it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive. Principal 8 has not fully been complied with as the Group has not established a remuneration committee. **Explanation for Departure** 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. The current remuneration of the Directors is disclosed in the Directors' Report. Non-executive Directors receive fixed Director's fees and may also receive options or shares. The issue of options or shares to non-executive Directors may be an appropriate method of providing sufficient incentive and reward while maintaining cash reserves. Due to the Company's early stage of development and small size, it does not consider that a separate remuneration committee would add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board believes it is more appropriate to set aside time at specified Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with regulatory requirements, especially in respect of related party transactions; that is, none of the Directors will participate in any deliberations regarding their own remuneration or related issues.	N

Corporate Governance Statement

	Comply Y/N
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive directors and other senior executives. The information provided in the Remuneration Report is audited as required by section 308(3C) of the Corporations Act 2001. 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. 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.	Y
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. The Company does not have an equity–based remuneration scheme. **Explanation for Departure** Should this change, the Board will adopt a new policy. 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. All Directors, Staff and Contractors are required to acknowledge receipt of a copy of the Company's Securities Trading Policy which sets out guidelines for securities trading by all personnel.	N

Declaration of Independence

ROTHSAY

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

The Directors
Reward Minerals Limited
159 Stirling Highway
Nedlands WA 6009

Dear Sirs

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

i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2016 interim financial statements; and

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

Graham R Swan FCA (Lead auditor)

Rothsay Auditing

Dated 30 March 2017

Chartered Accountants

Independent Auditor's Report

ROTHSAY

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF REWARD MINERALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Reward Minerals Limited ("the Company") and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Key Audit Matter

Exploration and evaluation expenditure and Mine development expenditure

The group has incurred significant exploration and evaluation expenditure and mine development expenditure which has been capitalised. As the carrying value of exploration and evaluation expenditure and

Chartered Accountants

Independent Auditor's Report

mine development expenditure represents a significant asset of the Group we considered it necessary to assess whether facts and circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.

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

- We obtained evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure and mine development expenditure by obtaining searches of a sample of the Group's tenement holdings;

- We enquired of management and reviewed work programs to ensure that further expenditure on exploration on the mineral resources in the Group's areas of interest was planned and cross referenced these discussions to ASX announcements and where applicable minutes of directors' meetings;

- We substantiated post 31 December 2016 expenditure on the mineral resources in the Group's areas of interest;

- We obtained an understanding of the key processes associated with management's review of the carrying values of capitalised exploration and evaluation expenditure and mine development expenditure and challenged management's assertion that the carrying amount of the capitalised expenditure was likely to be recovered in full from successful development or sale.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

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

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

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

Directors' Responsibility for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

Independent Auditor's Report

concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2016.

In our opinion the remuneration report of Reward Minerals Limited for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Rothsay

Rothsay Auditing

Dated 30 March 2017

Graham R Swan FCA
Partner

Chartered Accountants

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

Directors' Declaration

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

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

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

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

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

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

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

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

Dated this 30th day of March 2017

Michael Ruane
Director

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2016

	Note	Consolidated Entity	
		2016 $	2015 $
Continuing Operations			
Revenue	2	169,526	136,084
Other income	2	2,112,775	1,493,424
		2,282,301	**1,629,508**
Depreciation		(219,596)	(179,232)
Audit fees		(24,000)	(21,000)
Consulting fees		(40,593)	(88,259)
Exploration expenses	3	(12,199)	(15,409)
Legal expense		(500)	(550)
Employee benefits expense		(115,507)	(201,350)
Administration expenses		(409,336)	(305,644)
Capitalised exploration expenditure written off		-	(592,065)
Profit/(Loss) from continuing operations before income tax		1,460,570	225,999
Income tax benefit	5	-	-
Profit/(Loss) from continuing operations for the year		1,460,570	225,999
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		-	-
Profit/(Loss) on revaluation of financial assets, net of tax		-	-
Total Comprehensive Profit/(Loss) Attributable to Members of Reward Minerals Ltd		**1,460,570**	**225,999**
Profit/(Loss) per share attributable to the ordinary equity holders of the company: Basic and diluted earnings/(loss) per share	6	1.13 cents	0.20 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 2016

