

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2018

31 January 2019

ASX CODE
RWD

SHARE PRICE
\$0.12

SHARES ON ISSUE
162,596,057

MARKET CAPITALISATION
\$19.5M (undiluted)

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Non-Executive Director

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KEY PROJECT

Lake Disappointment Project

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Highlights

- **Infill drilling program continues**
- **New survey of LD completed**
- **Evaporation trials – first harvest**
- **Independent review of enhanced flowsheet**
- **ERD updated and submitted to the EPA**

Corporate

Expenditure by Reward during the December 2018 quarter was \$1.8 Million, with net cash at the end of the period being approximately \$3.2 Million.

LD Project Infill Drilling Program

As reported last quarter Reward commenced an infill drilling program at its flagship LD Project with the objective of enabling a resource update and conversion. The originally conceived program, which focussed on the shallow section of LD's resource (0 – 6 m), had a target of 80 core holes to be drilled across the playa surface and 132 cone penetrometer tests ("CPT's") to be conducted in the northern region of LD (Figure 1, overleaf). The CPT's are primarily for geotechnical purposes as they are located where the Project's infrastructure will be developed however the information derived from these tests can also be used to estimate hydraulic conductivity and therefore aid hydrological dynamic flow modelling.

The program was paused for a review and reassessment at the end of September with only 66% of the work having been completed. Concerns had arisen over excessive downtime due to the amphibious machines becoming bogged (Figure 2) or occasionally succumbing to mechanical failure. A total of 45 core samples averaging ~5m depth and 103 CPT's of similar depth were obtained from the northern part of the lake. The cores are stored at Reward's Kelmscott warehouse whilst the CPT data is being interpreted by SRK.

After further consultation and consideration of a number of alternatives another approach was formulated which was aimed at overcoming the challenges encountered in the first phase of the program. (Apart from the looming monsoonal season brine sampling had also proven difficult in the Geoprobe program.)

It was decided to use Reward's AM315 amphibious excavator for the second phase of the program, equipped with a 200mm diameter flighted auger drill assembly to establish bores at a total of 52 sampling sites on a 4km grid. At each location a short bore of 3m and a deeper bore of up to 7m would be drilled and cased with 100mm uPVC casing which, once developed, would enable brine sampling and flow tests to be conducted on the two dominant horizons within LD's surficial zone (Figures 3 and 4).

The new program commenced on 30 October after the AM315 had been equipped with the auger and the program ran until site was closed down on 20 December for the Christmas – New Year period. 60% of the targets were drilled, qualitatively logged, the bores cased, developed and pumped until sustainable flow rates were being achieved. The main area of the lake targeted as a priority was the southern extremity which had not been reached by the Geoprobe program. This part of the lake falls within the primary development envelope of the LD Project which hosts the main body of infiltration trenches that will supply brine to the evaporation ponds.

