Reward Minerals Limited

ASX RWD

Quarterly Report

31 October 2011

QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2011

Operations Report

▶ Lake Disappointment Potash Project – Western Australia

In 2007, Reward Minerals announced a JORC compliant Indicated Resource of 24.4 million tonnes of Potassium Sulfate (Sulfate of Potash – SOP) within Lake Disappointment in the north west of Western Australia.

Lake Disappointment lies wholly within the Martu Lands Determination Area. Although the Company executed a Term Sheet Agreement with the Martu, Traditional Owner representative body Western Desert Lands Aboriginal Corporation (WDLAC) in March 2008, the execution of a Mining Agreement was not achieved at that time and the Lake Disappointment Potash project has remained undeveloped since that time.

In 2010, the Company approached WDLAC to assess the possibility of resumption of talks relating to the project. Late in 2010, WDLAC on behalf of the Martu people agreed to hold preliminary discussions.

In March 2011, WDLAC and Reward executed a Costs and Terms Offer Agreement which formed the framework for discussions between Reward and the Martu people in relation to the Lake Disappointment project.

Since that time two on-country meetings - 25 June 2011 and 14 September 2011 (Martu AGM) have been held by WDLAC at which the Martu people were presented information on the Lake Disappointment project prepared by Reward and were able to question and discuss the project in detail.

For the purpose of ongoing discussions Reward has provided draft Mining and Indigenous Land Use (ILUA) Agreements for consideration by WDLAC and Martu Elders.

No further information is available at the time of reporting.

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Lake Mackay Potash Project, Western Australia

Lake MacKay is a modern, playa lake with a surface area of over 2,250km^2. The Lake is situated in the Gibson Desert, straddling the Western Australia – Northern Territory border, 50 kilometres north of the Tropic of Capricorn. Reward Minerals has delineated a JORC compliant, Inferred Resource at Lake Mackay as follows:

4,780,400,000 BCM* at 4.3kg of K_2SO_4 (SOP) per BCM for a total of 20.56 Million Tonnes of K_2SO_4

The resource estimate was calculated on the basis of lakebed sediment volume (BCM) from surface to a depth of two metres and the water soluble potassium sulphate content of these sediments located within the Company's tenement holdings at Lake Mackay. The next stage of development at Lake MacKay will involve infill drilling, construction of pilot ponds and pump testing as well as flow sheet development for the preparation of a project feasibility study.

Prior to committing to this phase the Company engaged in discussions with Tjamu Tjamu people and other Traditional Owner groups aimed at reaching agreement on terms which would be acceptable for development to proceed at Lake Mackay in the event feasibility analysis proved favourable.

The Tjamu Tjamu people and other Traditional Owner groups indicated strong interest in the project. A Negotiation Protocol was executed and a TO Negotiation Committee was appointed. Several meetings were held with the representative body Central Desert Native Title Services (CDNTS).

Unfortunately, the two year timeline and cost structure proposed by CDNTS for negotiating a Mining Agreement are unacceptable to Reward. The Company believes that the timeline and costs proposed are unrealistic, particularly in view of the strong interest from the Tjamu Tjamu in advancing the negotiations on the project expeditiously. Consequently, no definitive timeline can be provided for the next phase of development of the Lake Mackay project.