	Note	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Current Assets			
Cash and cash equivalents	7	4,957,035	6,299,346
Trade and other receivables	9	187,958	170,379
Total Current Assets		5,144,993	6,469,725
Non-Current Assets			
Property, plant and equipment	10	885,273	946,010
Exploration and evaluation expenditure	11	15,350,960	8,478,406
Mine development expenditure	12	13,645,113	13,645,113
Total Non-Current Assets		29,881,346	23,069,529
Total Assets		**35,026,339**	**29,539,254**
Current Liabilities			
Trade and other payables	13	823,471	602,365
Total Current Liabilities		823,471	602,365
Total Liabilities		**823,471**	**602,365**
Net Assets		**34,202,868**	**28,936,889**
Equity			
Contributed equity	14(a)	35,844,508	32,039,099
Reserves	15(b)	10,287,346	10,287,346
Accumulated losses	15(a)	(11,928,986)	(13,389,556)
Total Equity		**34,202,868**	**28,936,889**

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 2016

Consolidated Entity	Contributed Equity $	Share-Based Payment Reserve $	Available for Sale Investments Revaluation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 January 2015	**26,161,820**	**10,287,346**	**(112,500)**	**(13,503,055)**	**22,833,611**
Comprehensive income for the year					
Profit/(Loss) for the year	-	-	-	225,999	225,999
Total Comprehensive Income for the Year	**-**	**-**	**-**	**225,999**	**225,999**
Transactions with owners in their capacity as owners:					
Share issue	6,149,779	-	-	-	6,149,779
Cost of share issue	(272,500)	-	-	-	(272,500)
Transfers from available for sale investments revaluation reserve to accumulated losses	-	-	112,500	(112,500)	-
Balance at 31 December 2015	**32,039,099**	**10,287,346**	**-**	**(13,389,556)**	**28,936,889**
Balance at 1 January 2016	**32,039,099**	**10,287,346**	**-**	**(13,389,556)**	**28,936,889**
Comprehensive income for the year					
Profit/(Loss) for the year	-	-	-	1,460,570	1,460,570
Total Comprehensive Income for the Year	**-**	**-**	**-**	**1,460,570**	**1,460,570**
Transactions with owners in their capacity as owners:					
Share issue	3,805,409	-	-	-	3,805,409
Balance at 31 December 2016	**35,844,508**	**10,287,346**	**-**	**(11,928,986)**	**34,202,868**

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 2016

	Note	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Cash Flows from Operating Activities			
Receipts from customers		-	-
Payments to suppliers and employees		(296,275)	(487,558)
Interest received		134,205	109,643
Research and development tax rebate received (net of professional costs)		2,028,204	1,484,134
Net Cash Used In Operating Activities	7(b)	1,866,134	1,106,219
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(158,859)	(680,683)
Payments for exploration and evaluation expenditure		(6,854,995)	(4,989,684)
Proceeds from sale of investments		-	974,302
Net Cash Used In Investing Activities		(7,013,854)	(4,696,065)
Cash Flows from Financing Activities			
Proceeds from share issue		-	6,149,779
Share issue costs		-	(272,500)
Proceeds from options exercised		3,805,409	-
Net Cash Provided by Financing Activities		3,805,409	5,877,279
Net Increase/ (Decrease) in Cash Held		(1,342,311)	2,287,433
Cash and Cash Equivalent at the Beginning of the Financial Year		6,299,346	4,011,913
Cash and Cash Equivalents at the End of the Financial Year	7(a)	**4,957,035**	**6,299,346**

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

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT

Reporting Entity

This financial report of Reward Minerals Ltd ('the Company') for the year ended 31 December 2016 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 28 March 2017.