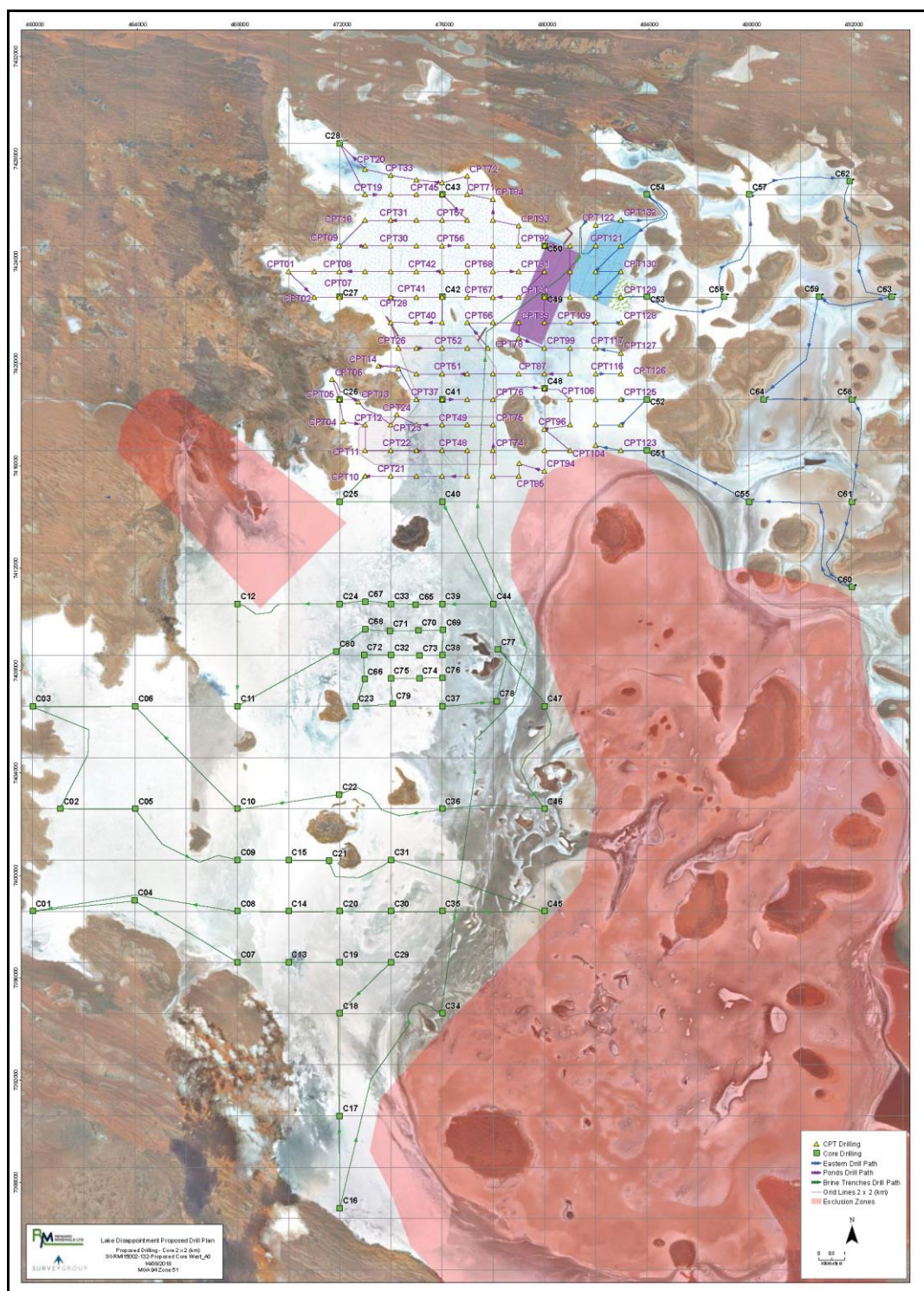


Figure 1. LD Project Original In-Fill Drilling and CPT Program

The remaining 40% of bores are evenly divided between the pond infrastructure area and the eastern flank north of the main exclusion area which has historically been largely untouched.

Brine samples from the program have been transported to Perth and are being assayed. An initial set of results have been achieved with grades in line with expectations. However, due to the incomplete nature of these results Reward decided to wait until the full suite of assays has been received prior to disclosure. Reward is currently reviewing the overall program prior to returning to site for the next phase.

Throughout the program Reward's team of qualified hydrologists and experienced operators, including a seasoned helicopter pilot, did an outstanding job in increasingly challenging conditions as temperatures rose to well in excess of 40°C. Twenty percent of the team was made up from local Martu people who participated in all aspects of the program.



Figure 2. ProbeDrill Rig close to becoming bogged



Figure 3. Auger Drilling with Surface Casing**Figure 4. A completed bore****Figure 5. Lithological Samples**

LD Project Survey Program

In November the company commissioned the Survey Group to undertake a survey of the lake for the purpose of generating a more detailed digital terrain model (DTM) of the playa's natural surface. This information will be used to generate an improved understanding of surface water flows over the lake and the subsequent engineering and environmental controls that will be required for infrastructure that will be established on the playa surface for the Project.

