



REWARD MINERALS LTD

ABN 50 009 173 602
ACN 009 173 602

**NOTICE OF EXTRAORDINARY GENERAL MEETING
EXPLANATORY STATEMENT
PROXY FORM**

**To be held at
159 Stirling Highway
Nedlands WA 6009
On Wednesday, 31 August 2011 at 11:00am WST**

REWARD MINERALS LTD
NOTICE OF EXTRAORDINARY GENERAL MEETING

INSTRUCTIONS TO SHAREHOLDERS

This is an important document. Please read it carefully. If there is any matter that you do not understand, you should contact your financial adviser, stockbroker or solicitor.

Venue

A meeting of the shareholders of Reward Minerals Ltd will be held at:

**159 Stirling Highway
Nedlands WA 6009**

**Commencing at
11:00am (WST)
on Wednesday, 31 August 2011**

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 11.00am WST.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this notice as soon as possible and either:

- deliver the proxy form to the office of Reward Minerals Ltd at 159 Stirling Highway, Nedlands, Western Australia, 6009;
- return the proxy form by post to Reward Minerals Ltd, PO Box 1104, Nedlands, Western Australia 6909; or
- send the proxy by facsimile to the Company on facsimile number (08) 9386 9473 (International: + 61 8 9386 9473),

so that it is received not later than 11.00am (WST) on 29 August 2011.

Your proxy form is enclosed.

REWARD MINERALS LTD
NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Extraordinary General Meeting of Members of Reward Minerals Limited will be held at:

Venue

**159 Stirling Highway
Nedlands WA 6009**

Commencing at

**11:00am (WST)
on Wednesday, 31 August 2011**

AGENDA

Resolution 1 – Approval for the issue of Unlisted Options to a Director – Mr Colin McCavana

To consider and, if thought fit, to pass with or without amendment, the following resolution as an Ordinary Resolution:

“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Colin McCavana or his nominee up to 750,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Resolution 2 – Approval for the issue of Unlisted Options to a Director – Dr Michael Ruane

To consider and, if thought fit, to pass with or without amendment, the following resolution as an Ordinary Resolution:

“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Michael Ruane or his nominee up to 750,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Resolution 3 – Approval for the issue of Unlisted Options to a Director – Mr Cyrille Van Heyst

To consider and, if thought fit, to pass with or without amendment, the following resolution as an Ordinary Resolution:

“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Cyrille Van Heyst or his nominee up to 750,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

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AGENDA

Resolution 4 – Approval for the issue of Unlisted Options to a Director – Mr William Brooks

To consider and, if thought fit, to pass with or without amendment, the following resolution as an Ordinary Resolution:

“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to William Brooks or his nominee up to 750,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on each Resolution by the following persons:

RESOLUTION	PERSONS EXCLUDED FROM VOTING
Resolution 1 – Approval for the issue of Unlisted Options to a Director – Mr Colin McCavana	The recipient of the Unlisted Options and any associate of that recipient and any person who may obtain a benefit if Resolution 1 is passed other than in their capacity as a Shareholder.
Resolution 2 – Approval for the issue of Unlisted Options to a Director – Dr Michael Ruane	The recipient of the Unlisted Options and any associate of that recipient and any person who may obtain a benefit if Resolution 2 is passed other than in their capacity as a Shareholder.
Resolution 3 – Approval for the issue of Unlisted Options to a Director – Mr Cyrille Van Heyst	The recipient of the Unlisted Options and any associate of that recipient and any person who may obtain a benefit if Resolution 3 is passed other than in their capacity as a Shareholder.
Resolution 4 – Approval for the issue of Unlisted Options to a Director – Mr William Brooks	The recipient of the Unlisted Options and any associate of that recipient and any person who may obtain a benefit if Resolution 4 is passed other than in their capacity as a Shareholder.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

REWARD MINERALS LTD
NOTICE OF EXTRAORDINARY GENERAL MEETING

AGENDA

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 29 August 2011 at 11.00am (Western Standard Time).
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

BY ORDER OF THE BOARD



Bianca Taveira
Company Secretary

26 July 2011

REWARD MINERALS LTD
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EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

RESOLUTIONS 1 TO 4 – APPROVAL FOR THE ISSUE OF UNLISTED OPTIONS TO DIRECTORS

Background

On 23 December 2010, the Company announced the issue of 3,000,000 unlisted Options to the Directors subject to Shareholder approval. Resolutions 1 to 4 seek Shareholder approval for the issue of these Options as follows:

TABLE A

Resolution	Director	Unlisted Options
1	Mr Colin McCavana	750,000
2	Dr Michael Ruane	750,000
3	Mr Cyrille Van Heyst	750,000
4	Mr William Brooks	750,000
	Total Number of Unlisted Options	3,000,000

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

CHAPTER 2E OF THE CORPORATIONS ACT - RELATED PARTY TRANSACTION

The proposed issue of Options to the Directors is financial benefit to a related party requiring shareholder approval under the Corporations Act. For the purposes of the Corporations Act requirements the following information is provided to Shareholders in relation to Resolutions 1 to 4.

