

## QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2016

31 October 2016

**ASX CODE**  
RWD

**SHARE PRICE**  
\$0.37

**SHARES ON ISSUE**  
135,760,396

**UNLISTED OPTIONS**  
4,500,000 (\$0.45)

**MARKET CAPITALISATION**  
\$50.2M (undiluted)

### DIRECTORS & MANAGEMENT

Colin McCavana  
*Chairman*

Rod Della Vedova  
*Non-Executive Director*

Michael Ruane  
*Managing Director*

Daniel Tenardi  
*Projects Director*

Paul Savich  
*Corporate Development Officer  
and Company Secretary*

Bianca Taveira  
*Company Secretary*

### KEY PROJECT

Lake Disappointment Project

### HEAD OFFICE

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### Corporate Activities

Expenditure on development activities during the September quarter was approximately \$1,500,000. This included significant expenditure on R&D activities relating to improved process routes for SOP recovery from LD brines.

At the end of the September period available funds were approximately \$6.6 million.

### Lake Disappointment Potash Project

The LD SOP Project is located in the Little Sandy Desert region of North Western Australia (Figure 1).

Figure 1 - LD Project Location



In 2015, Reward completed a significant core drilling program on LD to define the extent of lakebed sediments and the in situ Potassium Sulfate (SOP) resource contained within the sediments (see Figure 3).

The 2015 drilling on LD provided a Mineral Resource estimate (JORC 2012) of 564 million tonnes of SOP in brine entrained in the lakebed sediments. The average SOP grade of the brine entrained in the sediments was 13.7kg SOP/m<sup>3</sup> brine. This brine grade translates to 7.1kg of SOP/m<sup>3</sup> of lakebed sediment (see ASX Release of 23 November 2015).

The Company completed a Scoping Study for the LD Project in April 2015 which suggested compelling economics. For full details of the LD SOP Scoping Study please see ASX Announcement dated 2 April 2015.

## Feasibility Study Update

Reward considerably advanced its feasibility study program during the September quarter with outcomes in the following areas.

- **Specific Yield Resource Estimation**

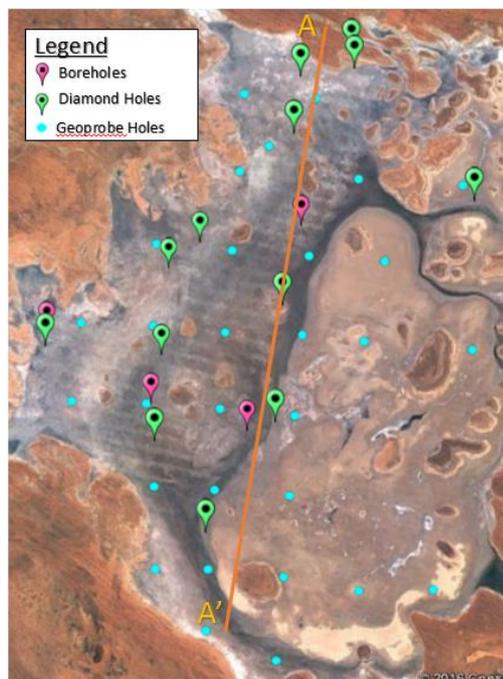
Reward continued activities related to defining a Specific Yield (Sy) SOP resource for LD. Reward has completed thirteen brine supply trenches on LD, 30-100 metres in length and with depths of 2-4 metres for brine pumping trials to establish flow and drainability of near surface sediments of the lake (see Figure 2). This data in conjunction with brine extraction testwork undertaken on LD drill core samples will establish the (brine) recoverability parameters for the Project. Pumping trials on ten of the trenches have been completed. Three are still in progress with completion expected mid November. This assessment has been severely hampered during 2016 by lake flooding events and the inherent variability of the drainable brine parameter of the LD sediments.

Notwithstanding the difficulties encountered, Reward believes that it now has sufficient trench and borehole pumping data to establish a meaningful Specific Yield SOP resource for LD. Modelling of the data and release of the resource estimate is expected to be in November.