The program involved capturing data for around 600 points (within +/- 100mm vertical control) on a 1km grid spacing over the full extent of LD's so-called accessible zone. Fortescue Helicopters supported the program with a Robinson 22 mustering helicopter equipped with a roving GPS instrument flying at low levels, backed up by a second Robinson 44 helicopter deployed at higher levels carrying a repeater to ensure unobstructed connectivity between the rover and the base (control) stations for the southern extremities of the lake. The system proved to be very effective enabling the survey to be completed within four days, well ahead of schedule and at a fraction of the cost a LiDAR survey.



Figure 6. Survey in progress

LD Project Long Term Evaporation/Seepage Trials

The long-term evaporation, seepage and crystallisation trials continued throughout the quarter with careful monitoring of the two similarly-sized ponds (internal dimensions of approximately 560 m²) PP1 and PP2. With top-up addition of brine having ceased the brine in both ponds continued to rapidly evaporate and both reached the stage ready for Potash crystallisation.

By late November the potassium content of the brine in PP2 (Figure 7) had increased from 23 grams per litre (as at the 23rd of September) to approximately 40 grams per litre and the magnesium content was 45 grams per litre.

Two new swimming pool size evaporation ponds (SP1 and SP2) were erected for the next phase of the trial, Stage 1 Potash crystallisation (Figure 8). Brine was transferred to SP1 and SP2 with depth initially set at approximately 500mm and allowed to evaporate until the magnesium content reached approximately 67 grams per litre.

The measured daily evaporation rates in SP1 and SP2 for the 28-day period 16 November 2018 to 14 December 2018 varied slightly, being 7.9mm and 9.6mm respectively.

Sub-samples of the crystallised harvest solids were taken during the period and while not regarded as fully representative they indicated a somewhat higher potassium content than anticipated at 7.41% and 7.22% respectively (SP1 vs SP2). Assay data for the respective composites is shown below.

The total solids mass in SP1 and SP2 will be harvested during the next quarter, weighed and analysed to obtain an estimate of the total potassium recovery for the Stage 1 cycle.

The brine from SP1 and SP2 was drained and transferred to a third swimming pool, SP3, between 14-20 December 2018 for Stage 2 potassium crystallisation. It is anticipated that this cycle will be complete by mid-January 2019 at which time the residual brine (expected to be >90 grams per litre magnesium and <10 grams per litre potassium) will be drained and transferred to the magnesium chloride End Brine storage pond.

Table 2
Evaporation Trials – Stage 2 Solids Assay Data

Sample ID	Ca	K	Mg	Na	SO ₄	CL
SP1	0.005	7.41	3.01	23.25	19.89	38.07
SP2	0.008	7.22	2.81	24.32	20.78	38.11

Analyses shown are weight %. Balance to 100% is regarded as water.

The total crystallised solids mass will be harvested, weighed and analysed to provide an estimate of potassium recovery for the Stage 2 evaporation cycle.

The End Brine from Stage 2 will be recycled in a further evaporation trial, where it will be mixed with brine in PP2 which will have been topped up to get the grade back to approximately 40 grams per litre potassium, to confirm the efficacy of Back Mixing of pond brines to produce high grade potassium harvestable solids low in sodium chloride. The objective of this step is to replicate the results obtained in laboratory trials previously conducted by Reward.



Figure 7. Pilot evaporation pond PP2



Figure 8. Pilot evaporation pond SP1

Flowsheet Research and Development Program

As previously reported Reward has continued to conduct metallurgical testwork aimed at enhancing the economics of SOP production at LD. Testwork results were submitted to Ercosplan who completed its initial review, as expected, by the end of 2018. A key component to capture the benefit of an enhanced flowsheet is an accurate assessment of the likely power consumption of the new process. Reward is still engaging with Ercosplan on this aspect of the assessment.