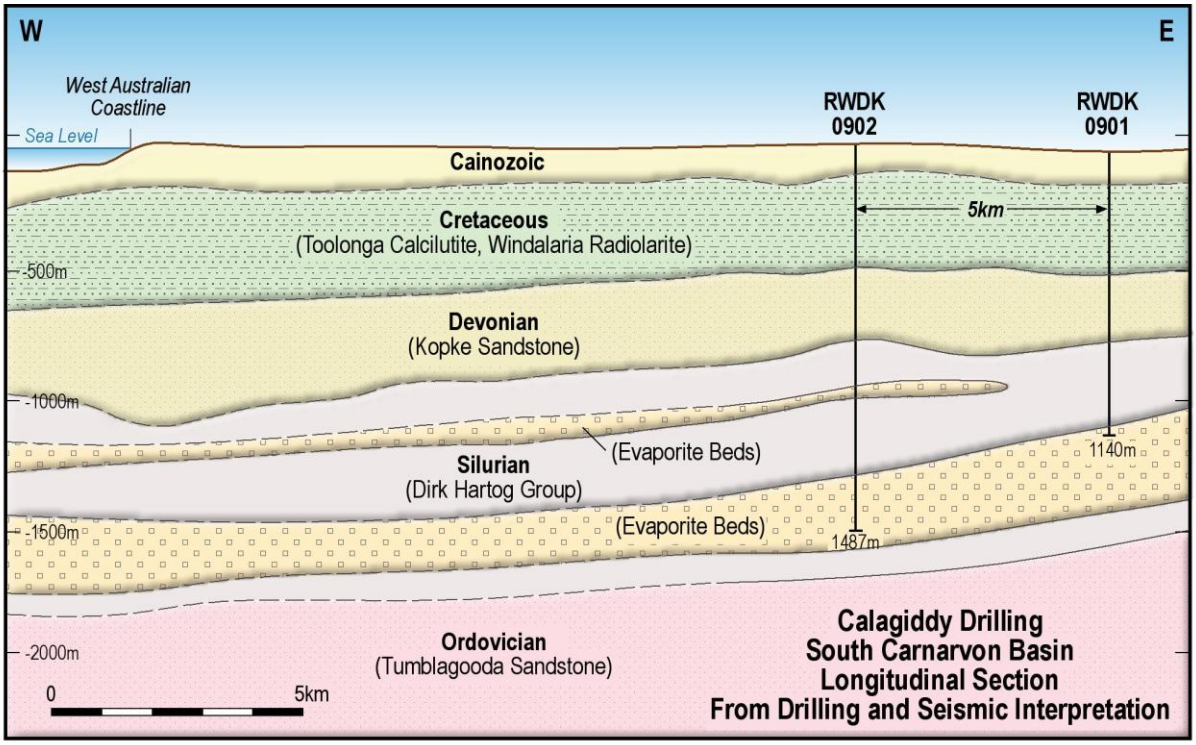
Carnarvon Basin Potash Project – Western Australia

During 2009, the Company completed drill hole RWDK0902 approximately 55 kilometres east south east of Carnarvon and 45 kilometres east of the coast (15 kilometres due south of Carnarvon). Although evaporites from this and earlier holes in this program contained only low levels of Potassium, the presence of combined water soluble evaporite intercepts of over 100 metres within the Yaringa Evaporite member of the Dirk Hartog Formation which are over 300 metres in thickness in RWDK0902 in combination with (limited) available seismic data, suggest that a substantial evaporite basin exists within Reward's South Carnarvon tenements. Examination of the stratigraphy in the three holes drilled to date also suggests that the evaporite horizon has a shallow dip to the west and thickens in a westerly direction toward the WA coastline (see Figure 1).

The seismic data also suggests that the low point of the Dirk Hartog Formation in an east west direction is close to the WA coastline. Assuming that evaporite deposition has proceeded to the Potash crystallisation stage and remained undisturbed, Potash minerals should be located at the low point of the evaporite basin – possibly between the area drilled and the coastline. Reward's tenement holdings cover this area. The Company has received the requisite statutory approvals for the drilling of a further hole 25 kilometres south west of RWDK0902 some 6 kilometres from the WA coastline. A decision on drilling of this hole will be made shortly.

