



**DATE:** 30 October 2009  
**TO (COMPANY):** Australian Stock Exchange  
**ATTENTION:** Company Announcements Officer  
**FROM:** Michael Ruane on behalf of the Board

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## QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2009

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### Corporate Activities

#### **Jinka Minerals Ltd Spin Off**

In October 2008, Reward shareholders approved the divestment of Reward's Jervois and Gabanintha projects in return for 14.9 million 20 cent shares and 14.9 million options in Jinka (20 cents exercise price).

During the quarter these shares and options were distributed on a pro rata basis to shareholders on the Reward register as at 28 October 2008.

The Board continues to review the capital raising alternatives for Jinka Minerals.

### Operations Report

#### **Carnarvon Basin, Potash Exploration.**

The Company advanced its exploration programme aimed at discovery of buried Potash deposits in Australia akin to those in Canada, Europe and Russia which provide most of the world's Potash supply.

The current drilling campaigns have focused on the Calagiddy-Yalbalgo station areas 50-100km south east of Carnarvon, WA. During the reporting period, Reward Minerals Ltd formalised a contract with Drillcorp Western Deephole, a division of Boart Longyear and mobilized a UDR 1500 Heavy Duty Drilling rig (fig 1) to drill at Callagiddy Station. Drilling of hole RWDK0902 commenced on August 30, approximately 5 kilometres west of previous exploration hole RWDK0901 which reached a depth of 1,140 metres on 20 April 2009, and terminated in an evaporite horizon of over 40 metres in thickness. Core recovery from the evaporite interval (1,083 - 1,140 metres) of RWDK0901 was poor with only 31 metres of core recovered from the 57 metre section. RWDK09-02 aimed to better test the horizons delineated in RWDK09-01 and drill through to the Tumblagooda sandstone (basement) to test the depth extent of the evaporites within the Dirk Hartog Formation. The new hole was also expected to provide the information required for defining the geometry of the Formations at depth.

At the end of the reporting period RWDK09-02 had advanced to 1022.5m and was drilling the prospective Dirk Hartog Formation. Of note was the intersection of an evaporite horizon between 823.8 and 831.5 metres within the Devonian Faure Formation.



RWDK09-02 Drilling - Callagiddy Station, WA

Figure 1

### Lake Mackay, Potash Exploration.

Lake MacKay is an internal drainage playa lake covering over 2,000km<sup>2</sup> located near the WA/NT border. During the June quarter, Reward received Heritage Clearance from the Kiwirrkura Traditional Owners for the Company's proposed drilling programme on Lake Mackay to assess the sediments/brines of the lake for their potash content.

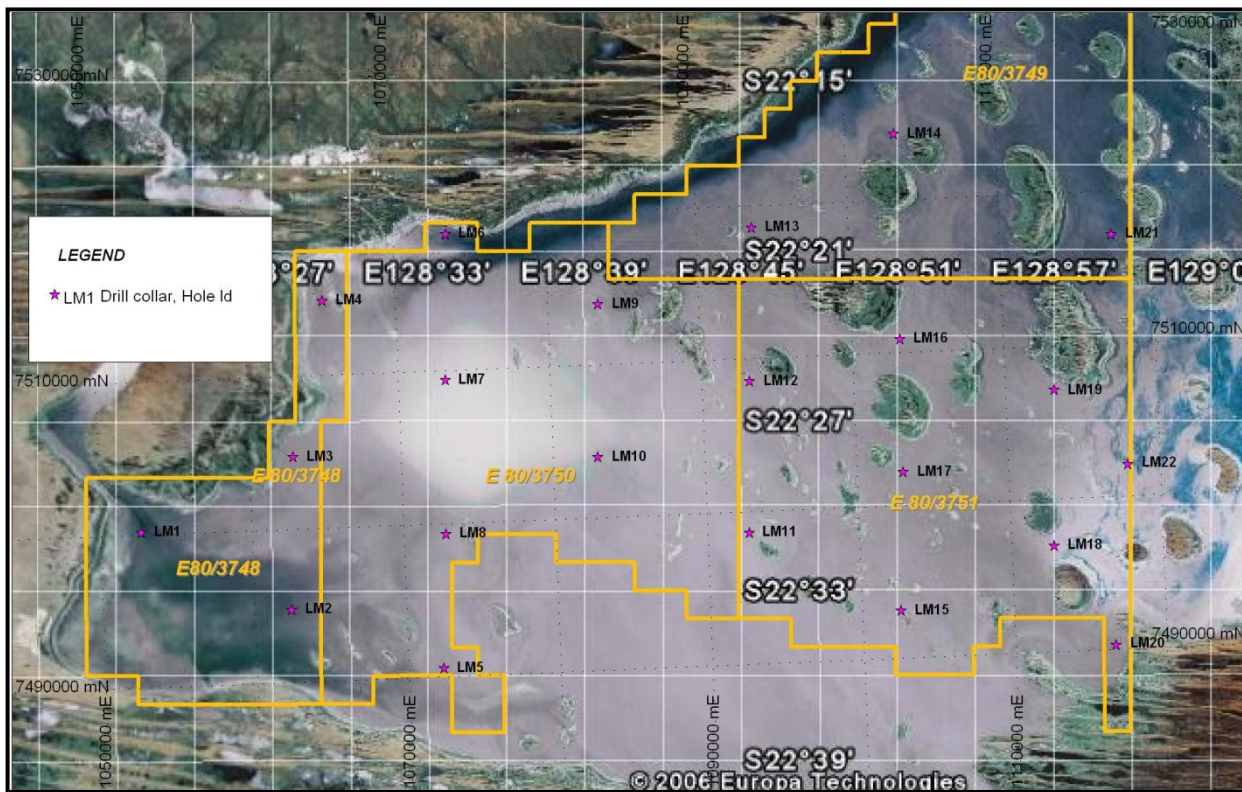
The survey conducted on 12-13 June 2009 by Central Desert Native Title Services cleared all but one of 54 potential drill sites sought by Reward in a programme aimed at establishing an Indicated Resource figure should the lake contain significant potash values.