Environmental Permitting Update

During the quarter Reward completed its update of the LD Project Environmental Review Document ("ERD"), addressing feedback received from WA's Environmental Protection Agency ("EPA") and other Regulators on the original draft submitted at the end of 2017. The ERD was submitted to the EPA during the month of November 2018 and was still under assessment at year end. No additional requests for information had been made by the EPA by year end and it is therefore hoped that the documentation will shortly be approved to enable the 6-week public consultation period to commence.

SOP Market Update

The announcement by China's Ministry of Finance to abolish all export tariffs on potash from the 1st January 2019 came as a surprise to the market and may have a significant impact on SOP market in the future. As a result of the export tariff, which since 2014 has been set at a level of the RMB 600/tonne (US\$89-97/tonne), China typically exported less than 100,000

tonnes per annum, making it a marginal swing producer. The small amounts of SOP exported was typically opportunistic, by traders who managed to avoid the tariff by bagging the product in 10kg bags and then palletising the bags for export.

In the short-term market commentators believe that the impact will be muted as higher domestic Chinese SOP prices will prompt local producers to continue to supply locally, particularly the secondary (i.e. Mannheim) producers who incur higher operating costs. Primary producers, despite the relatively high freight costs they face due to their inland location, may well be able to take advantage of this opportunity, however, if it leads to domestic SOP shortages, the expected price response may attract that product slated for export back to the local market.

Most aspiring (West Australian) SOP producers look to China to a varying degree as the ultimate offtake market and the removal of China's export tariff could have an impact on marketing strategies and non-binding MOU's that may already be in place. Reward too has identified China as an attractive market although its research suggests that there are other regions that would be very receptive to its product and thus the Company will continue with its multi-pronged approach to placing its SOP.

For further information please contact:

Greg Cochran
Chief Executive Officer
on behalf of the Board

About Reward

Reward Minerals Ltd (Reward) is a potash-focussed exploration and development company listed on the Australian Securities Exchange (ASX Code: RWD) with a portfolio of advanced exploration projects in Australia hosting significant sulphate of potassium (SOP) resources. The Company's tenements cover approximately 10,000 km² containing a series of highly prospective playa-style lakes and palaeovalleys known to host substantial volumes of high density potassium rich brines.

Reward's flagship project is its 100% owned LD SOP Project, located 340 km east of Newman in the Little Sandy Desert of north-western Western Australia. The LD Project consists of a tenement package that covers over 3,000 km² which hosts an Indicated and Inferred extractable Mineral Resource of 153 Mt of SOP grading approximately 11.3 kg/m³ of SOP brine in sediments from surface to a depth of approximately 90 m. The Project has a registered Indigenous Land Use Agreement with the Martu people, the traditional owners of the land, as well as a granted Mining Lease and associated Miscellaneous Licence. A Pre-Feasibility Study for the LD Project was completed at the end April 2018 and the Project's Environmental Impact Assessment is under adjudication by the EPA.

Tenement Holdings as at 31 December 2018

Tenement	Status	RWD Ownership at Quarter End	% Interest Acquired During the Quarter	% Interest Disposed During the Quarter
Lake Disappointment, Western Australia				
E45/2801	Granted	100%	-	-
E45/2802	Granted	100%	-	-
E45/2803	Granted	100%	-	-
E45/3285	Granted	100%	-	-
E45/3286	Granted	100%	-	-
E45/4090	Granted	100%	-	-
E45/4121	Granted	100%	-	-
E69/2156	Granted	100%	-	-
E69/2157	Granted	100%	-	-
E69/2158	Granted	100%	-	-
E69/2159	Granted	100%	-	-
E69/3275	Granted	100%	-	-
E69/3276	Granted	100%	-	-
L45/302	Granted	100%	-	-
M45/1227	Granted	100%	-	-
Runton, Western Australia				
ELA45/5314	Application	100%	-	-
Gibson, Western Australia				
ELA69/3585	Application	100%	-	-
ELA69/3586	Application	100%	-	-
ELA69/3587	Application	100%	-	-
ELA69/3588	Application	100%	-	-
ELA69/3589	Application	100%	-	-
Balfour, Western Australia				
LA46/128	Application	100%	-	-
Dora, Western Australia				
E45/4292	Granted	100%	-	-
ELA45/4321	Application	100%	-	-
ELA45/4488	Application	100%	-	-