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

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

Notes

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

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

Notes

7 Cash and cash equivalents
8 Financial risk management

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

Notes

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

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

Notes

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

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

Notes

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

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

Notes

20 Remuneration of Auditors
21 Commitments for expenditure
22 Contingencies
23 Events occurring after reporting period

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT continued

1a Basis of Preparation

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

Compliance with IFRSs

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 31 December 2016. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

(i) AASB 9 Financial Instruments

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

(ii) AASB 15 Revenue from Contracts with Customers

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

Notes to the Financial Statements

1 **ABOUT THIS FINANCIAL REPORT** continued

1a **Basis of Preparation** continued

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

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

(iii) AASB 16 Leases

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

1b **Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of the Company as at 31 December 2016 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as Reward or the Consolidated Entity.

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

1c **GST**

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

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

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

Notes to the Financial Statements

	Consolidated Entity	
	2016 $	2015 $
2 REVENUE FROM CONTINUING OPERATIONS		
Interest income	169,526	136,084
Other income	69,408	35,409
Loss on sale of shares	-	(75,698)
Research and development tax rebate received (see Note 5(d))	2,043,367	1,533,713
	2,282,301	**1,629,508**
3 PROFIT/(LOSS) FOR THE YEAR		
Rental expense on operating leases	73,187	46,330
Exploration expenditure not capitalised	12,199	15,409

4 SEGMENT INFORMATION

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

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

5 INCOME TAX EXPENSE

	2016 $	2015 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	**-**
(b) Reconciliation of income tax expense to prima facie tax payable:		
Profit/(Loss) before income tax	1,460,570	225,999
Prima facie income tax at 30% (2015: 30%)	438,171	67,800
Tax-effect of exploration expenditure claimed	(2,061,767)	(1,298,763)
Other timing differences	2,726	13,251
Permanent differences	(62,358)	(62,343)
Tax loss not recognised	2,296,238	1,740,169
Research & development rebate not assessable	(613,010)	(460,114)
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	9,840,452	8,925,145
Deferred tax liabilities - Capitalised exploration expenditure	(8,241,697)	(6,179,931)
Other temporary differences	63,257	50,068
Net Deferred Tax Assets / (Liabilities)	**1,662,012**	**2,795,282**

Notes to the Financial Statements

5 INCOME TAX EXPENSE continued

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

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

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

(d) Research & Development tax rebate

During the year ended 31 December 2016, the Group applied for and received rebates from the Australian Taxation Office of $2,043,367, representing the tax value of research and development costs for the years ended 31 December 2015. These have been included as other income, refer Note 2.

6 PROFIT/(LOSS) PER SHARE	2016 Cents Per Share	2015 Cents Per Share
Basic profit/(loss) per share	1.13	0.20

	2016 $	2015 $
The profit/(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	1,460,570	225,999

	2016 No.	2015 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	129,160,135	115,547,325

	Consolidated Entity	
7 CASH AND CASH EQUIVALENTS	**2016 $**	**2015 $**
7a Reconciliation of Cash		
For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and short term deposits	**4,957,035**	**6,299,346**

	Consolidated Entity	
	2016 $	**2015 $**
7b Reconciliation of Net Cash used In Operating Activities to Operating Profit/(Loss) after Income Tax		
Profit/(Loss) for the year	1,460,570	225,999
Depreciation	219,596	179,232
Impairment of assets/exploration costs expensed included in investing activities	12,199	607,474
Gain/(Loss) on sale of available for sale financial assets	-	75,698
Change in assets and liabilities during the financial year:		
Receivables	(17,578)	78,288
Payables	191,347	(60,472)
Net cash inflow/(outflow) from operating activities	**1,866,134**	**1,106,219**

Notes to the Financial Statements

8 FINANCIAL RISK MANAGEMENT

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

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

	Note	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Financial Assets			
Cash and cash equivalents	7a	4,957,035	6,299,346
Loans and receivables	9	187,958	170,379
Total Financial Assets		**5,144,993**	**6,469,725**
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	13	823,471	602,365
Total Financial Liabilities		**823,471**	**602,365**

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

8a Market Risk

(i) Cash Flow Interest Rate Risk

Refer to (d) below.