Reward Minerals Ltd completed the drilling of 24 shallow holes to test the lakebed sediments of Lake Mackay during September 2009 (see attached Figures 2 & 3).

Samples of brine recovered from 22 of the holes were submitted to Ultratrace Laboratories Pty Ltd for analysis and results have now been received for those samples. Core samples from the programme were received in Perth subsequently and were logged in preparation for chemical analysis.

The Potassium Sulfate (SOP) content of the brine samples recovered from drilling of Lake Mackay are reasonably consistent in composition ranging from 5.73kg/m<sup>3</sup> to 8.15kg/m<sup>3</sup> with an average value of 6.83kg of SOP per cubic metre of brine (non-weighted average).

Currently the brine entrained in the lakebed sediments of Lake Mackay is under-saturated - with an average Total Dissolved Solids (TDS) content of 248 grams per litre (Specific Gravity 1.19). Saturation TDS levels for brines of the composition observed for Lake Mackay are in excess of 300 grams of dissolved salts per litre of brine.



**Drill Hole Location Plan - Lake Mackay, WA**

**Figure 2**

Consequently, evaporation of the brine is required to reach saturation point to crystallise Potash salts, but in an area where the evaporation rate is believed to be in excess of four metres per annum (pure water) this should not represent a significant problem.

Importantly the Lake Mackay brine samples analysed to date contain high sulfate and magnesium values which would allow for production of Potassium Sulfate (SOP) from the brine by established technology. Analysis of the core samples for their brine content (kg brine per m<sup>3</sup> sediment) is in progress. This will allow for an estimate of the Potassium Sulfate resource potential of Lake Mackay. Results should be available shortly.

Further drilling will be undertaken if the preliminary resource assessment is favourable to firm up the shallow resource parameters and to test for brine resources available at depth in Lake Mackay.

The program at Lake Mackay was undertaken with the assistance of the Kiwirrkurra native title holders for the Lake Mackay area. Further exploration programs, and assessment of the potential of the project, will involve input and the consent of the Kiwirrkurra People. Meetings and discussions, in this context, are being coordinated by Central Desert Native Title Services Ltd.

#### **Adavale Potash Prospect - Queensland**

During the Quarter, the Company executed access agreements with the two pastoral lease owners of the Adavale prospect area and submitted clearance applications to the Queensland Department of Mines & Energy. Reward also sought Heritage clearance for two drill sites from the relevant Traditional Owners of the area. It is expected that all clearances will be available in the near future.





Helicopter Borne Geoprobe Rig - Lake MacKay Drilling Programme, WA

Figure 3

### Lake Disappointment Potash Project

In March 2008 Reward and the Western Desert Lands Aboriginal Council (WDLAC) agreed upon commercial terms applicable to the Lake Disappointment project development. That agreement was announced to the Market on 31 March 2008, following an exchange of letters between Reward and WDLAC. Subsequently however, the parties were unable to settle upon the terms of the formal agreement and the Company sought arbitration of the issue via the provisions of the Native Title Act (section 35).

Deputy President Sumner was appointed the NNTT Member to conduct the s35 Future Act Determination Application which held its first hearing on 24 September 2008. On 28 May 2009 Deputy President Sumner handed down the ruling that in respect of the Company's application for Mining Lease 45/1171 at Lake Disappointment that "the Act must not be done" meaning that without consent of the Martu Native Title Party the Mining Lease application must not be granted to Holocene Pty Ltd/Reward Minerals Ltd.

