

30 July 2015

**ASX CODE**  
 RWD

**SHARE PRICE**  
 \$0.70

**SHARES ON ISSUE**  
 119.0M

**OPTIONS**  
 24.1M (\$0.25 - \$1.09)

**MARKET CAPITALISATION**  
 \$83.3M (undiluted)

**CASH**  
 \$7.6M  
 June'15 Qtlly
**DIRECTORS & MANAGEMENT**
 Colin McCavana  
*Chairman*

 Rod Della Vedova  
*Non-Executive Director*

 Michael Ruane  
*Managing Director*

 Daniel Tenardi  
*Projects Director*

 Paul Savich  
*Corporate Development Officer  
& Company Secretary*

 Bianca Taveira  
*Company Secretary*
**KEY SOP PROJECTS**
 LD Potash Project  
 Karly Potash Project  
 Dora Potash Project
**HEAD OFFICE**
 Reward Minerals Ltd  
 159 Stirling Highway  
 Nedlands WA 6009

 PO Box 1104  
 Nedlands WA 6909

 ACN 009 173 602  
 ABN 50 007 173 602

 T: 08 9386 4699  
 F: 08 9386 9473  
 E: admin@rewardminerals.com

## QUARTERLY REPORT FOR THE PERIOD ENDING 30 June 2015

**Corporate**

Cash on hand at 30 June 2015 was approximately \$7.6 million.

During the quarter research was initiated by Euroz Securities. Details are available on the Reward Minerals Limited ("Reward" or the "Company") website.

In June the Company completed investor roadshows in Melbourne and Sydney meeting with a number of resources focussed institutions. As a result of significant investor interest following the presentations, on 19 June the Company announced that it had raised \$5.25 million at \$0.72 per share for the advancement of the LD Potash Project. The raising provides funding to move Resource definition and Project studies to an advanced stage.

To further bolster its cash reserves the Company sold its listed investment in Agrimin Limited during the quarter. Reward also received \$0.7 million of R&D grant funds during the period.

**LD Potash Project****Recent Drilling Results**

Since the commencement of drilling at its LD Project in March 2015 the Company has continued to release drilling results from the ongoing Resource definition program being undertaken to expand the existing LD Potassium Sulfate ("SOP") Resource at depth using the Company's recently purchased heli-transportable coring rig. A diagram of proposed hole locations and sequencing is provided in Figure 1 below.

LD currently hosts a JORC (2004) Indicated 24.4Mt SOP Resource grading 6.17kg/m<sup>3</sup> in-situ from surface to an average depth of only four metres. The SOP content of the associated Resource brine is 12.37kg/m<sup>3</sup>.

Figure 1 outlines the location of the drill holes completed to date. Results from drilling have been highly encouraging and indicate potential for a substantial high grade SOP Resource within the boundaries of the lake.

A summary of results is provided herein, please refer to the announcement of 11 May 2015 for full results.

Table 1: Location of Drill Holes

Hole ID	East (51)	North (51)	Depth (m)	Dip
LDDH1501	481267	7426549	131	-90
LDDH1502	481565	7425422	87	-90
LDDH1503	477902	7424581	135	-90
LDDH1504	471900	7412600	110	-90