8b Credit Risk

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

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

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

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Cash and cash equivalents		
'AA' S&P rating	4,957,035	6,299,346

Notes to the Financial Statements

8 FINANCIAL RISK MANAGEMENT continued

8c Liquidity Risk

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

8d Cash Flow Risk

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

Based on the year-end balances, a 1% increase in interest rates would have increased the consolidated profit by $49,570 (2015: Profit $62,993) and increased the cash balances by a corresponding amount. There were no other amounts included in Net Assets subject to material interest rate risks.

	Note	Consolidated Entity	
		2016 $	2015 $
9 TRADE AND OTHER RECEIVABLES			
Prepayments		29,553	13,004
GST assets		112,297	118,943
Trade and other receivables		46,108	38,432
		187,958	**170,379**
No receivables are impaired or past due but not impaired. Refer to Note 8 for Financial Risk considerations. The carrying value of all receivables approximates their fair value.			
10 PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment at cost		1,522,323	1,363,464
Less provision for depreciation		(637,050)	(417,454)
		885,273	**946,010**
Reconciliations:			
Plant and Equipment			
Carrying amount at the beginning of the year		946,010	444,559
Additions		158,859	680,683
Depreciation		(219,596)	(179,232)
Carrying amount at the end of the year		**885,273**	**946,010**
11 EXPLORATION AND EVALUATION EXPENDITURE			
Mining tenements at cost		15,350,960	8,478,406
		15,350,960	**8,478,406**
Tenements			
Carrying amount at the beginning of the year		8,478,406	4,149,197
Additions		6,872,554	4,921,274
Amounts written off		-	(592,065)
Carrying amount at the end of the year		**15,350,960**	**8,478,406**

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

Notes to the Financial Statements

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
12 MINE DEVELOPMENT EXPENDITURE		
Mine development expenditure at beginning of year	13,645,113	13,645,113
Carrying amount at the end of the year	**13,645,113**	**13,645,113**

Amounts capitalised relate to the Lake Disappointment Potash Project in Western Australia. The project is currently ongoing and amortisation will be charged when production commences.

	2016 $	2015 $
13 TRADE AND OTHER PAYABLES		
Trade Payables	739,946	547,896
Accrued Expenses	83,525	54,469
	823,471	**602,365**
14 CONTRIBUTED EQUITY		
14a Share capital		
At the beginning of the financial year	32,039,099	26,161,820
Shares issued during the year	-	5,250,000
Share issue costs	-	(272,500)
Options exercised during the year	3,805,409	310,279
Options exercised in December 2015, shares issued January 2016	-	589,500
At the End of the Financial Year	**35,844,508**	**32,039,099**

	2016 No. Shares	2015 No. Shares
At the beginning of the financial year	119,756,762	111,679,856
Shares issued during the year	16,003,634	8,076,906
At the End of the Financial Year	**135,760,396**	**119,756,762**

14b Terms and Condition of Contributed Equity

Ordinary Shares

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

	2016 Options	2015 Options
14c Movement in Options		
Balance at beginning of year	22,856,434	24,141,548
Options expired during the year	(2,352,800)	(500,000)
Options exercised during the year	(16,003,634)	(785,114)
Balance at End of Year	**4,500,000**	**22,856,434**

No options were issued during the year.

