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DIRECTORS & MANAGEMENT

Colin McCavana
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Michael Ruane
Managing Director

Daniel Tenardi
Projects Director

Paul Savich
Corporate Development Officer & Company Secretary

Bianca Taveira
Company Secretary

KEY PROJECTS

LD Project
Karly Project
Dora Project

HEAD OFFICE

Reward Minerals Ltd
159 Stirling Highway
Nedlands WA 6009

PO Box 1104
Nedlands WA 6909

ACN 009 173 602
ABN 50 009 173 602

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

LD FIRST PHASE PUMPING TRIALS

- **First-pass trench and bore brine pumping completed at the LD SOP Project with excellent results to date.**
- **Inflow rates in all holes pumped to date have exceeded the pump capacity (i.e. flows are limited by the 3.3 litre/second pump, not aquifer conditions) with excellent brine analyses returned.**
- **Three surface trenches ranging in length from 100-200m been constructed to date.**
- **Pump trials have been completed at one trench location with piezometers installed to measure aquifer drawdown and recharge characteristics – positive early indications with full results expected shortly.**
- **Drilling for plant process water has provided excellent results and remains ongoing.**
- **Further brine pumping results are expected to be available for release during the current quarter.**

Reward Minerals Limited ("**Reward**" or "**the Company**") is pleased to report excellent first round results from downhole pumping trials at the LD Sulfate of Potash Project ("**LD Project**") in the northwest of Western Australia.

This preliminary pumping program programme utilised a 75mm electric submersible pump (Grundfos) with a nameplate maximum output of 3.3 litres per second ("**l/s**"). In the three holes tested to date (LDDH1510/12/14) the inflow to the cased holes exceeded the pump capacity with the pump set below 15 metres depth.

Figures 1 & 2: Pumping trial at LDDH1510

At this stage the Company believes trenching will deliver the primary brine source for production at LD. However, these first phase pumping results and core assessments indicate favourable deeper aquifer conditions that will potentially provide substantial brine supply via a network of bores.

Bore Test Pumping Details

The pumping trials in progress are utilising core holes drilled to provide the LD in-situ SOP Resource. On completion of core drilling, holes were cased with 4" slotted PVC and gravel packed in preparation for pumping.

For the three holes tested to date (LDDH1510/12/14 – see Appendix 1 for hole locations) the pump was set at five metres depth for the first pumping cycle and then 15 metre intervals thereafter. In the case of LDDH1512 the hole had filled with sediment to around 55 metres by the time the trial commenced although the total hole depth was 145 metres. To avoid damage to the pump the depth of sampling was retracted to above the 55 metre mark.

The next round of brine pumping trials will commence immediately with airlift pumping to remove sediment and develop the bores to steady state clean brine flow. Larger pumps with variable flow capacity will then be installed to determine the brine inflow at various depth levels in preparation for sustained pumping trials.

Brine Analyses

Analyses of brine samples collected during pumping showed relatively consistent grades down hole but variances between holes – see Table 1.

Table 1: Bore Test Pumping Brine Analyses

	Assays (mg/l of Brine)						SOP	TDI
Hole ID & Sample Depth	Ca	K	Mg	Na	SO_4	Cl	(kg/m^3)	(g/l)
LDDH1510 – 15m	500	5,000	3,800	88,100	22,500	146,219	11.15	265.6
LDDH1510 – 45m	500	5,000	4,000	92,100	22,500	146,219	11.15	269.8
LDDH1510 – 85m	500	4,500	3,800	87,500	22,500	141,854	10.04	260.2
LDDH1512 – 15m	250	7,000	7,900	104,900	33,000	176,772	15.61	329.6
LDDH1512 – 35m	250	7,000	8,000	104,300	33,000	176,772	15.61	329.1
LDDH1512 – 55m	250	7,000	7,900	102,800	33,000	176,772	15.61	327.5
LDDH1514 – 15m	250	6,500	7,500	109,600	31,500	185,502	14.50	343.6
LDDH1514 – 35m	250	6,000	7,300	106,800	31,500	183,320	13.38	334.9
LDDH1514 – 75m	250	6,000	6,900	105,800	30,000	181,137	13.38	329.8

Notes:
1) The SOP values are quoted in the context of the brines containing high levels of Sulfate, well in excess of the level required to produce SOP from the brines recovered and are calculated as K x 2.23.
2) SO_4 values are obtained by multiplying the total Sulfur (S) analysis by a factor of three.

Importantly, brine SOP grades in the three holes are excellent at 10.8, 13.8 and 15.6 kg per m^3 of brine respectively and consistent with the SOP grade (13.7kg/m^3) recently reported by Reward for the brine extracted from the cores used for the LD in-situ Resource estimate.