Figure 2 – Brine Trench Locations



Figure 3 – Drill Hole Locations



- Evaporation trials and process chemistry studies have been completed. Plant and evaporation pond flows and mass balances were revised incorporating new data available.
- Knight Piesold Pty Ltd have been engaged to provide design and cost estimates for the LD brine supply (trench) network based on trench pumping trials completed recently. Preliminary report received.
- Knight Piesold have also been engaged to provide LD evaporation pond designs using LD evaporation data, brine chemistry and in-house expertise. A Preliminary report has been received and is being reviewed.
- Lycopodium Minerals Pty Ltd was engaged to update the LD Plant Flowsheet and Capital and Operating Cost parameters based on new testwork data. A Report is expected to be available for release in November 2016 and to include the Knight Piesold pond and brine trench criteria/costings along with other key cost estimates for the Project.

- **Process Water Borefield**

Successful program of drilling completed. Pumping trials are in progress for hydrogeological model development and statutory licensing. Excellent supply of low salinity water has been identified.

- **Environmental Approval Process**

Environmental submissions lodged with the Department of the Environment (Federal - DoEE) and the Western Australian Environmental Protection Authority (EPA-WA).

Requests for further information from DoEE have been received and responded to.

- EPA (WA) has advised that the LD project will be assessed at the Public Environment Review level. The outline of the EPA requirements under the assessment regime for the LD Project have been published on the EPA website and are being addressed. Reward anticipates completion of the works required and making the next submission by February 2017.

In particular, a further Level 2 Flora and Fauna survey, Stygofauna/Troglofauna surveys and process water bore field modelling has commenced. The aim is to complete the field work activities by November 30 and have the required reports available by year end 2016.

### Pilot Pond Operations

Previously, three 30 x 15 metre pilot ponds were partially constructed in the location proposed for the LD Project evaporation ponds. One of the ponds was completed and filled with brine to assess seepage rates from an unlined evaporation pond in that location. Monitoring of the pond is evaporation and seepage parameters continued during the period.

While significant seepage rate was recorded from the pond initially, this diminished with time. Since the ponds are located over a clay base (1-1.5 metres) it is believed that the seepage observed is lateral and not via the pond base.

The second trial pond has been constructed with plastic membrane around the side walls to block the lateral component of seepage losses. This pond has been filled with brine and is also being monitored to establish seepage losses from ponds with side wall membrane protection. This data will assist in finalising design of production ponds for the LD Project.

The pilot ponds will also provide bulk samples of crude Potash harvest for pilot scale processing to produce SOP for marketing purposes. These samples should become available early in 2017.

### LD Borehole Drilling

Three large diameter boreholes LDBH01-03 (150-200mm casing) have been completed to date at LD with a fourth in progress. Hole depths for LDBH01-03 are 80-100 metres.

The holes were cased and gravel packed ready for pumping to establish brine recovery rates from the various sediment horizons within the LD profile. Holes LDBH03 and LBDH04 (in progress) are designed to access significant running sand horizons (10-15m thickness) intercepted between 60-95 metres in the core holes drilled earlier in the same locations (see Figure 3).