Notes to the Financial Statements

14 CONTRIBUTED EQUITY continued

Closing balance is represented as follows:

Nature	Expiry Date	Exercise Price of Options	2016 Options	2015 Options
WDLAC options	28 February 2017	$0.50	4,500,000	4,500,000
			4,500,000	**4,500,000**

14d Capital Risk Management

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

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

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

	Consolidated Entity	
	2016 $	2015 $
15 RESERVES AND ACCUMULATED LOSSES		
15a Accumulated Losses		
Accumulated losses at the beginning of the year	(13,389,556)	(13,503,055)
Net profit/(loss) for the year	1,460,570	225,999
Transfer from Financial Investments Revaluation Reserve	-	(112,500)
Accumulated Losses at the end of the year	**(11,928,986)**	**(13,389,556)**
15b Reserves		
Share based payments reserve (i)	10,287,346	10,287,346
Financial investments revaluations reserve (ii)	-	-
	10,287,346	**10,287,346**
(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	10,287,346	10,287,346
Balance at the End of the Year	**10,287,346**	**10,287,346**
(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	-	(112,500)
Revaluation of shares in listed company	-	-
Transfer to accumulated losses	-	112,500
Balance at the end of the year	**-**	**-**

16 SHARE-BASED PAYMENTS

There were no share based payment transactions during the year ended 31 December 2016.

Notes to the Financial Statements

	Parent	
	2016	**2015**
	$	**$**
17 PARENT ENTITY INFORMATION		
17a Summary Financial Information		
Financial Position		
Assets		
Current assets	33,245,861	27,693,239
Non-current assets	825,289	870,979
Total assets	**34,071,150**	**28,564,218**
Liabilities		
Current liabilities	711,175	483,422
Total liabilities	**711,175**	**483,422**
Equity		
Issued capital	35,844,507	32,039,098
Reserves	3,228,560	3,228,560
Accumulated losses	(5,713,092)	(7,186,862)
Total equity	**33,359,975**	**28,080,796**
Financial Performance		
Profit/(Loss) for the year	1,473,770	136,941
Other comprehensive income	-	-
Total comprehensive profit/ (loss) for the year	**1,473,770**	**136,941**

17b Guarantees

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

17c Other Commitments and Contingencies

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

18 INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2016 %	Equity Holding 2015 %
Holocene Pty Ltd	Australia	Ordinary	100	100

Notes to the Financial Statements

	Consolidated Entity	
19 KEY MANAGEMENT PERSONNEL DISCLOSURES & RELATED PARTY TRANSACTIONS	**2016 $**	**2015 $**
19a Details of Remuneration of Key Management Personnel		
Short-term benefits	428,134	418,500
Post-employment benefits	26,636	25,650
	454,770	444,150
19b Aggregate Amount Payable to Directors and their Director Related Entities at Balance Date		
Current liabilities		
Accrued expenses	-	27,000
	-	27,000
20 REMUNERATION OF AUDITORS		
Remuneration for audit or review of the financial reports of the Group:	24,000	21,000
For auditing the financial statements		
	24,000	**21,000**

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

Detailed remuneration disclosures are provided in the remuneration report on pages 15 - 18.

21 COMMITMENTS FOR EXPENDITURE

21a Mining Agreements

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

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

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

22 CONTINGENCIES

22a Contingent Liabilities

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

23 EVENTS OCCURRING AFTER REPORTING DATE

There have been no other events subsequent to reporting date.

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

24a Historical Cost Convention

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

Critical Accounting Estimates

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

Notes to the Financial Statements

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

24b Income Tax

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

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

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

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

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

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

24c Revenue Recognition

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

(i) **Interest Income**

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

(ii) **Other Services**

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

24d Exploration and Evaluation Expenditure

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

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

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

At 31 December 2016 the Directors considered that the carrying value of the mineral tenement interests of the consolidated entity was as shown in the Statement of Financial Position and no further impairments arises other than that already recognised.

Notes to the Financial Statements

24 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

24e Mine Development

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

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

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

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

24f Plant and Equipment

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

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

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

Depreciation

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

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

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

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

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

24g Trade Receivables

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

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

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

Notes to the Financial Statements

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

24h Trade and Other Payables

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

24i Employee Entitlements

(i) Wages, salaries and annual and sick leave

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

(ii) Long service leave

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

24j 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 divided yield and the risk-free interest rate for the term of the option.

