Reward Minerals Limited

ASX RWD

Quarterly Report

29 April 2011

QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2011

Operations Report

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 has 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.

Following successful meetings with the Tjamu Tjamu people and other Traditional Owner groups, who 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, the Central Desert (CDNTS). Unfortunately time lines indicated by CDNTS for moving towards execution of a Mining Agreement are less than encouraging and no definitive time line can be provided for the next phase of the Lake Mackay project.

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.

However, execution of a Mining Agreement and Indigenous Land Use Agreement were not achieved and the project has remained dormant since 2008.

Reward Minerals Ltd has recently resumed discussions with the Martu people and WDLAC, the Martu representative body. Discussions have been positive and it is hoped that agreement can be reached with the Traditional Owners to enable mining to proceed in the foreseeable future at Lake Disappointment.

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Carnarvon Basin Potash Project – Western Australia

During the December quarter 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 so far spans 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.

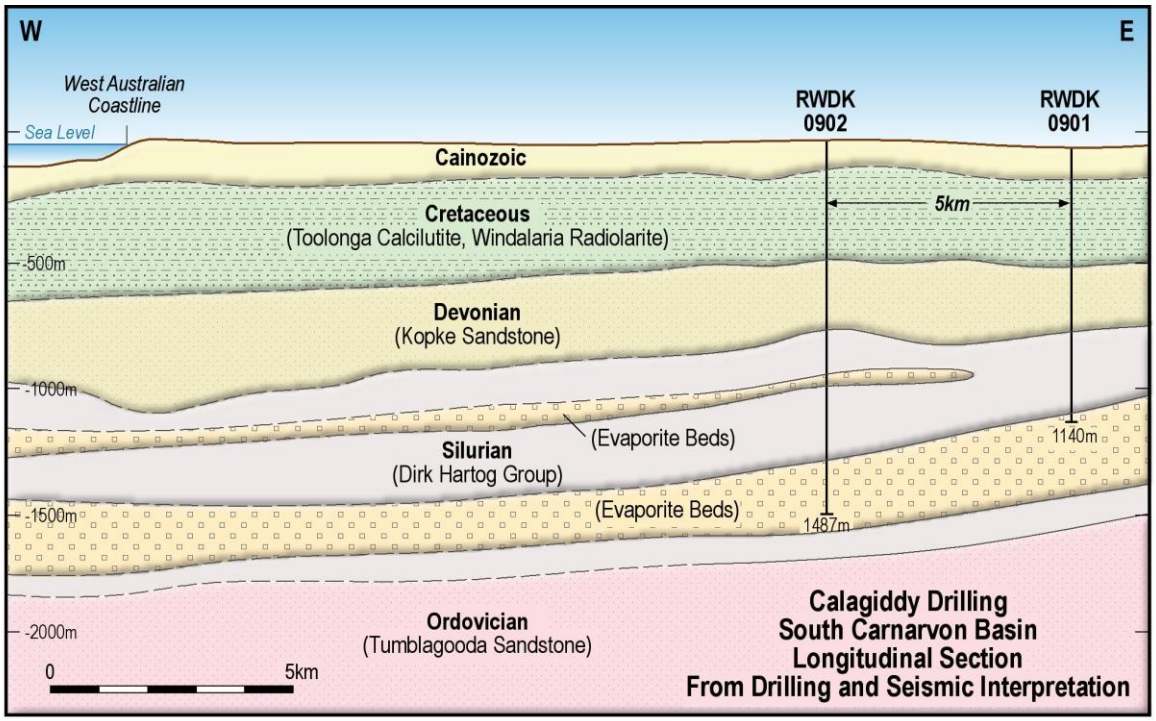


Figure 1: Carnarvon Basin Drill Section, WA

Karinga Lakes, NT Potash Project
Rum Jungle Resources Ltd (RUM) | Reward Minerals Ltd (RWD) 50:50 Joint Venture