▶ Carnarvon Basin Potash Project – Western Australia continued

Figure 1: Carnarvon Basin Drill Section, WA

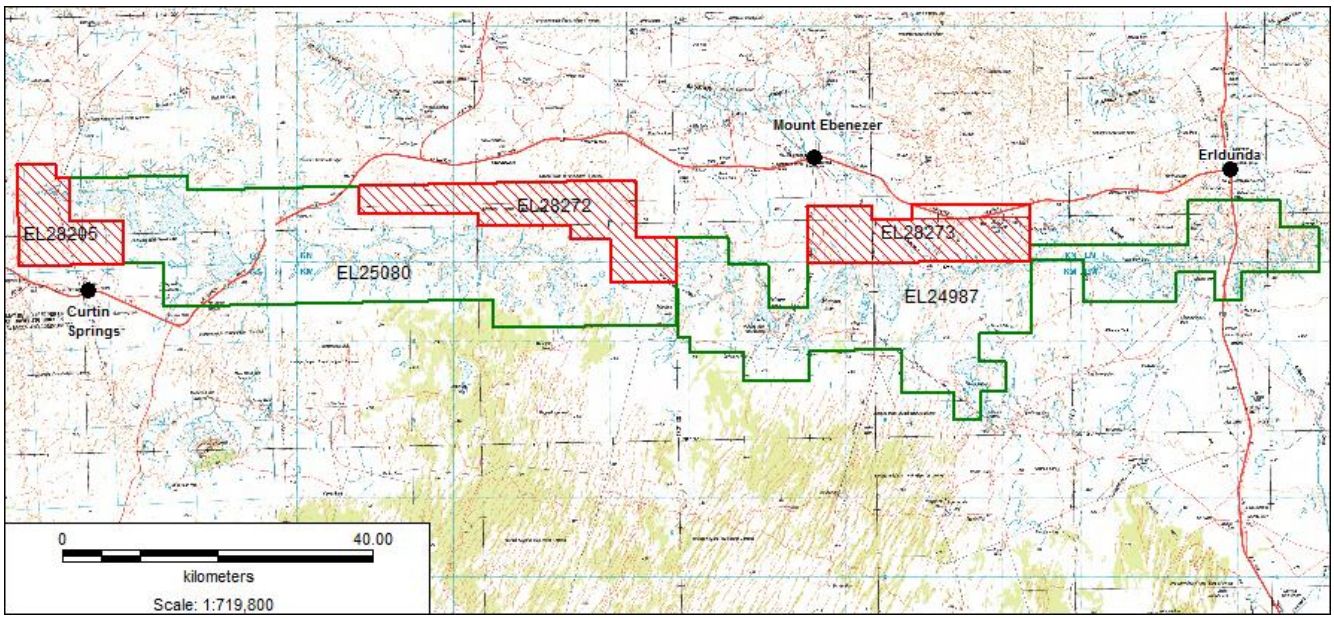


▶ Karinga Lakes, NT Potash Project

Rum Jungle Resources Ltd (RUM) | Reward Minerals Ltd (RWD) Joint Venture. RUM sole risk funding – RWD diluting from 50% interest.

The Karinga Lakes project comprises five Exploration Licences covering 1,801km^2 of playa lakes 150 kilometres south of Alice Springs, NT, which appear to be an extension of the Lake Amadeus paleo drainage system (Figure 2 – applications hachured). The Eastern margin of the system of evaporite and salt lake deposits transects the Stuart Highway and the Central Australian Railway (Figure 2).

Figure 2



Karinga Lakes, NT Potash Project

Rum Jungle Resources Ltd (RUM) | Reward Minerals Ltd (RWD) Joint Venture. RUM sole risk funding – RWD diluting from 50% interest.

RUM as manager of the JV has previously conducted comprehensive sampling over the tenement area and playa system.

Potassium values ranged from 1800 ppm (0.18%) to 11000 ppm (1.1%) with an average 4777 ppm (4.7kg per m3) (0.47%). The average sulphate content of all samples was 31404 ppm (3.14%), thereby confirming the high sulfate nature of the brines. The average potassium content observed translates to 10.6kg of SOP per m^3 of brine. Typical brine composition values are provided in Table 1. The grades compare favourably with other significant occurrences as outlined in the tables below demonstrating similar molecular ratios in brines from four lake clusters at Karinga vs Lake Disappointment in WA and Great Salt Lake (USA) hence their potential to produce Schoenite K_2SO_4 $MgSO_4$ $6H_2O$ and potassium sulfate K_2SO_4 (SOP) (Table 2).

Table 1
Potassium Magnesium and Sulfate analyses for selected Karinga Lakes Brines

Sample	K (mg/L)	Mg (mg/L)	SO_4 (mg/L)	Lake
122289	8000	9392	30842	Mallee Well East
122286	7700	11786	40872	Mallee Well East
122293	7500	8785	41803	Curtin West
122281	7700	17989	39008	Island Lake 5
122277	7100	10161	37766	Island Lake 3

Table 2
Mole percent ratios of key elements. Comparison of Karinga brines to Lake Disappointment (WA) and Great Salt Lake production area Utah (USA)

Mole Percent Ratios	K_2	Mg	SO_4
Cluster 1 Amadeus	9.57	41.00	49.47
Miningera Amadeus	15.40	30.25	54.34
Cluster 2 Amadeus	7.94	47.72	44.34
Cluster 3 Amadeus	9.74	42.98	47.28
Lake Disappointment	11.92	42.06	46.03
Great Salt Lake US	10.70	55.40	33.90

A summary of the RUM activities on the project during the quarter is provided below.

Eight vibracore drill holes and four sonic core drill holes were completed at Karinga Creek during the quarter. Subsequent to the end of quarter a further 51 sonic drill holes completed and 12 piezometers were installed to enable brine sampling, recharge testing and future water monitoring.

The Vibracore drilling averaged 1.4m penetration whilst the sonic rig averaged 3.2m penetration through stiff clays and into fractured siltstones beneath. Many of the drill holes encountered fractured siltstone or sandy interbeds which also contained brine. Drill hole information for the Vibracore program is shown in the Table below.