Further test pumping at higher flow rates for sustained periods will commence shortly to assess the significance of these preliminary numbers. However, results received to date are highly encouraging. Further results will be provided as they become available.

Trench Brine Pumping

Pump testing of a 200 metre brine trench with associated drawdown monitoring piezometers has been completed on LD. The trench, which was constructed using a Company-owned amphibious excavator. It is anticipated that results of this trial will be available for release shortly.

Figures 3 & 4: Company-owned Excavator & Brine Trench #2

Next Steps

Key activities currently underway at the LD Project include:

- Core drilling on LD for Resource definition is continuing.
- Brine pump testing at other cased bore locations on LD is in progress.
- Sustained brine trench pump testing is about to commence while results from earlier drawdown pumping are expected to be received in February.
- Process water exploration is continuing with bore pumping expected to commence shortly following receipt of statutory approvals.
- Heavy machinery for construction of pilot ponds and an associated causeway has been mobilised to site.
- Process design and other project studies are well advanced with detailed design engineering to commence in the June quarter.
- Environmental impact statement nearing completion for submission to the EPA.

Periodic updates and results will be provided when they become available.

Yours faithfully,

Michael Ruane
Director
on behalf of the Board

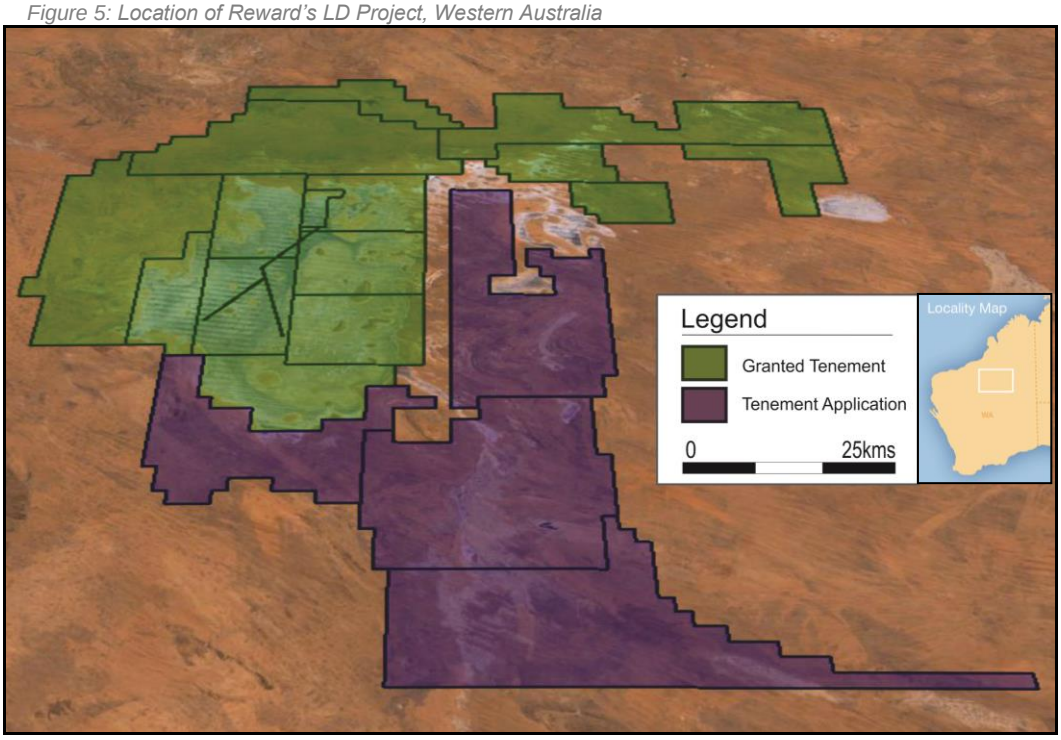
About Reward Minerals

Reward Minerals Limited is an ASX-listed Sulfate of Potash Company.

The Company's LD SOP Project is located in northern Western Australia and comprises tenements covering an area of over 5,000km^2. The location is well suited to brine based SOP recovery operations which benefit from prevailing high evaporation and low humidity conditions.

LD is host to a substantial brine SOP resource totalling 564Mt of SOP grading 13.7kg/m^3 (refer to ASX announcement on 23 November 2015). A Scoping Study for the LD Project was completed in April 2015 and suggests excellent operating and financial metrics. Detailed Project studies are well advanced and the company expects to deliver a Pre-Feasibility Study for the Project in early 2016.