Related parties to whom the proposed resolutions would permit the financial benefits to be given

The related parties are Mr Colin McCavana (Resolution 1), Dr Michael Ruane (Resolution 2), Mr Cyrille Van Heyst (Resolution 3) and Mr William Brooks (Resolution 4).

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Nature of the financial benefit

The nature of the financial benefit to be given is the issue of unlisted Options to each Director as set out in Table A above for nil consideration. The Options have an exercise price of 50 cents each and an expiry date of 31 August 2014 (being 3 years from the date of Shareholder approval). The terms of the Options are set out in Annexure 1.

When the Board announced the issue of Options on 23 December 2010, the proposed exercise price was 45 cents which was based on the trading price of the Company's shares at that time. Since that date the trading price of the shares increased and the Board resolved to increase the exercise price to 50 cents. The trading price of the Company's shares as at 25 July 2011 was \$1.19 (see Trading History below).

The market price for the Company's shares will usually determine whether or not Options are exercised. As at the date of this Notice, the Options are "in the money" as the current share price (\$1.19 at 25 July 2011) is greater than the exercise price of 50 cents. The Options are not subject to any vesting hurdles and may be exercised immediately they are issued. If this occurs the Directors will be issued with shares at a price that is lower than the current share price. The value of the Options which is set out below takes into account that the Options are in the money.

Directors' Recommendations

The Board comprises Colin McCavana, Michael Ruane, Cyrille Van Heyst and William Brooks.

By Resolutions 1 to 4 the Directors will each receive the same number of Options and the Options will be issued on the same terms. In each case, the number of Options to be issued to reach respective Director and the terms of the Options were negotiated by the Directors independent of that particular Director (being all the other Directors).

The issue of the Options to the Directors preserves the cash resources of the Company and also further aligns their interests with Shareholders. The Board considers that the number of Options to be issued is appropriate in light of the Directors' skills and experience and their current remuneration as detailed below. In forming this view the Directors acknowledge that the Options are currently in the money as at 25 July 2011 the current share price is \$1.19 which is greater than the exercise price of 50 cents. If the Options are exercised then funds of \$1,500,000 will be raised.

The Company acknowledges the issue of the Options to the Directors (other than Michael Ruane) as Non-Executive Directors may be contrary to guidelines for non-executive remuneration in recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the issue of the Shares to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

All of the Directors abstain from making a recommendation to Shareholders in relation to any of the Resolutions. Each Director has a material personal interest in the outcome of the Resolution relevant to them and may be seen to have an interest in the other Resolutions.

Additional information is provided below to assist Shareholders to decide on the proposed Resolutions. The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass Resolutions 1 to 4.

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Directors' Remuneration

The remuneration received by Colin McCavana as Non-Executive Chairman is \$36,000 per annum as a Director's fee.

The remuneration received by Michael Ruane as Managing Director is \$500 per day of service. In the 12 month period to 30 June 2011 Michael Ruane received the sum of \$77,500.

The remuneration received by Cyrille Van Heyst as Non-Executive Director is \$30,000 per annum as a Director's fee.

The remuneration received by William Brooks as Non-Executive Director is \$30,000 per annum as a Director's fee.

Existing relevant interests

At the date of this Notice, the Directors and their associates have a relevant interest in securities in the Company as follows:

Director	Shares	Options
Colin McCavana	230,000	NIL
Michael Ruane	18,649,646	NIL
Cyrille Van Heyst	869,006	NIL
William Brooks	3,522,051	NIL

Dilution

The passing of Resolutions 1 to 4 would have the effect of issuing up to 3,000,000 Options.

If any Options are exercised into shares, the effect would be to dilute the shareholding of existing Shareholders. There are currently 72,958,996 shares on issue. If all of the 3,000,000 Options were exercised into shares the effect would be to dilute the shareholding of existing Shareholders by approximately 3.95%.

The actual dilution will depend on the extent of further equity raised by the Company and whether any Options are exercised.

Trading History

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on ASX over the last 12 months.

	Date	Closing Price
Highest price	6 May 2011	\$1.22
Lowest price	21 July 2010	\$0.25
Latest price	25 July 2011	\$1.19

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Valuation of Options

The Options will not be quoted on ASX. The Company has engaged RSM Bird Cameron Corporate Pty Ltd who have valued the Options to be issued to the Directors using the Black Scholes option pricing model.

The following assumptions have been made regarding the inputs required for the option pricing module:

Input		Note
Number of Options	3,000,000	
Underlying security share price	\$1.12	1
Exercise price	50 cents	
Dividend rate	Nil	2
Volatility rate	120%	3
Risk free rate	4.43%	4
Expiry date	25 July 2014	5

Note 1 The underlying security share price used for the purposes of this valuation is the closing price of Shares on 22 July 2011 which was \$1.12.