## LD Potash Project

### Recent Drilling Results (cont.)

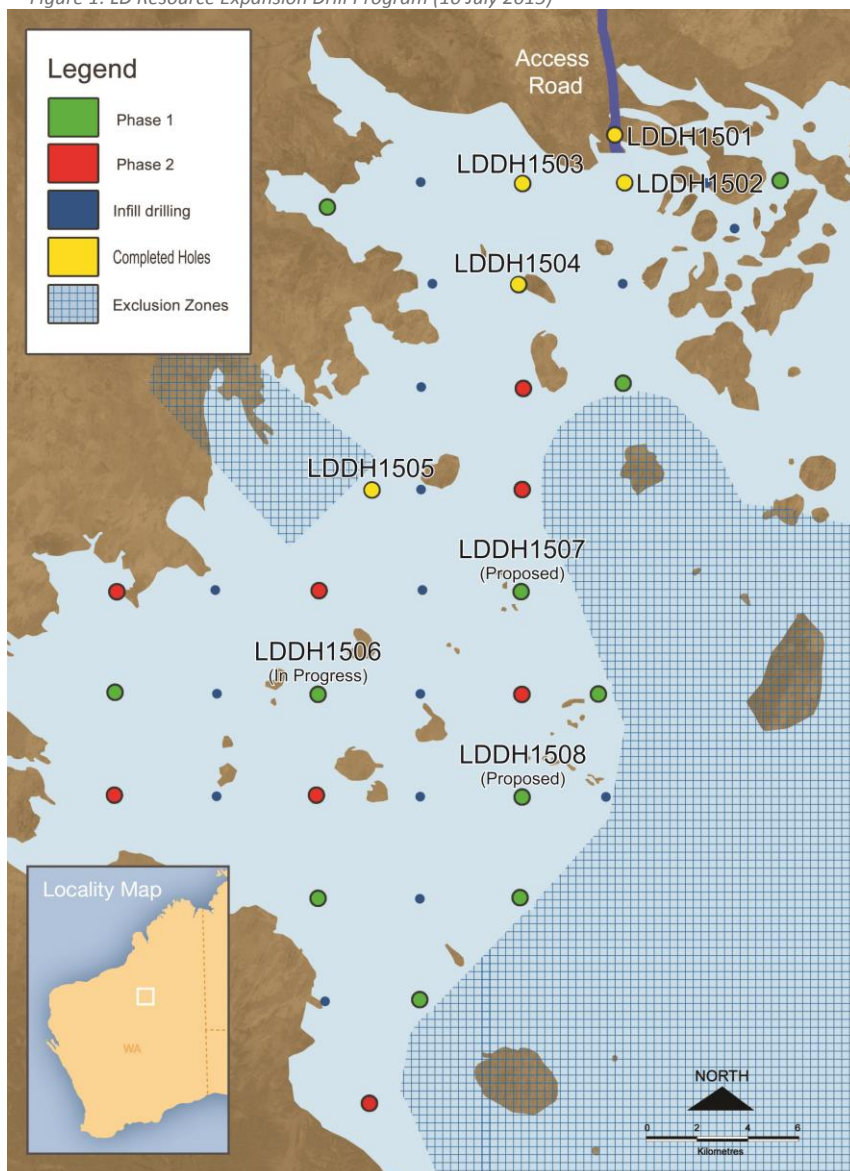
Drilling has aimed to penetrate the high porosity sediment profile and 10-15 metres into unweathered silcrete/carbonate basement which has typically occurred at circa 100 metres depth. All holes have been HQ ( $\phi 96\text{mm}$ ) with core retrieved measuring 60-63mm in diameter.

The depth of holes drilled to date are provided in Table 1 (above).

### Hole Stratigraphy

Significant intercepts (vertical horizons) of high porosity (40+% brine volume) sediments have been intersected in all holes to date. Near surface horizons are commonly gypsum cemented clayey sands and gypsiferous clays. Other horizons of note include variable/mixed layers of fine grained weathered siltstones, calcrete and carbonaceous shales.

Figure 1: LD Resource Expansion Drill Program (10 July 2015)



## LD Potash Project

### Recent Drilling Results (cont.)

#### Core SOP Content

SOP grades have typically been higher in the 0-3 metre horizon, before decreasing with somewhat lower values for the remainder of the hole depth. The high near surface grade will benefit early production based on brines recovered from surface trenches on the lake.

The SOP content of cores retrieved from drilling completed to date are presented in Table 2 below. The highest in-situ grades were contained within core from LDDH1503 where the SOP content averaged 12.7kg/m<sup>3</sup> of sediment over the 135 metre depth.

#### Brine SOP Content

Estimation of the SOP content in brine contained in the core is an approximation only based on an assumed specific gravity (SG) of the brine while it is in the core. Brine SOP grades were significantly higher in the top 0-3 metres as presented in Table 2 below.

Table 2: LD Resource Drilling Results to date

Hole ID	Horizon	Avg. Brine SOP Grade <sup>2</sup>	Avg. In-situ SOP Grade <sup>Note 3</sup>	Avg. In-situ MgSO <sub>4</sub> Grade <sup>4</sup>	Date of Announcement
LDDH1501	0-131m	n/a <sup>1</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>	11 May 2015
LDDH1502	0-87m	11.5 kg/m <sup>3</sup>	6.8 kg/m <sup>3</sup>	5.8 kg/m <sup>3</sup>	11 May 2015
LDDH1503	0-3m	21.5 kg/m <sup>3</sup>	12.7 kg/m <sup>3</sup>	25.4 kg/m <sup>3</sup>	11 May 2015
	4-135m	11.8 kg/m <sup>3</sup>	7.1 kg/m <sup>3</sup>	6.7 kg/m <sup>3</sup>	
LDDH1504	0-3m	20.9 kg/m <sup>3</sup>	12.1 kg/m <sup>3</sup>	24.8 kg/m <sup>3</sup>	10 July 2015
	4-110m	10.4 kg/m <sup>3</sup>	5.1 kg/m <sup>3</sup>	3.8 kg/m <sup>3</sup>	

