
**REWARD MINERALS LTD
and Controlled Entities
ACN 009 173 602**

**Interim Financial Report
For The Half Year Ended 30 June 2009**

Contents

Corporate Particulars	3
Directors' Report	4
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	14
Auditor's Independence Declaration	15
Independent Review Report	16

Corporate Particulars

DIRECTORS

G E Lambert
M Ruane
C J Van Heyst
W P Brooks

SECRETARY

J E Sendziuk

REGISTERED OFFICE

159 Stirling Highway
NEDLANDS WA 6009
Telephone 08 9386 4699
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SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
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AUDITORS

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
Telephone 08 9380 8400
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BANKERS

Australia and New Zealand Banking Group Limited

Directors' Report

Your directors present their report on the Consolidated Entity consisting of Reward Minerals Ltd and the entities that it controls ("Reward" or "the Group") at the end of, or during, the half-year ended 30 June 2009.

DIRECTORS

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

Geoffrey E Lambert
Cyrille J Van Heyst
William P Brooks
Michael Ruane

REVIEW AND RESULTS OF OPERATIONS

The Consolidated Entity is principally engaged in mineral exploration in Australia. During the half year ended 30 June 2009 the Consolidated Entity expended \$688,421 on exploration of its tenements. The Consolidated Entity incurred a loss of \$791,047 (2008: \$991,315 loss) for the half year ended 30 June 2009.

During the June half year, the Company's arbitration process (s.35) with Western Desert Lands Aboriginal Corporation (WDLAC), the body corporate representing the Martu people for access and mining of the Company's Potash resource in Lake Disappointment, Western Australia, was finalised. On 28 May 2009 a ruling was handed down by the National Native Title Tribunal that in respect of the Company's application for Mining Lease 45/1171 at Lake Disappointment "the act must not be done" meaning that without consent from the Native Title Party, the Mining Lease application must not be granted to Holocene Pty Ltd/Reward Minerals Ltd.

Subsequently, Holocene requested that the Attorney General, as the 'Commonwealth Minister', make a declaration under subsection 42(3) of the NTA that the Determination be overruled. Holocene made the request on the grounds that a Potash production facility at Lake Disappointment is in the national interest and in the interest of the State of Western Australia. Holocene has also submitted to the Attorney General that the effect of the grant of the mining lease on the Martu Peoples' native title will not be substantial and that the Martu People will benefit from the mining lease being granted. Any declaration by the Attorney General in such matters must be made within 2 months after the making of the NNTT's Determination i.e. on or before 28 July 2009 (see subsection 42(4) of the NTA).

In the meantime, the Company has continued its exploration programme aimed at discovery of buried potash deposits in Australia. The current drilling campaign has focused on the Calagiddy-Yalbalgo station areas 50-100km south east of Carnarvon, WA. Substantial evaporite horizons were encountered in the most recent drilling and follow up drilling is scheduled to commence in August 2009.

On 17 October 2008, Reward shareholders approved the transfer of Reward's Jervois and Gabanintha projects in return for 14.9 million 20 cent shares and 14.9 million options exercisable at 20 cents on or before 31 July 2011 to its subsidiary Jinka Minerals Ltd. The shareholders also approved an in specie distribution of the shares and options to Reward shareholders registered on 28 October 2008. The distribution is scheduled for the September 2009 quarter.

The Company has also completed access agreements and Heritage surveys for the Lake MacKay project. The way is now clear for a drilling programme to be carried out in the September quarter. This programme aims to test for, and subsequently quantify, the potassium content is 2,000km² playa lake.

At the end of the reporting period, the Company held \$4.81 million in cash and cash equivalents.

Directors' Report (Cont'd)

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from BDO Kendalls Audit & Assurance (WA) Pty Ltd, the Consolidated Entity's auditors, as presented on page 13 of this half-year's financial report.

This report is made in accordance with a resolution of directors.