The understanding of the Company via the Martu representative body WDLAC is that the Martu are not agreeable to allow access to the Company's Lake Disappointment tenement area without an appropriate Mining Agreement in place which includes commercial terms acceptable to the Martu people. As indicated in the ruling it is not within the jurisdiction of the NNTT to set such commercial terms and conditions hence in the absence of agreement in respect of these matters the decision handed down is that the Act should not be done.

Subsequently, Holocene requested that the Attorney General, as the 'Commonwealth Minister', make a declaration under subsection 42(3) of the NTA that the Determination is overruled, with or without conditions. Holocene made the request on the grounds that a potash production facility at Lake Disappointment is in the national interest, and in the interests of the State of Western Australia. Holocene has also submitted to the Attorney General that the effect of the grant of the mining lease on the Martu Peoples' native title will not be substantial, and that the Martu People will benefit from the mining lease being granted.

**Reward Minerals Limited**  
**ACN 009 173 602**  
**Quarterly Report For The Period Ended 30 September 2009**

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During the quarter (27 July), the Attorney General advised that he would not overrule the decision of the NNTT which had previously directed that the Lake Disappointment Mining Lease should not be granted to Reward Minerals Ltd subsidiary Holocene Pty Ltd. The Attorney General advised *quote*

*“I would like to encourage all parties to meet to pursue good faith negotiations in this matter. I would be prepared to meet with all the parties to discuss how those negotiations might be further progressed.”*

The Company entered negotiations with the Attorney General initially, and WDLAC subsequently, regarding Adavale a workable agreement for Lake Disappointment. Negotiations are ongoing.

*We advise in accordance with Australian Stock Exchange Limited Listing Rules 5(6) that the exploration results contained within this ASX Release is based on information compiled by Mr Greg Cunnold who is a member of the Australian Institute of Mining and Metallurgy. Mr Cunnold is a full time employee of 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 Cunnold 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”.*

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

**Reward Minerals Ltd**

ABN

**50 009 173 602**

Quarter ended ("current quarter")

**30 September 2009**

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	0	0
1.2	Payments for (a) exploration and evaluation	(393)	(1,897)
	(b) development	0	0
	(c) production	0	0
	(d) administration	(114)	(481)
1.3	Interest and other items of a similar nature received	41	155
1.4	Interest and other costs of finance paid	0	0
1.5	Admin Fees	-	109
1.6	Other (provide details if material) GST	(92)	(51)
<b>Net Operating Cash Flows</b>		<b>(558)</b>	<b>(2,165)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	0	0
	(b) equity investments	0	0
	(c) other fixed assets	-	(4)
1.9	Proceeds from sale of: (a) prospects	0	0
	(b) equity investments	0	0
	(c) other fixed assets	0	0
1.10	Loans to other entities	(451)	(451)
1.11	Loans repaid by other entities	0	0
1.12	Other (provide details if material) Pay out Royalty	0	(100)
<b>Net investing cash flows</b>		<b>(451)</b>	<b>(555)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,009)</b>	<b>(2,720)</b>

1.13	Total operating and investing cash flows (brought forward)	(1,009)	(2,720)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	1,146
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	(13)	(14)
1.18	Dividends paid	0	0
1.19	Other (provide details if material)	0	0
<b>Net financing cash flows</b>		<b>(13)</b>	<b>1,132</b>
<b>Net increase (decrease) in cash held</b>		<b>(1,022)</b>	<b>(1,588)</b>
1.20	Cash at beginning of quarter/year to date	4,810	5,376
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	<b>Cash at end of quarter</b>	<b>3,788</b>	<b>3,788</b>

**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	36
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

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

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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

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### 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	0	0
3.2 Credit standby arrangements	0	0

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	900
4.2 Development	0
<b>Total</b>	<b>900</b>

### 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	288	1,310
5.2 Deposits at call	3,500	3,500
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,788</b>	<b>4,810</b>

### 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 (see Attachment)	E45/3022	Surrendered	100%	0%
	E45/3023	Surrendered	100%	0%
	E45/3024	Surrendered	100%	0%
	E45/3025	Surrendered	100%	0%
	E45/3102	Surrendered	100%	0%
	EL25960	Surrendered	100%	0%
	EL25961	Surrendered	100%	0%
6.2 Interests in mining tenements acquired or increased	NIL	Application	0%	100%



### 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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemption's				
7.3 <b>+Ordinary securities</b>	67,958,996	67,958,996	0	0
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise Price</i>	<i>Expiry Date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law 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:      John Sendziuk  
                         Company Secretary

Date: 30 October 2009

## 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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