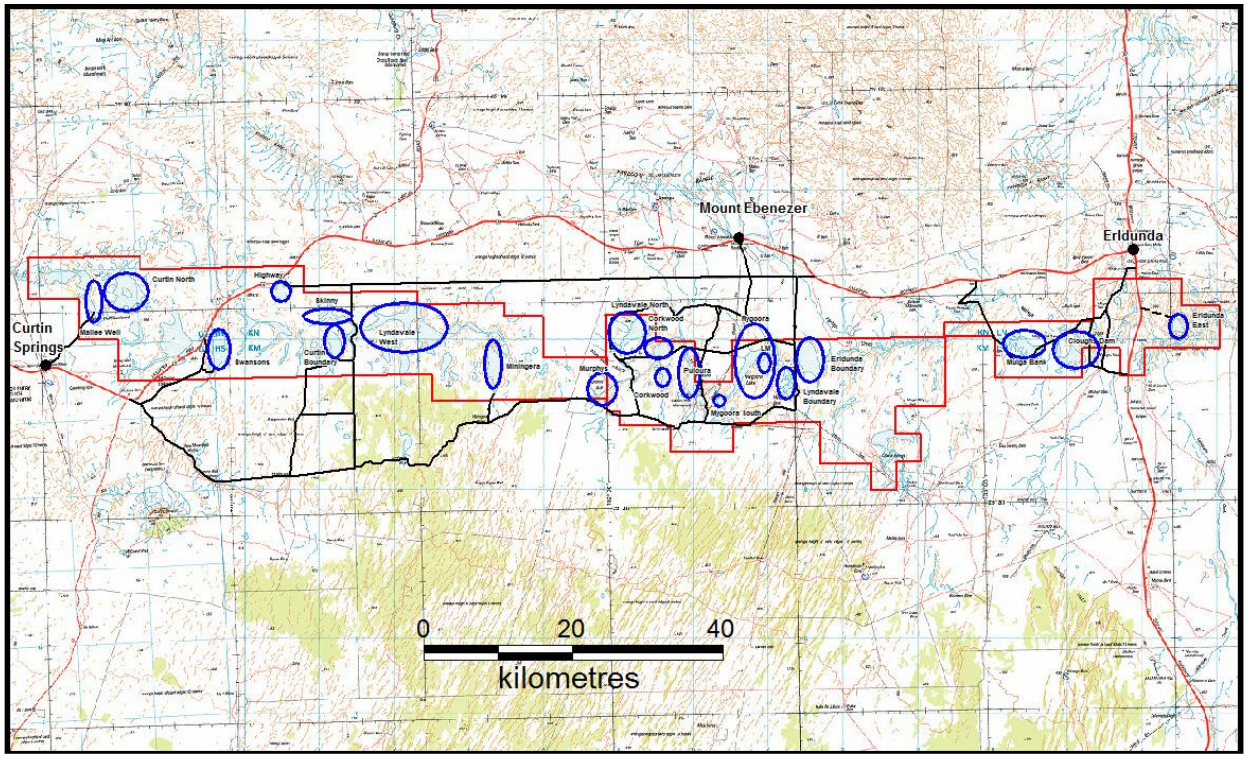
The Karinga Lakes project comprises four Exploration Licences 24987 and 25080 covering 1,823km^2 of playa lakes 150 kilometres south of Alice Springs, NT which appears to be an extension of the Lake Amadeus paleo drainage system.

The Eastern margin of the system of evaporite and salt lake deposits transects the Stuart Highway and the Central Australian Railway. See Figure 2.

In earlier activities RUM as manager of the JV conducted a comprehensive sampling program over the tenement area and playa system. RUM collected 62 brine samples from the sites indicated in Figure 2 and submitted them for analysis. Results of the analysis were reported by RUM as follows.

"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 grades compare favourably with other significant occurrences as outlined in the tables below demonstrating molecular ratios compared between four lake clusters at Karinga, Lake Disappointment in WA and Great Salt Lake (USA) hence their potential to produce potassium sulfate SOP. The average potassium content observed translates to 10.6kg of SOP per m3 of brine.

Figure 2: Location of Karinga Playa Lake System



Aircore drilling and trench sampling on the periphery of the Karinga Lakes system by RUM during October-November 2010 demonstrated that (seepage) brines feeding the lake system contained significant Potassium (2,200mg/l), Magnesium (2,310mg/l) and Sulfate (13,750mg/l) values.

The RUM:RWD JV has recently conducted laboratory scale evaporation trials on two bulk brine samples collected from Karinga Lakes. The first sample was a composite of the brines collected from the trenches in the bed of Lakes Miningera Curtin Island and Mallee Well. The Potassium (K) concentration of this composite was 7.85g/litre.

The second evaporation trial was conducted on a composite brine prepared from the low density brines collected in October-November 2010.

Results of the two trials are provided in Tables 2-3.

Conclusions from the trials are as follows:

1. The Karinga Lakes system brines comprise primarily sodium chloride, minor sodium sulfate and sulfate salts of potassium and magnesium. The brines collected to date appear to have potential as a source of Schoenite/Leonite (K_2SO_4 $MgSO_4$ $6H_2O/4H_2O$) from which Potassium Sulfate can be recovered by established technology.