Notes:

1: Drilled using fresh water mud regime

2: Kilograms of SOP per m<sup>3</sup> of brine

3: Kilograms of SOP per m<sup>3</sup> of in-situ material (solids and brine)

4: Kilograms of MgSO<sub>4</sub> per m<sup>3</sup> of in-situ material (solids and brine)

#### Core Porosity

The “porosity” figure quoted for the core sediments is the ratio of the volume of brine extracted from the core to the volume of the wet core sample leached. As mentioned above, there are approximations involved in the brine volume calculation hence the porosity figures quoted are indicative only.

Porosities were typically highest within the upper portion of the cores retrieved, entrained in clayey sands and gypsiferous clays. These high porosity sediments were encountered down to 135 metres (EOH) within LDDH1503 while at LDDH1504 competent rock was reached at 83 metres suggesting a shallowing of the palaeo-system to the southwest.

#### Core Moisture Content

The average moisture (H<sub>2</sub>O) content of the cores is obtained by drying the samples at 110°C. The moisture content provides an estimate of the volume of brine contained within sediments. Moisture content has averaged above 20% (weight/weight) for holes drilled to date.



## LD Potash Project

### Recent Drilling Results (cont.)

#### Core Brine Content – Moisture + Soluble Salts

The mass percentage for the entrained brine recovered from hole LDDH1503 averaged 32.4% by weight, translating to an average brine volume of approximately 50% over the 135 metre horizon. Hole LDDH1504 had a brine content of 34.7% by weight or 55% for the 0-83 metre horizon. The value for the 83-110 metre horizon in LDDH1504 was considerably lower at 16.9% (weight/weight).

#### Core Density (SG)

Core SG for the 70 samples selected from LDDH1503 averaged 1.97t/m<sup>3</sup>. Within hole LDDH1504 the SG results for the 0-83 metre horizon averaged 1.92t/m<sup>3</sup> while the average for the 83-110 metre horizon increased to 2.28t/m<sup>3</sup> reflecting the more competent nature of the sediments at depth.

#### Magnesium Sulfate Content

The Magnesium Sulfate analyses of the cores retrieved are outlined within Table 2 above. Preliminary, results to date indicate that MgSO<sub>4</sub> present in the core is sufficient to result in crystallisation of the K present as Schoenite (K<sub>2</sub>SO<sub>4</sub>·MgSO<sub>4</sub>·6H<sub>2</sub>O) upon evaporation of the contained brine.

### Other Drilling

During the quarter the Company purchased a Hanjin RC rig capable of drilling 300mm+ diameter bores to determine preliminary flow/recovery characteristics of the brine body at the LD Project. The company is currently assessing logistics of operating the rig on the lake.

Figure 2: Company-owned RC drilling rig



## LD Potash Project

### Development

On 2 April 2015, the Company released the results of its Scoping Study for the LD SOP Project (for full details refer to ASX announcement). The study is considered an important milestone in the Company's goal of advancing the LD Project toward production and demonstrates strong economics underpinning the Project.

The Company focussed on delivering results which are sound from both technical and economic aspects. While the Scoping Study delivers an estimation accuracy of  $\pm 30\%$ , some 70% of the Project's capital and 60% of operational expenditure estimates are supported by design and/or quotes obtained from reputable suppliers providing a level of assurance typically reserved for more advanced project studies.

Results of the scoping study were assessed for economic viability using a Discounted Cashflow Model developed by the Company and key outcomes are presented below including a sensitivity to the SOP price. Recent SOP sales at the time were in the range of approximately A\$630/t to A\$1,012/t (*sources: €445/t to US\$735/st: US Gulf, Argus FMB, Fertecon*).