Figure 4 – LD Stratigraphic Cross Section

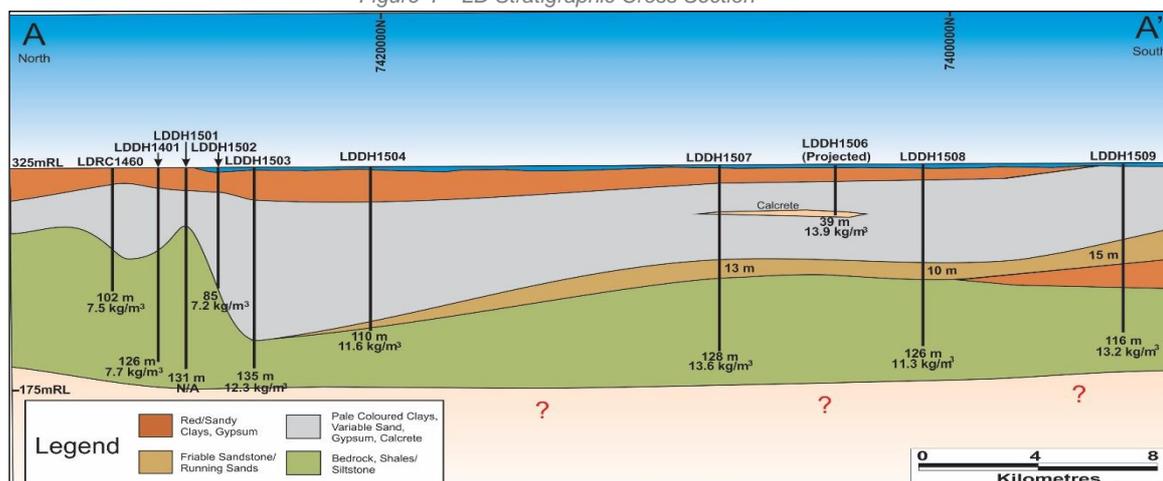


Table 1 – Core and Bore Hole Locations

Hole ID	East (51)	North (51)	Depth (m)	Dip
LDDH1501	481263	7426547	131	-90
LDDH1502	481565	7425422	87	-90
LDDH1503	477902	7424577	135	-90
LDDH1504	477743	7420598	110	-90
LDDH1505	471903	7412645	119	-90
LDDH1506	469922	7404587	39	-90
LDDH1507	478079	7408745	128	-90
LDDH1508	478056	7400534	126	-90
LDDH1509	473920	7392593	116	-90
LDDH1510	490520	7416771	121	-90
LDDH1512	461903	7404603	145	-90
LDDH1514	469903	7398591	99	-90
LDDH1516	493356	7408920	113	-90
LDBH1601	478589	7414131	81	-90
LDBH1602	479490	7401184	84	-90
LDBH1603	469452	7401199	114	-90
LDBH1604	461913	7404603	-	-90

First round pumping trials have been undertaken on LDBH01 and 02. The pumping data is currently being processed. LDBH03 successfully intercepted and cased off the anticipated sand horizon and is ready for pump trials. Analysis of brines from earlier core drilling indicated excellent SOP concentrations in brines recovered from these high flow zones at depth. Brine from the 55-84 metre zone in LDDH1514 which is adjacent to LDBH03 analysed at 15.4kg SOP/m<sup>3</sup> of brine. Pumping of brine from LDBH03 will commence mid October and is expected to last two weeks.

Yours faithfully,

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

#### Competent Persons Statement

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 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.

## Tenement Holdings as at 30 September 2016

Tenement	Status	RWD Ownership at Quarter End	% Interest Acquired During the Quarter	% Interest Disposed During the Quarter
<b>Lake Disappointment, Western Australia</b>				
E45/2801	Granted	100%	-	-
E45/2802	Granted	100%	-	-
E45/2803	Granted	100%	-	-
E45/3285	Granted	100%	-	-
E45/3286	Granted	100%	-	-
E45/4090	Granted	100%	-	-
E45/4121	Granted	100%	-	-
E45/4257	Granted	100%	-	-
E45/4258	Granted	100%	-	-
E45/4259	Granted	100%	-	-
E69/2156	Granted	100%	-	-
E69/2157	Granted	100%	-	-
E69/2158	Granted	100%	-	-
E69/2159	Granted	100%	-	-
E69/2902	Granted	100%	-	-
L45/302	Granted	100%	-	-
M45/1227	Granted	100%	-	-
<b>Dora West, Western Australia</b>				
E45/3246	Granted	100%	-	-
E45/4292	Granted	100%	-	-
ELA45/4321	Application	100%	-	-
ELA45/4488	Application	100%	-	-