Figure 5: Location of Reward's LD Project, Western Australia



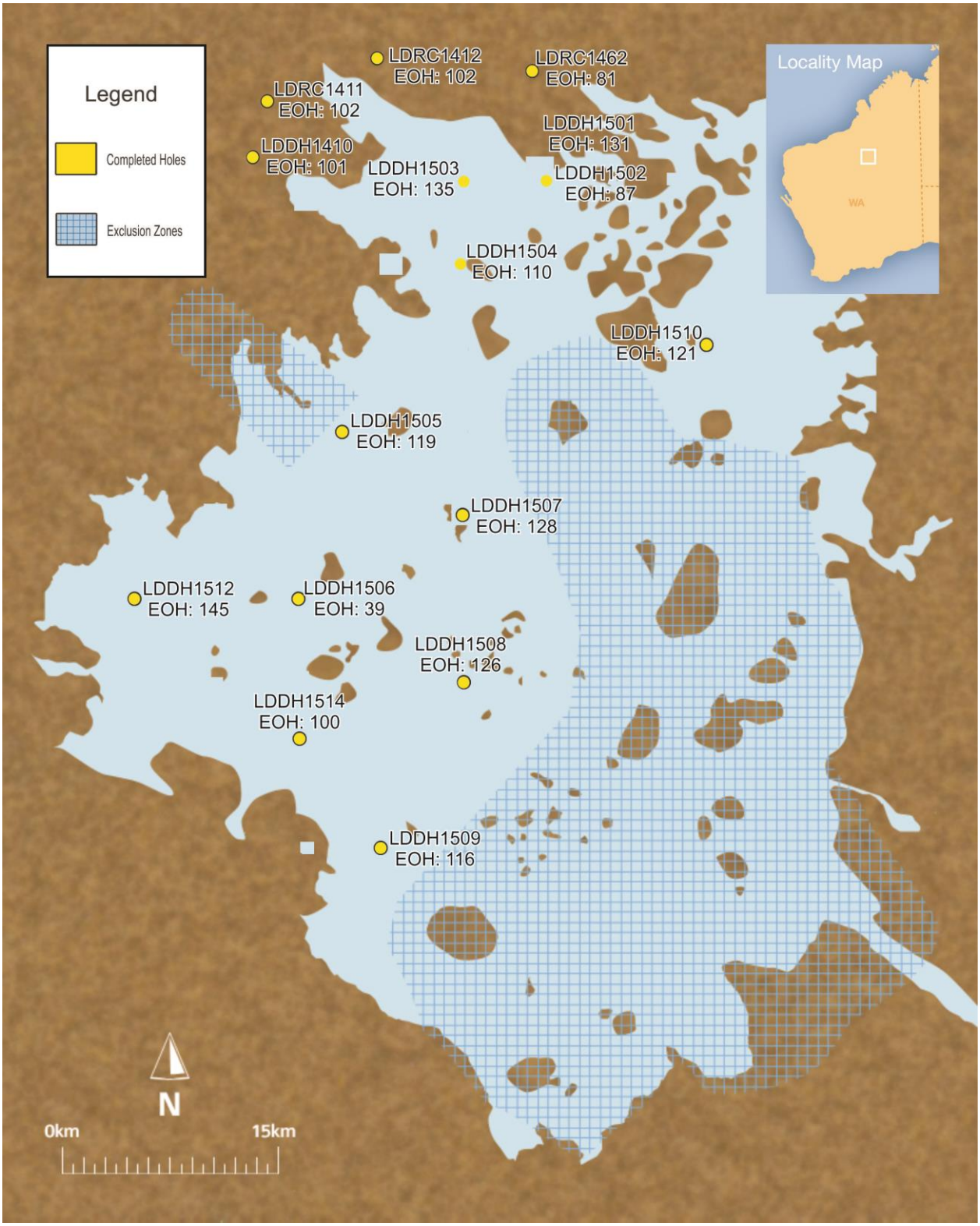
Competent Persons Statement

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Carel van der Westhuizen, a Competent Person who is a Member of The Australian Institute of Geoscientists, a Certified Environmental Practitioner (CEnvP) of the Environment Institute of Australia and New Zealand and a member of the International Association of Hydrogeologists. This information was prepared and disclosed under the JORC Code 2012. Mr van der Westhuizen is employed by Pendragon Environmental Solutions Pty Ltd and 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 van der Westhuizen 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 Brine and Sediment Assays and Analyses is based on information compiled by Dr Geoff Browne, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Browne is a consultant to Reward Minerals Ltd. Dr Browne 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'. Dr Browne 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 Exploration Results, other than Brine and Sediment Assays and Analyses, 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.