2. In the two trials conducted to date the Potassium loss to the sodium chloride (halite) harvest was approximately 20% of the feed, ie 80% of the potassium input progressed to the crude Potash salt crystallization phase. The loss is incurred via the brine entrained in the crude halite as it is harvested and not as crystalline potassium salt contamination.

3. Phase 1 trial was cut short due to technical difficulties but indicated a Potassium recovery of 56.5% to a mixed salt grading 3.8% K. The residual Potassium content representing 24.1% of input reported to the end brine hence was not recovered in the Phase 1 study. Results from Phase 2 trial confirm that a substantial portion of this Potassium can be recovered in a crystalline mixed salt at a considerably higher Potassium grade.

4. Phase 2 trial indicated a combined Potassium recovery of 76% to a mixed salt grading 6.1% K. This product comprised two fractions – Product A representing a K yield of 55.8% in a product grading 5.2% K and Product B representing an additional yield of 20.2% in a product grading 10.6% K.

5. All evaporite products have significant sodium chloride (halite) content as the process brine is saturated in sodium chloride at all stages of the evaporation cycle.

6. The combined A+B product from the Phase 2 trial contains approximately 44% sodium chloride. The Potassium Magnesium Sulfate salts Schoenite and Leonite which crystallised can be effectively separated from sodium chloride by flotation.

7. XRD analysis of the crystalline products of Phase 1 trial are provided in Table 3. Results for the evaporation products from Phase 2 study are in progress and have not been received at the time of reporting.

8. Results of Phase 1 trial suggest that a relatively simple mixture of Leonite (or Schoenite) plus sodium chloride may be achievable on evaporation of brines with the composition encountered thus far at Karinga Lakes. XRD data from the Phase 2 trial is required to confirm this finding.

Accurate control of brine flow and composition should allow a better product grade vs recovery profile than those achieved in the sighter trials so far.

Simple monitoring of the magnesium content of the process brine appears to provide a means of controlling brine flow and thereby optimise the harvest grade versus recovery parameters.

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. During the March quarter, in line with recent legislation, Reward sought Heritage clearance for the two drill sites from the relevant Traditional Owners of the area. A heritage agreement has been sent to the representative body, the Queensland South Native Services, for a meeting in Charleville and then a visit to the site of the proposed drilling.

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 renewed. 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.

Table 2

KARINGA LAKES - PHASE 1 - BULK EVAPORATION TEST
January 2011

BRINE HEAD: EQUAL VOLUME COMPOSITE OF :
122275 Miningera
122276 Miningera
122284 Curtin Island Cluster
122285 Mallee Well Lake

	ELEMENT - assay %					
	Na	**Cl**	**K**	**Mg**	**SO_4**	**Total**
BRINE HEAD mg/l	94,500	148,500	7,850	6,450	42,750	
PRODUCT A	35.1	54.61	0.47	0.31	6.32	96.8
PRODUCT B	22.8	30.4	3.8	3.5	26.8	87.3
BRINE - FINAL mg/l	56,500	201,000	53,000	43,250	63,000	

		ELEMENT - % distribution				
	Mass %	**Na**	**Cl**	**K**	**Mg**	**SO_4**
BRINE HEAD	100	100	100	100	100	100
PRODUCT A	68.2	80.0	80.7	19.4	15.2	38.2
PRODUCT B	24.3	18.5	16.0	56.5	61.3	57.7
BRINE - FINAL	7.5	1.4	3.3	24.1	23.5	4.2
Total	100	100	100	100	100	100

Notes

(1) Loss of Potassium (K) to NaCl harvest is 19.4% - via entrained brine.
(2) Potassium recovery to 92.5% evaporation stage is 56.5% - Harvest Salt at 3.8% K
(3) End brine 53g/litre Potassium - See Phase 2 study.
(4) XRD analysis of evaporation products shown in Table 3.
(5) Principal Potash salt is Leonite K_2SO_4 $MgSO_4.4H_2O$ (Table 3).
(6) Results are from outdoors but zero seepage evaporation trial.