24k Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

24l Segment Reporting

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

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.

Notes to the Financial Statements

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

24l Segment Reporting continued

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

24m Impairment of Assets

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

24n Cash and Cash Equivalents

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

24o Provisions

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

24p Contributed Equity

Ordinary shares are classified as equity.

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

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

24q Comparative Figure

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

24r Government Grants

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

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

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

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

Notes to the Financial Statements

25 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

i) Significant accounting judgements

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

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. As at 31 December 2016, the carrying value of capitalised exploration expenditure is $15,350,960.

ii) Significant accounting estimates and assumptions

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

Impairment of capitalised exploration and evaluation expenditure

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

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

Valuation of share based payments

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

Valuation of share based payments continued

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

26 COMPANY DETAILS

The registered office of the Company is:

Reward Minerals Limited
159 Stirling Highway
NEDLANDS WA 6009

Shareholder Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 21 March 2017.

DISTRIBUTION OF SHAREHOLDERS Spread of Holdings			Number of Holders	Number of Shares	Percentage of Issued Capital
1	-	1,000	220	90,562	0.07%
1,001	-	5,000	375	1,091,432	0.80%
5,001	-	10,000	182	1,471,747	1.08%
10,001	-	100,000	446	15,944,249	11.75%
100,001	-	and over	182	117,162,406	86.30%
			1,405	**135,760,396**	**100.00%**

There were 244 holders of ordinary shares holding less than a marketable parcel.

Substantial Shareholders	Number of Shares	Percentage of Issued Capital
*Tyson Resources Ltd	12,324,409	10.12
*Kesli Chemicals Ltd	8,980,290	7.38
*Intermin Resources Ltd	5,959,257	4.89

**Denotes unmerged data*

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction.

	Top Twenty Shareholders - RWD	Number of Ordinary Shares Held	%
1	Tyson Resources Pty Ltd	12,758,085	9.40
2	Kesli Chemicals Pty Ltd <Ruane S/F A/c>	10,883,233	8.02
3	Dr Michael Ruane	7,263,679	5.35
4	Intermin Resources Ltd	5,959,257	4.39
5	Gasmere Pty Ltd	3,713,888	2.74
6	Hillboi Nominees Pty Ltd	3,285,122	2.42
7	Franway Pty Limited <Kennedy Family S/F A/c>	3,250,000	2.39
8	Bill Brooks Pty Ltd <Bill Brooks Family A/c>	3,176,751	2.34
9	Kesli Chemicals Pty Ltd	2,641,422	1.95
10	Spar Nominees Pty Ltd	1,790,000	1.32
11	Citicorp Nominees Pty Limited	1,664,608	1.23
12	RPM Super Pty Ltd <RPM Super Fund A/c>	1,423,970	1.05
13	Goldfire Enterprises Pty Ltd	1,389,333	1.02
14	Taurus Corporate Services Pty Ltd	1,310,000	0.96
15	Hornet Computer Systems Pty Ltd	1,227,777	0.90
16	Perth Investment Corporation Ltd	1,131,370	0.83
17	Drawone Pty Ltd <Newton Investment A/c>	1,100,000	0.81
18	Mr Gregory R Cunnold & Ms Lara C Groves <Stratford A/c>	1,000,000	0.74
19	Warawong Pty Ltd <Warawong S/F A/c>	935,749	0.69
20	Bill Brooks Pty Ltd <Bill Brooks S/F A/c>	923,800	0.68
		66,828,044	**49.23**

159 Stirling Highway, Nedlands WA 6009
PO Box 1104, Nedlands WA 6909
T | 08 9386 4699
F | 08 9386 9473
E | admin@rewardminerals.com
W | www.rewardminerals.com
acn 009 173 602
abn 50 009 173 602

ANNUAL REPORT 2016

ASX Code RWD

Lake Disappointment – Pilot Pond, WA