

RESPONSE TO FURTHER PUBLICATIONS BY FAIRFAX PRESS REGARDING THE LAKE DISAPPOINTMENT ILUA

19 August 2014

ASX CODE
RWD

SHARE PRICE
\$0.60

SHARES ON ISSUE
108.9M

OPTIONS
26.5M (\$0.25 - \$1.09)

MARKET CAPITALISATION
\$65M (undiluted)

CASH POSITION
~\$5.4M
(Jun'14 Qtly + Listed Investments)

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Reporting in the Fairfax Press continues on governance issues relating to the Western Desert Lands Aboriginal Corporation's (WDLAC) representation of the Martu People in its agreement to an Indigenous Land Use Agreement (ILUA) with Reward Minerals Ltd (Reward) in respect of the Lake Disappointment (LD) potash project which lies within Martu lands in Western Australia.

Reward wholly rejects any implication in reports of improper conduct by Reward in its negotiations with WDLAC and the Martu People. Negotiations were robust and protracted resulting in ILUA terms regarded as a landmark for a Native Title Party.

An original non-binding agreement was made by Reward with the Martu People in March 2008 for the development of the LD project. Negotiations broke down after this agreement resulting in a National Native Title Tribunal (NNTT) hearing in 2009. NNTT was satisfied that the Martu People were open to mining on acceptable terms. Quoting from that judgment:

"The Martu Elders' affidavit evidence clearly supports the agreed concession that the native title party has made that they are not opposed to mining over parts of the Lake but only wishes mining to proceed on terms acceptable to it." [156]

"In my view what was said at Jigalong on this topic does not contradict what is quite apparent from the rest of the evidence, namely that the Martu People would agree to mining on acceptable terms." [158]

"The grantee party says that opposition to mining was not a factor raised by the native title party until after negotiations dissolved, pointing to the positive nature of the IndiEnergy's ASX press release of 31 March 2008. I accept that this is the case, but also accept the Martu Elders reasons for now declining their consent as set out in their affidavit. For them it is one thing to enter negotiations in contemplation of mining which involved certain benefits and other terms, but quite another to consent to it when an acceptable and beneficial agreement could not be reached. In my view, this is a case where the native title party decided to continue negotiations in the knowledge that the Lake would be disturbed by the Project but also in the knowledge that, if agreement were reached, the Project would proceed in an acceptable manner and substantial benefits would flow to them." [159]

Also, in respect of the conduct of Reward during the negotiating period prior to the 2009 decision the NNTT recorded:

It was "satisfied that overall the grantee party (ie Reward) satisfied its obligation to negotiate in good faith." [87]

"The grantee party was entitled to be fixed in its view that the commercial terms (previously agreed to) should not be modified in any way." [88]

The good faith of Reward's negotiations continued in respect of the ILUA agreed in December 2011.

The Melbourne Age on 13 August 2014 stated that *"Board Minutes from August 2011 show that WDLAC's in-house lawyers recommended that an 'external lead negotiator' be hired to handle dealings with Reward Minerals in order to protect WDLAC executives from real or perceived conflicts of interest ... The WDLAC lawyers advice was not acted upon and external negotiators were not engaged."*

WDLAC did appoint an independent legal firm, Castledine Gregory and advisory firm Economics Consulting Services to its negotiating team for the LD ILUA negotiations. These negotiations took 12 months to establish a workable agreement. The agreement reached required a detailed survey of LD to accurately define the area available for Reward activities and those quarantined for Heritage/Cultural reasons. This survey took a further 8 months to complete to the satisfaction of the Martu/WDLAC and Reward.

As stated in the Company's earlier release, the Martu team demanded and received very generous terms in the December 2011 ILUA for access by Reward Minerals Ltd to the Lake Disappointment Potash resource. Despite criticism received, Reward accepted the terms in recognition of the sensitivity of the Lake Disappointment site to Martu People and absolutely refutes the suggestion that the Martu were in any way forced or wrongly influenced by any actions of Reward into accepting the ILUA against their wishes.

In this context, we refer to the report of the Office of Registrar of Indigenous Corporations (ORIC) of 3 December 2013 which stated:

"in relation to the Cameco and Reward agreements, the examiners reported that every native title holder was consulted and their signature obtained on the relevant decision documents".

Reward Minerals Ltd would welcome any further enquiry by ORIC into the matter of the negotiations and outcome of the Lake Disappointment ILUA matter.

Yours faithfully,

Michael Ruane
Director
on behalf of the Board