M RUANE
MANAGING DIRECTOR

11 September 2009, Perth

Consolidated Statement of Comprehensive Income For The Half Year Ended 30 June 2009

	Note	June 2009 \$	June 2008 \$
Revenue from continuing operations		219,986	170,219
		<u>219,986</u>	<u>170,219</u>
Depreciation		(4,064)	(4,968)
Audit fees		(9,874)	(11,168)
Consulting fees		(56,682)	(89,426)
Exploration expenses		(298,456)	(761,815)
Corporate fees		(26,575)	(40,680)
Legal expenses		(58,193)	(8,680)
Native title expenditure		(70,289)	(70,858)
Administration expenses		(91,009)	(73,939)
Impairment of tenements		-	(100,000)
Revaluation of investments		340	-
Loss before income tax	2	(394,816)	(991,315)
Income tax benefit		-	-
Loss from continuing operations for the half-year		(394,816)	(991,315)
Loss from discontinued operations	9	(396,231)	-
Loss for the half year		(791,047)	(991,315)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		<u>(791,047)</u>	<u>(991,315)</u>
Earnings/ (Loss) per share for loss from continuing operations attributable to the ordinary equity holders of Reward Minerals Ltd			
		2009	2008
Basic loss per share		(0.01 cents)	(0.02 cents)
Diluted loss per share		(0.01 cents)	(0.02 cents)

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

Consolidated Statement of Financial Position

As At 30 June 2009

	Note	June 2009 \$	December 2008 \$
Current Assets			
Cash and cash equivalents		4,811,308	5,375,824
Trade and other receivables		137,968	398,230
		<u>4,949,276</u>	<u>5,774,054</u>
Non-current assets classified as held for sale	7/9	3,037,034	-
Total current assets		<u><u>7,986,310</u></u>	<u><u>5,774,054</u></u>
Non-Current Assets			
Available-for-sale financial assets		1,640	1,300
Other financial assets		2,000	2,000
Property, plant and equipment		46,919	46,483
Exploration and evaluation expenditure	7	2,389,045	4,764,686
Total non-current assets		<u>2,439,604</u>	<u>4,814,469</u>
Total assets		<u><u>10,425,914</u></u>	<u><u>10,588,523</u></u>
Current Liabilities			
Trade and other payables		308,969	806,665
Provisions		-	21,198
Total current liabilities		<u>308,969</u>	<u>827,863</u>
Total liabilities		<u>308,969</u>	<u>827,863</u>
Net assets		<u><u>10,116,945</u></u>	<u><u>9,760,660</u></u>
Equity			
Contributed equity	8	13,894,277	12,746,945
Reserves		226,350	226,350
Accumulated losses		(4,003,682)	(3,212,635)
Total equity		<u><u>10,116,945</u></u>	<u><u>9,760,660</u></u>

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

Consolidated Statement of Changes in Equity For The Half Year Ended 30 June 2009

	Contributed Equity	Share-Based Payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 January 2008	<u>11,507,264</u>	<u>226,350</u>	<u>(1,328,599)</u>	<u>10,405,017</u>
Loss for the year	<u>-</u>	<u>-</u>	<u>(991,315)</u>	<u>(991,315)</u>
Total Comprehensive Income for the half-year	<u>-</u>	<u>-</u>	<u>(991,315)</u>	<u>-</u>
Transactions with owners in their capacity as owners:				
Share based payment expense	<u>-</u>	<u>490</u>	<u>-</u>	<u>490</u>
Contribution of equity, net of transactions costs	<u>772,161</u>	<u>-</u>	<u>-</u>	<u>772,161</u>
Balance at 30 June 2008	<u>12,279,425</u>	<u>226,840</u>	<u>(2,319,912)</u>	<u>10,186,353</u>
Balance at 1 January 2009	<u>12,746,945</u>	<u>226,350</u>	<u>(3,212,635)</u>	<u>9,760,660</u>
Loss for the year	<u>-</u>	<u>-</u>	<u>(791,047)</u>	<u>(791,047)</u>
Total Comprehensive Income	<u>-</u>	<u>-</u>	<u>(791,047)</u>	<u>-</u>
Transactions with owners in their capacity as owners:				
Contribution of equity, net of transactions costs	<u>1,147,332</u>	<u>-</u>	<u>-</u>	<u>1,147,332</u>
Balance at 30 June 2009	<u>13,894,277</u>	<u>226,350</u>	<u>(4,003,682)</u>	<u>10,116,945</u>