APPENDIX A: JORC Table

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	Pilot Evaporation Pond Sampling Brine (grab) samples were collected weekly from several positions within the ponds and composited to provide representative sample of brine for analysis. The composite samples were transferred to screw top samples containers, labelled and dispatched to Perth for analysis. Occasional top and bottom pond samples were collected to assess brine stratification in the ponds. Halite thickness in evaporation ponds was recorded via a brine/salt depth level indicator installed in the ponds prior to pumping brine into the ponds.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i>	Not applicable.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Not applicable.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i>	Not applicable.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of</i>	Brine samples were collected over several hours and in some cases on consecutive days. Initial scan analyses (for Mg) were run in-house to establish consistency prior to dispatch to independent laboratories for analysis. Brine samples were stored in a cool place on site and then transported to Perth via courier or RWD staff. Initial scans for Mg and SG were run in-house to establish consistency and dilution requirements prior to dispatch to independent laboratories for analysis.

Criteria	JORC Code explanation	Commentary
	<i>the material being sampled.</i>	
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	Elemental analyses of brine samples were performed by ALS Global at its Balcatta laboratory in Perth, WA. ALS is certified to QMS ISO 9001 standards. Brine analyses were performed by a combination inductively coupled plasma - optical emission ICP-OES and ICP Mass Spectrometry. Conductivity, pH and chloride are determined by ion selective electrode techniques. Chloride analyses were also undertaken in-house (RWD) by volumetric titration. Brine SGs were also determined in-house. Check samples and spiked samples were included in most sample batches.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i>	Regular inclusion of blanks, duplicates and spiked samples has verified the analytical techniques and reported values. Samples are also sent to alternative laboratories on a periodic basis. Laboratories include internal standards and spike additions as standard procedure or upon request by the client.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i>	The pilot ponds are located at the northern end of trench PT12.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i>	See above.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Data provided does not relate to geological structure.
Sample security	<i>The measures taken to ensure sample security.</i>	Samples are labelled and transported in sealed containers by independent couriers or RWD staff to RWD office in Perth. They are sorted, relabelled if required and delivered to laboratories by RWD personnel.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been undertaken on the data provided.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Lake Disappointment Potash Project is 100% owned by Reward Minerals Ltd with Project tenure via the following tenements granted under the Mining Act of Western Australia. E45/2801-2803, E45/3285-3286, E45/4090, E45/4121, E69/2156-2159, E69/3275-3276, L45/302, M45/1227 and L46/128 (Application). RWD has an Indigenous Land Use Agreement (ILUA) with the Western Desert Lands Aboriginal Corporation on behalf of the Martu Traditional Owners of the lands held under Native Title Determination WA (2002) FCA 2002 in respect of the Lake Disappointment Project.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No previous exploration had been undertaken on the Lake Disappointment Potash Project prior to that of RWD.
Geology	Deposit type, geological setting and style of mineralisation.	The resource is a brine deposit containing potassium and sulphate ions that could form a potassium sulphate salt. The brine is contained within saturated sediments below the lake surface and in sediments adjacent to the lake. The lake sits within a broader palaeovalley system that extends over hundreds of kilometres.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	Not applicable. Pilot Pond locations provided above.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable due to exploration results being applicable to a brine and not a solid. No low- or high-grade cut-off grade has been implemented due to the consistent grade of the brine recovered.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	Not applicable due to results relating to brine only being extracted.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole	Not applicable.

Criteria	JORC Code explanation	Commentary
	<i>collar locations and appropriate sectional views.</i>	
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Preliminary data only. Testwork continuing.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	Not applicable.
Further work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Pilot Pond monitoring is continuing for definition of brine evaporation parameters and seepage losses. Evaporite salts will be sampled/harvested at the appropriate time.