Note 2 A dividend yield of 0% has been assumed as the Company has no history of dividends and is not expected to pay dividends over the Option period.

Note 3 A volatility factor of 120% has been assumed on the basis of the Company's historical volatility using Hoadley's Volatility Calculator and assuming similar volatility during the life of the Options.

Note 4 The risk free rate is 4.43%, based on the Commonwealth Government 3 year bond rate at 22 July 2011, which 3 year period corresponds to the life of the Options.

Note 5 The expiry date of the Options assumed for the valuation is 25 July 2014.

Based on the above assumptions the Options proposed to be issued to the Directors have been valued as follows:

Director	Number	Value
Colin McCavana	750,000	92.21 cents per Option (total value - \$691,575)
Michael Ruane	750,000	92.21 cents per Option (total value - \$691,575)
Cyrille Van Heyst	750,000	92.21 cents per Option (total value - \$691,575)
William Brooks	750,000	92.21 cents per Option (total value - \$691,575)

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LISTING RULE 10.11

Under Listing Rule 10.11, the Company must obtain the approval of its Shareholders by ordinary resolution before it can issue securities to a related party. Shareholders should note that if approval is given under Listing Rule 10.11, then approval under Listing Rule 7.1 is not required for the issue of these Options. Therefore the issue of these Options will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

LISTING RULE DISCLOSURE

Listing Rule 10.13 requires the following information be included in this Notice:

The names of the persons receiving the securities

The Options will be issued to each of the Directors - Mr Colin McCavana (Resolution 1), Dr Michael Ruane (Resolution 2), Mr Cyrille Van Heyst (Resolution 3) and Mr William Brooks (Resolution 4) – or their nominees.

Maximum number of securities to be issued

The maximum number of securities the Company will issue to each Director is set out in the table above.

Date of issue

The Options will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

Issue price

The Options will be issued for nil consideration. The Options have an exercise price of 50 cents each and an expiry date of 31 August 2014. The terms of the Options are set out in Annexure 1.

Use of funds

No funds will be raised by the issue of the Options. As noted in the Directors Recommendations section above, the Company acknowledges the issue the Options to the Directors (other than Michael Ruane) as Non-Executive Directors may be contrary to guidelines for non-executive remuneration in recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the issue of the Shares to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

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ANNEXURE 1

Terms and Conditions of Options

- (a) Each Option entitles the holder to one Share.
- (b) The Options will be issued for no consideration and may be exercised at any time prior to 5pm Western Standard Time on 31 August 2014 (“**Expiry Date**”), in whole or in part, upon payment of the exercise price per Option.
- (c) The exercise price of the Options is 50 cents per Option.
- (d) The Options will not be quoted on ASX but are transferable.
- (e) The Company will provide to each option holder a notice that is to be completed when exercising the Options (“**Notice of Exercise**”). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (f) All Shares issued upon the exercise of the Options will rank pari passu in all respects with the Company’s then issued Shares. The Company must apply within 7 business days after the date of issue to ASX for all Shares issued pursuant to the exercise of Options to be admitted to quotation.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital to Shareholders during the currency of the Options. However, the Company will ensure, for the purposes of determining entitlements to any issue, that option holders will be notified of a proposed issue after the issue is announced. This will give option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.
- (i) The Options will not give any right to participate in dividends, bonus issues or new issues until Shares are allotted pursuant to the exercise of the relevant Options. There is no right to change the exercise price of Options if the Company completes a bonus or new issue.

Shareholders are entitled to appoint up to two (2) Proxies (whether shareholders or not) to attend the meeting and vote on their behalf.

If you wish to appoint two (2) Proxies, please phone Reward Minerals Ltd on +61 8 9386 4699 to obtain your second proxy form. Both forms must be completed with the nominated amount (number/percentage) clearly printed on each of the forms. If you do not specify the nominated amount, each Proxy may exercise half of your voting rights.

PLEASE RETURN BOTH OF THE FORMS TOGETHER.

NOTES

1. Name and Address

This is the name and address on the Share Register of Reward Minerals Ltd. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark 'X' in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of Reward Minerals Ltd.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an 'X' in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy an additional proxy form may be obtained by telephoning the Company (08) 9386 4699 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the first Proxy form and the second proxy form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a sole Director who is also the sole Company Secretary this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's Share Registry.

Lodgement of Proxy

This proxy form (and any power of attorney under which it is signed) must be received no later than 29 August 2011 being 48 hours before the time for holding the meeting. Any proxy form received after that time will not be valid for the scheduled meeting. Please lodge the proxy form with the Reward Minerals Ltd, you are encouraged to submit your proxy by mail or fax 08 9386 9473. The addresses of Reward Minerals Ltd are as follows:

By mail: Reward Minerals Ltd
PO Box 1104
Nedlands WA 6909

By hand: 159 Stirling Highway
Nedlands WA 6009

By Fax: + 61 8 9386 9473

By email: admin@rewardminerals.com