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

Consolidated Statement of Cash Flow

For The Half Year Ended 30 June 2009

	June 2009 \$	June 2008 \$
Cash Flows From Operating Activities		
Payments to suppliers and employees	(266,136)	(323,537)
Payment for mineral exploration	(1,260,067)	(207,087)
Interest received	95,496	236,650
Other income	384,752	1,324
Net cash used in operating activities	<u>(1,045,955)</u>	<u>(292,650)</u>
Cash Flows From Investing Activities		
Payments for mineral exploration capitalised	(661,393)	(713,219)
Payment for plant and equipment	(4,500)	-
Net cash used in investing activities	<u>(665,893)</u>	<u>(713,219)</u>
Cash Flows From Financing Activities		
Proceeds from issue of shares	1,147,332	772,161
Net cash provided by financing activities	<u>1,147,332</u>	<u>772,161</u>
Net increase/(decrease) in cash held	(564,516)	(233,708)
Cash and cash equivalents at the beginning of the half-year	5,375,824	6,083,143
Cash and cash equivalents at the end of the half-year	<u>4,811,308</u>	<u>5,849,435</u>

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

Notes To The Financial Statements For The Half Year Ended 30 June 2009

1. Summary of Significant Accounting Policies

a. Basis of Preparation of Half-Year Report

This general purpose financial report for the interim half-year reporting period ended 30 June 2009 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2008 and any public announcements made by Reward Minerals Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

b. The group has adopted AASB Operating Segments from 1 January 2009 whereby segment information is presented using a 'management approach', ie. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker.

	Half-Year Ended June 2009 \$	Half-Year Ended June 2008 \$
2. Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:		
Expenses		
Related party transactions	-	86,000
Impairment of mining tenements	-	100,000
	-	186,000

The mining tenement write-down related to the Jervois tenement and arose from the re-negotiation of a royalty settlement agreement.

3. Events Subsequent To Reporting Date

On 31 July 2009 the company made an in specie distribution of 14.9 million shares and 14.9 million options exercisable at 20 cents on or before 31 July 2011, on a pro rata basis to the shareholders of Reward registered on 28 October 2008.

Jinka Minerals Ltd, a subsidiary, incorporated on 28 June 2008, ceased to be a subsidiary on 27 July 2009 when its issued shares and options were distributed to the shareholders of Reward. Amounts included within Non current assets held for sale represent the carrying value of the assets disposed.

On 28 July 2009 the Attorney General upheld the decision of the NNTT in respect of the Lake Disappointment Potash tenement.

4. Contingent Liabilities

There are no contingent liabilities as at 30 June 2009.

5. Dividends

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

Notes To The Financial Statements For The Half Year Ended 30 June 2009

6. Segment Information

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

The board considers that the reportable segments are defined by the nature of the exploration activities. As such there are two reportable segments being Potash tenements and Gold tenements (transferred post year-end as part of Jinka Minerals transaction - notes 8 and 9).

2009	Potash	(Discontinued operation) Jinka	Total
	\$	\$	\$
Revenue	-	-	-
Exploration expenditure	298,456	389,965	688,421
Loss before Income tax	(369,778)	(396,231)	(766,009)
Total Segment Assets	2,389,045	3,037,034	5,426,079
2008			
Revenue	-	-	-
Exploration expenditure	761,815	-	761,815
Loss before Income tax	(365,343)	(580,670)	(946,013)
Total Segment Assets	1,784,448	2,980,238	4,764,686

(a) Segment revenue

Segment Revenue reconciles to Revenue from continuing operations as follows:

	2009	2008
	\$	\$
Segment Revenue	-	-
Interest Revenue	100,246	165,918
Other Revenue	119,740	4,301
Revenue from Continuing Operations	<u>219,986</u>	<u>170,219</u>

Notes To The Financial Statements For The Half Year Ended 30 June 2009

6. Segment Information continued

(b) Segment Loss

Segment Loss reconciles to Loss before Income Tax is as follows:

	2009 \$	2008 \$
Segment Loss before Income Tax	(766,009)	(946,013)
Interest Revenue	100,246	165,918
Unallocated costs net of Other Revenue	<u>(125,284)</u>	<u>(211,220)</u>
Loss before Income Tax	<u>(791,047)</u>	<u>(991,315)</u>

(c) Segment Assets

Segment Assets reconcile to Total Assets as follows:

Segment Assets	5,426,079	4,764,686
Unallocated Assets	<u>4,999,835</u>	<u>5,823,837</u>
Total Assets	<u>10,425,914</u>	<u>10,588,523</u>

(d) Segment Liabilities

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

	Half-Year Ended June 2009 \$	Half-Year Ended June 2008 \$
7. Capitalised exploration expenditure		
Exploration and evaluation expenditure at 31 December	4,764,686	4,218,918
Exploration expenditure capitalised during the period	661,393	132,549
Reclassification to non current assets held for sale (See note 9)	<u>(3,037,034)</u>	<u>-</u>
Exploration and evaluation expenditure at 30 June	<u>2,389,045</u>	<u>4,351,467</u>

Notes To The Financial Statements For The Half Year Ended 30 June 2009

8. Equity Securities Issued

	2009 Shares	2008 Shares	2009 \$	2008 \$
Issue of ordinary shares during the half-year				
Balance at 1 January	60,532,264	53,708,857	12,746,945	11,507,264
Options exercised at 20 cents	<u>7,426,732</u>	<u>3,860,805</u>	<u>1,147,332</u>	<u>772,161</u>
Balance at 30 June 2009	<u><u>67,958,996</u></u>	<u><u>57,569,662</u></u>	<u><u>13,894,277</u></u>	<u><u>12,279,425</u></u>

9. Discontinued operations

The discontinued operation consists of the held-for-sale Jinka Minerals Ltd subsidiary comprising the mining tenements at Jervois and Gabanintha. Per Note 3, Jinka Minerals Ltd ceased to be a subsidiary subsequent to the year-end.

The financial performance and cash flow information is detailed as follows:

- There was no revenue associated with the discontinued operations in 2009 or 2008;
- Expenditure associated with the discontinued operation is detailed the Segment Analysis in Note 6;
- Cash outflows associated with the discontinued operation were the same as the expenditure;
- There was no gain or loss on the disposal of Jinka Minerals Ltd.

10. Subsidiary

Jinka Minerals Ltd, a subsidiary, incorporated on 28 June 2008, ceased to be a subsidiary on 27 July 2009 when its issued shares and options were distributed to the shareholders of Reward. Amounts included within Non current assets held for sale at the balance sheet date represent the carrying value of the disposed.

Directors Declaration

1. In the opinion of the directors of Reward Minerals Ltd "the Consolidated Entity":
 - a. The financial statements and notes set out on pages 6 to 13, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2009 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
 - b. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board

M RUANE
MANAGING DIRECTOR

11 September 2009, Perth

11 September 2009

The Directors
Reward Minerals Limited
159 Stirling Highway
Nedlands WA 6009

Dear Sirs

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF REWARD MINERALS LIMITED

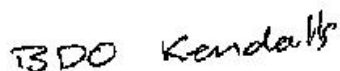
As lead auditor of Reward Minerals Limited for the half-year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Reward Minerals Limited and the entities it controlled during the period.



Peter Toll
Director



BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF REWARD MINERALS LIMITED

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Reward Minerals Limited, which comprises the statement of financial position as at 30 June 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the financial year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Reward Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls


Peter Toll
Director

Perth, Western Australia
Signed this 11th day of September 2009