Table 3

KARINGA LAKES - PHASE 2 - CURTIN WEST - BULK EVAPORATION TEST
March 2011

	ELEMENT - assay %					
	Na	**Cl**	**K**	**Mg**	**SO_4**	**Total**
HEAD BRINE mg/l	49,485	67,831	3,735	4,331	33,926	
CRYSTALLINE PRODUCT A	32.4	43.9	0.7	1.5	16.1	94.7
CRYSTALLINE PRODUCT B	18.8	25.2	5.2	4.4	29.2	82.9
CRYSTALLINE PRODUCT C	9.7	22.2	10.6	7.0	24.5	74.0
FINAL BRINE mg/l	11,240	210,000	18,080	106,600	19,920	

		ELEMENT - % distribution				
	Mass %	**Na**	**Cl**	**K**	**Mg**	**SO_4**
HEAD BRINE		100	100	100	100	100
PRODUCT A	72.5	83.5	82.4	23.3	44.9	60.6
PRODUCT B	22.6	15.1	14.8	55.8	39.9	34.2
PRODUCT C	4.1	1.4	2.3	20.2	11.5	5.1
FINAL BRINE	0.85	0.03	0.46	0.73	3.69	0.09
Total	100.0	100.0	100.0	100.0	100.0	100.0

Notes

(1) Potassium (K) loss to NaCl harvest (Product A) is 23.3% - via entrained brine.
(2) Potassium (K) recovery to Product B is 55.8% at a harvest salt grade of 5.2% K
(3) Potassium (K) recovery to Product C is 20.2% at a harvest salt grade of 10.6% K
(4) 99.15% of the water content of the feed brine is evaporated.
(5) Combined Potash Products A & B - Potassium Recovery of 76.0% at a salt grade of 6.1% K
(6) XRD Analysis in progress.
(7) Results are from outdoors but zero seepage evaporation trial.

Table 4

KARINGA LAKES - PHASE 1 EVAPORATION - EVAPORITE XRD SUMMARY

	SAMPLE DATE						
	170111	**200111**	**220111**	**270111**	**280111**	**310111**	**20211**
Mineral phase	**Concentration (%)**	**Concentration (%)**	**Concentration (%)**	**Concentration (%)**	**Concentration (%)**	**Concentration (%)**	**Concentration (%)**
Halite (NaCl)	99	99	89	79	82	73	82
Thenardite (Na_2SO_4)	0.14	0.06	9				
Blodite ($Na_2Mg(SO_4)_2 \cdot 4H_2O$)	0.48	0.29	2	18	17	9	
Sodium Potassium Chloride ($Na_{0.1002}K_{0.8998}Cl$) AND / OR	0.1	0.05 (total)					
Sodium Potassium Chloride ($Na_{0.6990}K_{0.3010}Cl$)							
Syngenite ($K_2Ca(SO_4)_2(H_2O)$)	0.06	0.06					
Hydroglauberite ($Na_{10}Ca_3(SO_4)_8 \cdot 6H_2O$)	0.12						
Leonite, syn ($K_2Mg(SO_4)_2(H_2O)_4$)	0.05			2		17	28
Picromerite ($K_2Mg(SO_4)_2 \cdot 6H_2O$)		0.09		1.2	1		
Kainite ($KMg(SO_4)Cl(H_2O)_{2.75}$)					0.3	0.4	
Magnesium Chloride Hydrate ($MgCl_2 \cdot H2O$)						0.2	1.4
Sodium Potassium Chloride ($Na_{0.6990}K_{0.3010}Cl$)						0.1	
Magnesium Sulphate Hydrate ($MgS_2O_6(H_2O)_6$)							0.2
Magnesium Sulphate ($MgSO_4$)							0.2
Sylvite, syn (KCl)							2
Sodium Carbonate ($Na_2(CO_3)$)							0.1
Calcium Carbonate ($CaCO_3$)							0.4

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".

Rule .

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Reward Minerals Ltd

ABN

50 009 173 602

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	7	7
1.2	Payments for (a) exploration & evaluation	(95)	(95)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(144)	(144)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	39	39
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	21	21
1.8	Native title costs	(90)	(90)
	Net Operating Cash Flows	**(262)**	**(262)**
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(230)	(230)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	**(230)**	**(230)**
1.13	Total operating and investing cash flows (carried forward)	(492)	(492)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(492)	(492)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(492)	(492)
1.20	Cash at beginning of quarter/year to date	2,201	2,201
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	**1,709**	**1,709**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	68
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Director's fees and consulting fees paid at commercial rates.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	200
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	Total	**450**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	459	951
5.2	Deposits at call	1,250	1,250
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**1,709**	**2,201**

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	E09/1441 E09/1442 E09/1630 E09/1625 to E09/1629	Forfeited Forfeited Surrendered Surrendered	100% 100% 100% 100%	0% 0% 0% 0%
6.2	Interests in mining tenements acquired or increased	EL(A)69/2902	Application	0%	0%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	67,958,996	67,958,996	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 21 April 2011

Ross Paterson
Company Secretary

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.