Table 3: Project Economics

	Low Case	Base Case	High Case
SOP Price	A\$700/t (US\$560/t)	A\$750/t (US\$600/t)	A\$800/t (US\$640/t)
SOP Production	400,000tpa	400,000tpa	400,000tpa
Capital Cost <sup>1</sup>	A\$320M	A\$320M (US\$256M)	A\$320M
Mine Gate Operating Cost	A\$204/t	A\$204/t (US\$164/t)	A\$204/t
Operating Cost (FOB) <sup>2</sup>	A\$328/t	A\$328/t (US\$263/t)	A\$328/t
Life of Mine <sup>3</sup>	+13 years	+13 years	+13 years
Pre-Tax NPV <sub>10%</sub>	A\$425M (US\$340M)	A\$534M (US\$427M)	A\$642M (US\$514M)
Pre-Tax IRR	33%	37%	42%
EBITDA (avg p.a.)	A\$135M (US\$108M)	A\$154M (US\$123M)	A\$173M (US\$138M)

Notes:

1 – Excludes Contingencies

2 – Operating cost includes mining, processing, general administration and haulage and port costs

3 – LOM calculated based on existing 24.4Mt Indicated JORC (2004) resource at 20% specific yield

4 – Exchange rate assumption: USD0.80:AUD1.00

Reward is currently undertaking a drilling program at the LD Project which has the potential to significantly expand the existing 24.4Mt JORC (2004) Indicated SOP Resource (at depth) and thereby substantially extend the mine life.

For full details of the Scoping Study please refer to ASX release dated 2 April 2015.

## Dora Potash Project

With the Company's focus on the LD Project, only limited work was performed during the quarter at the Dora Project. Tenement holdings have been rationalised to retain potential resource areas while minimising the Dora Project holding costs.

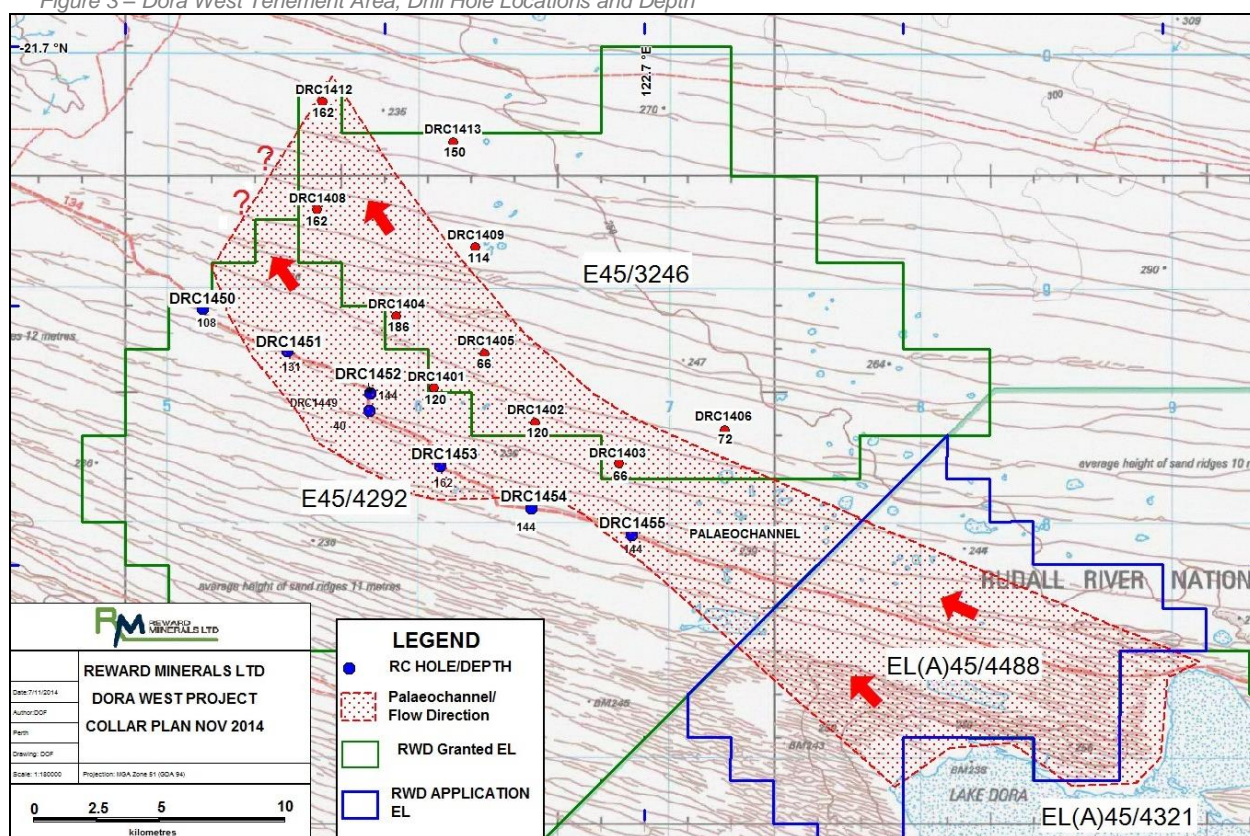
Earlier exploration at Dora targeted the palaeovalley which traverses the granted tenements located north-west of Lake Dora proper. To date 17 holes have been drilled. The static water table (SWT) in the drilling area is generally less than four metres below surface. Heavy brine flows encountered in seven of the holes drilled.