Appendix 1 – Drill Hole Location Map



Appendix 2 – JORC Table

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg 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.*	Brine samples were extracted by pumping from previously drilled (core) holes that had been cased with 100mm slotted PVC piping. The pump used for a 75mm electric submersible (Grundfos) bore pump with maximum output of ~3.3 litres per second. Brine flows were estimated from the time taken to fill a 20 litre container from the pump outlet pipe. Samples were collected in plastic bottles labelled with the depth interval and flow rate at the time of sampling. Operational logs of the testwork were kept onsite by a field geologist.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	
	Aspects of the determination of mineralisation that are Material to the Public Report.	
	In cases where 'industry standard' work has been done this would be relatively simple (eg '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 (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).*	See above – core holes. Refer to ASX Announcement JORC appendix dated 23/11/2016 for full details of drilling. The holes were drilled using the Company's portable core rig. Core diameter was nominally 75mm. Holes were reamed out to 150mm and cased with 100mm PVC slotted pipe. Depth of the core holes ranged from 36-145m.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Refer to ASX Announcement JORC appendix dated 23/11/2016 for full details of drilling.
	Measures taken to maximise sample recovery and ensure representative nature of the	

Criteria	JORC Code explanation	Commentary
	samples.	
	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.	
Logging	*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.*	Logging of the holes used for pump testing have previously been reported at the time of drilling. Refer to ASX Announcement JORC appendix dated 23/11/2016 for full details.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	
	The total length and percentage of the relevant intersections logged.	
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Brine samples were collected from the pump outlet pipe at surface. General samples were collected at a different time intervals from each sampling depth and composited for submission to an independent laboratory for analysis. One litre samples submitted for analysis were labelled with Company specific numbering.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	
	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.	
	Whether sample sizes are appropriate to the grain size of the material being sampled.	
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The brine samples were analysed by the independent laboratory for pH, SG, Ca, K, Mg, Na and SO_4 (ALS Global). Chloride analyses were performed in house with occasional analysis by the independent laboratory

Criteria	JORC Code explanation	Commentary
	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.	for cross referencing. The elemental analyses were performed by ICPMS Standards. Duplicates and blank solutions were included in sample batches on a regular basis. The laboratory also includes internal standards in their analytical procedures.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The Company has intermittently submitted its own standards within sample batches over several years. Laboratory analyses have consistently returned values within acceptable limits.
	The use of twinned holes.	
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	
	Discuss any adjustment to assay data.	
Location of data points	*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.*	Co-ordinates of the bore hole samples have been provided previously. Collar of the holes were located by GPS (± 5M). Reduced level (RLs) were noted but is not regarded as of sufficient accuracy to formally record at this time. UTM grid – GDA 94 Z51.
	Specification of the grid system used.	
	Quality and adequacy of topographic control.	
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The test holes are very widely spaced across the lake – see Appendix 1. The pumping trials are at an early stage and no Resource implications are to be drawn at this stage from the data.
	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.	
	Whether sample compositing has been applied.	
Orientation of data in relation to geological	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	See above.

Criteria	JORC Code explanation	Commentary
structure		
	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.	No sample bias.
Sample security	*The measures taken to ensure sample security.*	Samples were submitted to the independent laboratory (ALS) labelled with Company identification only.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	In view of the reconnaissance nature of the sampling program no audit of the sampling technique or analytical techniques is warranted at this stage.

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.*	Tenements drilled were E45/2802, E69/2156 and E69,2158 and are registered 100% in the name of Holocene Pty Ltd (Reward Minerals Ltd). Drilling and sampling was conducted in conjunction with Martu monitors within the Martu Determination Area.
	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.	Granted tenement subject to State Deed and Indigenous Land Use Agreement with the Martu Traditional Owners.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	No known previous exploration performed by other parties on the exploration area.
Geology	*Deposit type, geological setting and style of mineralisation.*	The area drilled comprises the surface of a playa lake believed to contain buried Palaeovalleys or basins containing saline water.
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*	See Appendix 1 above. RLs not available for individual holes but the lake

Criteria	JORC Code explanation	Commentary
	above sea level in metres) of the drill hole collar	surface being drilled is extremely flat over large distances (RL±0.5m).
	dip and azimuth of the hole	
	down hole length and interception depth	See Appendix 1 and ASX announcement dated 26 November 2015 for more details.
	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.	See Appendix 1.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	Data consists of an "all of hole" SOP concentration with differing SOP concentrations from different units of the hole contributing to a combined value.
	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.	No aggregation of results.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Only direct assay/analytical results reported. SOP value quoted was calculated as K x 2.23 (K to K_2SO_4).
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.*	The palaeovalley system extends over the entire LD playa system to a thickness of over 150m limited by the current depth of drilling.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	See above.
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*	See Figure 5 above.

Criteria	JORC Code explanation	Commentary
	limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	*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.*	Reconnaissance work. Brine data obtained is regarded as indicative but significant warranting follow up. All analytical results available are provided in this release.
Other substantive exploration data	*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.*	All available data provided herein.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Follow up Pump Trials are in progress.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Not applicable – commercially sensitive.