Table 3
Vibracore Collar Table

Hole_ID	Hole_Type	Max_Depth	Grid_ID	Easting	Northing
KPVC036	Vibracore	3.53	MGA53	224001	7201600
KPVC052	Vibracore	1.51	MGA52	777098	7209636
KPVC057	Vibracore	0.71	MGA52	800600	7198200
KPVC059	Vibracore	1.04	MGA52	789400	7202300
KPVC060	Vibracore	1.2	MGA52	789991	7201482
KPVC061	Vibracore	1	MGA52	790089	7200451
KPVC063	Vibracore	1.02	MGA52	789027	7205600
KPVC064	Vibracore	1.21	MGA52	790037	7205620

Karinga Lakes, NT Potash Project

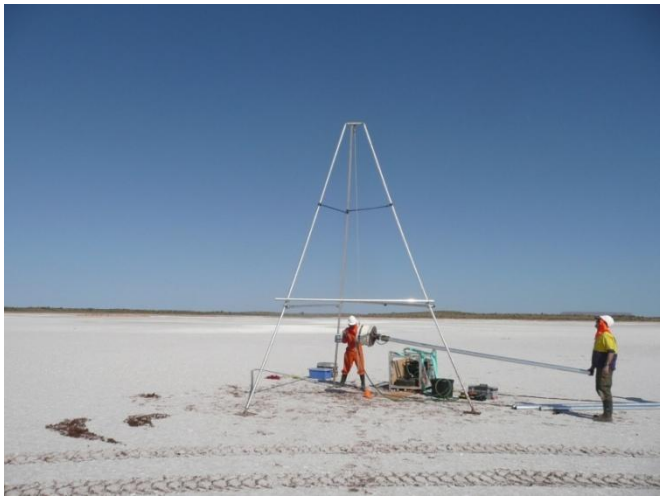
Rum Jungle Resources Ltd (RUM) | Reward Minerals Ltd (RWD) Joint Venture. RUM sole risk funding – RWD diluting from 50% interest.

Over the last two years, the joint venture has taken over 150 brine samples, conducted recharge tests from four trenches, drilled eight Vibracore and 55 Sonic drill holes and installed 12 piezometers. In addition, two anthropological surveys, two archaeological surveys and a baseline environmental flora and fauna study have been conducted confirming Karinga Creek as one of the most advanced salt lake potash projects in Australia.

Drill core logging, sample processing and laboratory testing of brines and sediments will be conducted in the December quarter leading to a maiden inferred resource estimation to be announced in the first quarter of 2012. Independent consultants Geos Mining from Sydney have been contracted to undertake the resource estimation.

Recharge rate estimations and brine assay results from piezometer samples will be released in coming weeks as results come to hand.

Vibracore Drilling at Karinga Creek



Sonic drilling and piezometer installation at Karinga Creek

▶ Adavale Potash Prospect – Queensland

The Adavale prospect area is known to host a very large salt deposit which in some areas contains significant potash values (Potassium Chloride – MOP). The project area is near the coal mining site of Blackall 600km inland from Gladstone. In addition to their Potash potential the Adavale deposits could readily provide salt for the manufacture of caustic soda which is utilised in substantial quantities at the Gladstone Alumina operations of Comalco Ltd. Data available suggests that annual imports of caustic soda to Gladstone are of the order of 1.5 million tonnes at a cost in excess of $500 million.

Reward's Adavale Potash Project tenements are over Freehold land. The Company had executed access agreements with holders of the two pastoral leases covering the Adavale prospect area and received clearance from the Queensland Department of Mines & Energy.

The resultant delay of Heritage clearance for the proposed drill hole (Bury 1A), the access agreements with the Freehold Title Owners have now expired and are currently being renegotiated. The Company is also presently involved in negotiations with several parties interested in farming in to the Adavale prospect tenements. The Company will advise the Market and Shareholders should these negotiations result in a satisfactory outcome.

We advise in accordance with ASX Limited Listing Rules 5(6) that the exploration results contained within this ASX Release is based on information compiled by Mr. Nigel Cranley who is a member of the Australian Institute of Mining and Metallurgy. Mr. Cranley is a consultant to Reward Minerals Ltd and has consented in writing to the inclusion in this ASX Release of matter based on the information so compiled by him in the form and context in which it appears. Mr. Cranley has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to be qualified as a Competent Person as defined by the 2004 Edition of the "Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".