Brines recovered from the holes drilled were relatively low in Total Dissolved Salts ("TDS") indicating they are well under saturation levels, presumably due to incoming surface runoff. The chemistry of the brines is favourable in terms of K:Mg, SO<sub>4</sub>:K and Na:K ratios however the dilution of the Palaeochannel brines by fresh ground water percolating from the margins of the valley significantly reduces the SOP content of in-situ brines. While dilution is not ideal, favourable evaporation conditions in the region counteract the dilution effect of surface waters to a significant degree.

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 full details and analytical results.**

Figure 3 – Dora West Tenement Area, Drill Hole Locations and Depth



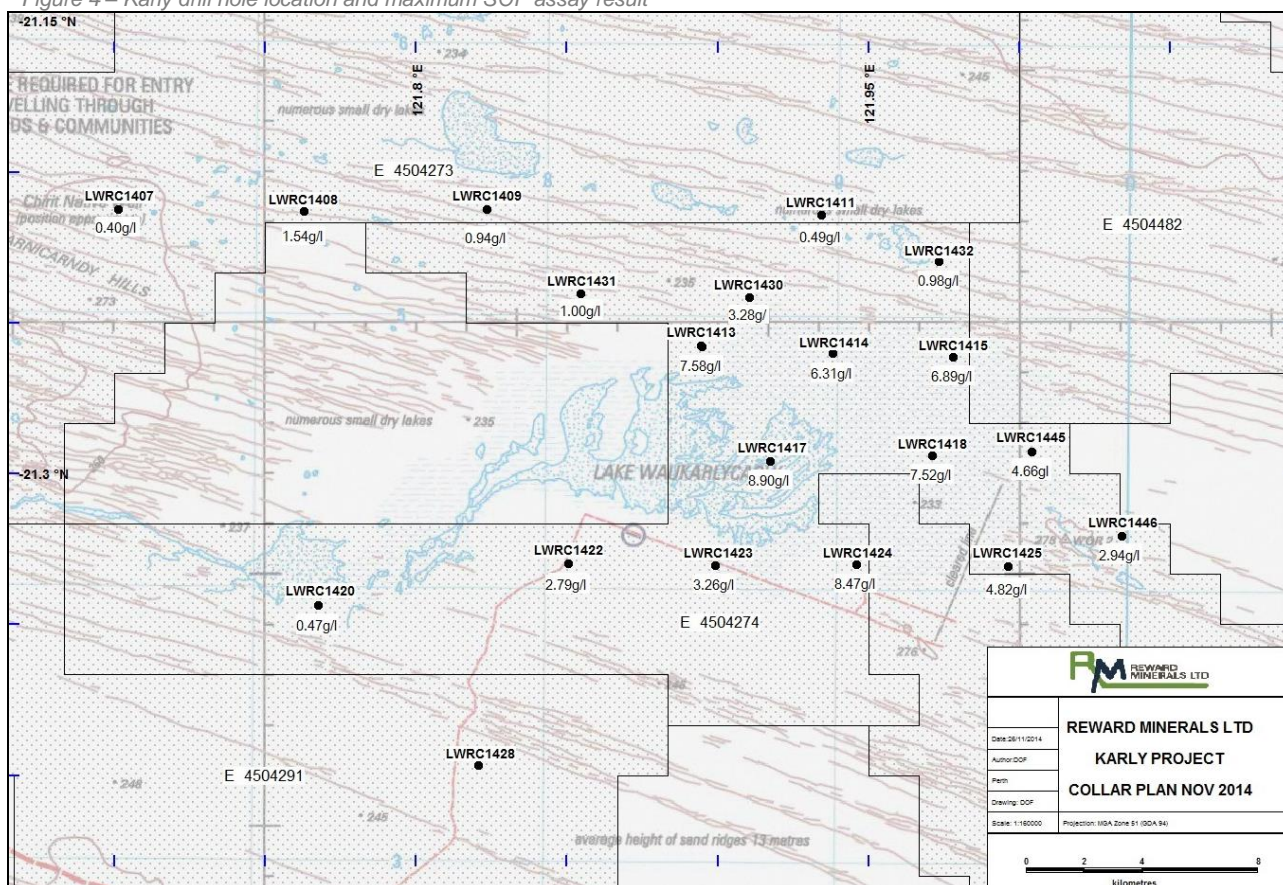


## Karly Potash Project

In line with the Company's focus on its flagship LD Project limited work was performed during the quarter at the Karly Project. In addition, tenement holdings have been rationalized while retaining target areas but reducing Project holding costs.

During 2014 the Company completed a maiden drilling program at the Karly Project. A total of 20 RC drill holes and one cased borehole were completed for a total of 2,909 metres. The widely spaced holes covered a north-west south-east distance of approximately 35km and an east-west distance of approximately 20km at the widest point (see Figure 5 below).

Figure 4 – Karly drill hole location and maximum SOP assay result



The Static Water Level ("SWL") was less than two metres in all areas tested therefore the ground drilled was effectively saturated with water or brine from near surface. Chemistry and ion ratios of brines encountered were similar to those observed at the LD and Dora West Projects and hence suitable for SOP recovery following evaporation.

Data recovered confirmed the Palaeovalley concept and the presence of a large Palaeo-system. Based on brine flows into the Waukarlycarly Embayment from a south-easterly direction which concentrate in the vicinity of Lake Waukarlycarly providing brines with SOP values of up to 9kg/m<sup>3</sup> near the evaporation epicentre. Considerable additional exploration is required to provide a meaningful assessment of the Waukarlycarly Embayment Potash potential.

Refer to the announcement dated 3 December 2014 for full details and analytical results.

For further information please visit our website: [www.rewardminerals.com](http://www.rewardminerals.com)

Yours faithfully

**Michael Ruane**  
**Director**  
**on behalf of the Board**

### **Competent Persons Statement**

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr David O'Farrell, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr O'Farrell is a consultant to Reward Minerals Ltd. Mr O'Farrell 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 O'Farrell 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 Mineral Resources or Ore Reserves is based on information compiled by Mr Mr Simon Coxhell, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Coxhell is a consultant to Reward Minerals Ltd. Mr Coxhell 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Coxhell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



**Tenement Holdings as at 30 June 2015**

<b>Tenement</b>	<b>Status</b>	<b>RWD Ownership at Quarter End</b>	<b>% Interest Acquired During the Quarter</b>	<b>% Interest Disposed During the Quarter</b>
<b>LD, Western Australia</b>				
E45/2801	Granted	100%	-	-
E45/2802	Granted	100%	-	-
E45/2803	Granted	100%	-	-
E69/2156	Granted	100%	-	-
E69/2157	Granted	100%	-	-
E69/2158	Granted	100%	-	-
E69/2159	Granted	100%	-	-
E69/2902	Granted	100%	-	-
E45/3285	Granted	100%	-	-
E45/3286	Granted	100%	-	-
E45/4090	Granted	100%	-	-
E45/4121	Granted	100%	-	-
L45/302	Granted	100%	-	-
M45/1227	Granted	100%	-	-
EL(A)69/3275	Application	-	-	-
EL(A)69/3276	Application	-	-	-
EL(A)69/3277	Application	-	-	-
<b>Lake Auld, Western Australia</b>				
E45/2804	Granted	100%	-	-
<b>Lake Winifred, Western Australia</b>				
E45/4272	Granted	100%	-	-
<b>Dora West, Western Australia</b>				
E45/3246	Granted	100%	-	-
E45/4292	Granted	100%	-	-
EL(A)45/4321	Application	-	-	-
EL(A)45/4488	Application	-	-	-
<b>Karly, Western Australia</b>				
E45/4273	Granted	100%	-	-
E45/4274	Granted	100%	-	-
E45/4291	Granted	100%	-	-
E45/4293	Granted	100%	-	-
E45/4294	Granted	100%	-	-
E45/4299	Granted	100%	-	-
E45/4324	Granted	100%	-	-
EL(A)45/4426	Withdrawn	-	-	-
EL(A)45/4482	Application	-	-	-