

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2017

Highlights

- **Environmental Review Document (ERD) lodged with the Environmental Protection Agency of Western Australia (EPA) and Department of Environment and Energy (DotEE) (Federal);**
- **Prefeasibility Study nearing completion;**
- **Encouraging Trench and Lake Bore pumping trials;**
- **Pilot Pond Trials continuing;**
- **Greg Cochran appointed as Chief Executive Officer.**

Corporate

During the quarter, Reward announced the appointment of Greg Cochran as its new Chief Executive Officer. The appointment heralds a new phase for Reward as it builds corporate capability to develop the Company's Tier 1 Lake Disappointment ("LD") SOP Project. Mr Cochran is a highly experienced senior international mining executive having worked primarily in Africa, Australia and Asia.

Reward incurred expenditure of \$1.631 million during the quarter. Cash on hand at the end of the period was approximately \$1.688 million.

LD SOP Project

Environmental Submissions

On 22 December 2017, Reward lodged the Environmental Review Document (ERD) with the Environmental Protection Agency (EPA) of Western Australia. The Company also provided a copy of the ERD and further particulars with the Federal Department of the Environment and Energy.

Lodgement of the Environmental submissions represents a major milestone for Reward in respect of the LD Sulfate of Potash (SOP) Project. It is the culmination of a number of years of intensive work, including field flora and fauna studies, hydrological modelling, exploration drilling, metallurgical testwork, process plant design and numerous other facets of project design required to minimise and mitigate potential environmental impacts of LD's development.

The ERD will be reviewed by the EPA to ensure that it meets the environmental scoping guidelines issued in late October 2016. After this initial review the EPA will provide feedback to Reward so that the document can be updated prior to being authorised for public release. A four-week public review period will follow.

31 January 2018

ASX CODE
RWD

SHARE PRICE
\$0.275

SHARES ON ISSUE
135,760,396

MARKET CAPITALISATION
\$37M (undiluted)

DIRECTORS

Colin McCavana
Chairman

Michael Ruane
Director

Rod Della Vedova
Non-Executive Director

MANAGEMENT

Greg Cochran
Chief Executive Officer

Daniel Tenardi
Projects Director

Bianca Taveira
Company Secretary

KEY PROJECT

Lake Disappointment Project

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Reward will be required to respond to the public comments and update the ERD where necessary prior to the submission of the final draft for assessment by the EPA. A further period of consultation will follow with the EPA over draft implementation conditions that may be required during the Project's life. The EPA will then report formally to the Minister for the Environment with its recommendations pertaining to the Project's implementation conditions. It is possible that the assessment and consultation process may continue throughout 2018 before culminating in Ministerial decision.

Prefeasibility Study (PFS)

During the December quarter, the Company appointed CPC Project Design Pty Ltd to undertake the Prefeasibility Study on the LD SOP Project. Reward also commissioned Ercosplan Anlagentechnik to review the Process Flowsheet and Mass Balance data that forms the basis for the Project Capital and Operating cost estimates that will be incorporated into the PFS by CPC.

The PFS is nearing completion with release expected during the first quarter of 2018.

Surface Trench – Brine Pumping Trials

In January 2017, the Company reported results of brine extraction from 13 trenches excavated on the surface of Lake Disappointment (see ASX Release 31 January 2017).

The trenches varied from 20 metres to 170 metres in length and were widely spaced across LD to provide reasonable coverage over the playa surface. The length of the trenches was varied to ensure that brine inflows were adequate to provide steady state pumping conditions ie constant head in the trenches being tested. Results were encouraging with flow rates ranging from 38 to 360m³ per km of trench length averaging 3,816m³/day/km (159m³/hr/km) from 1.5 to 2 metre deep trenches (see Figure 1 showing the location of the 2016 trenches).

Follow up trench pumping trials commenced in September 2017 with the construction of two shallow 1km trenches in the north western sector of LD where it is planned to ultimately construct the project evaporation ponds. In this area, a heavy clay layer exists at a depth between 1 to 2 metres below surface which should provide an excellent pond base seal. (The location of the two 1km trenches recently excavated is shown in Figure 2.)

The rationale for construction location and trench design was that the trenches in this location are expected to provide moderate brine inflow and be of sufficient length to provide additional definitive inflow data for incorporation into the existing LD hydrogeological model. As reported at the end of last quarter, the initial trial work involved pumping of approximately 20 million litres of brine at a rate of 8 litres/sec over 33 days. A 0.2m drawdown was observed in the trench and negligible drawdown observed in monitoring bores in the lake bed beyond 10 metres from the trench edge; in effect the test has reached steady state.

After the success of the initial pumping period which at a nominal depth of 2 metres gave access to the horizon above the heavy clay zone it was decided to increase the pumping rate to 10.7 l/s which resulted in a drawn down of 0.3 metres (from initial static water level) and demonstrated measurable drawdown in the monitoring bores up to 220 metres from the trench.

Figure 1 – 2016 Brine Trench Locations



This phase of the trial extraction from the eastern trench (“PT12”) ran from 12 October 2017 until 20 December 2017, end of the field season.

Over the 26 days of extraction, the steady state flow rate of 10.7 litres/sec was maintained, which equates to 925m³ of brine per km of trench per day. Water level (SWL) drawdown in the trench of around 0.3 metres ensured at least 0.5 metre brine depth allowing free flow of brine along the trench to the pump pick up.

The monitoring bores were established at distances of 10 to 220 metres from the trenches to assess drawdown of the water table (SWL) with time to provide data for hydrological modelling of the trench system. This modelling is now in progress. At the end of the pumping trial, Reward commenced deepening of Trench PT12 to 5 metres but this was stopped at the end of the field season. It is planned to recommence the trial in February 2018 – weather permitting.

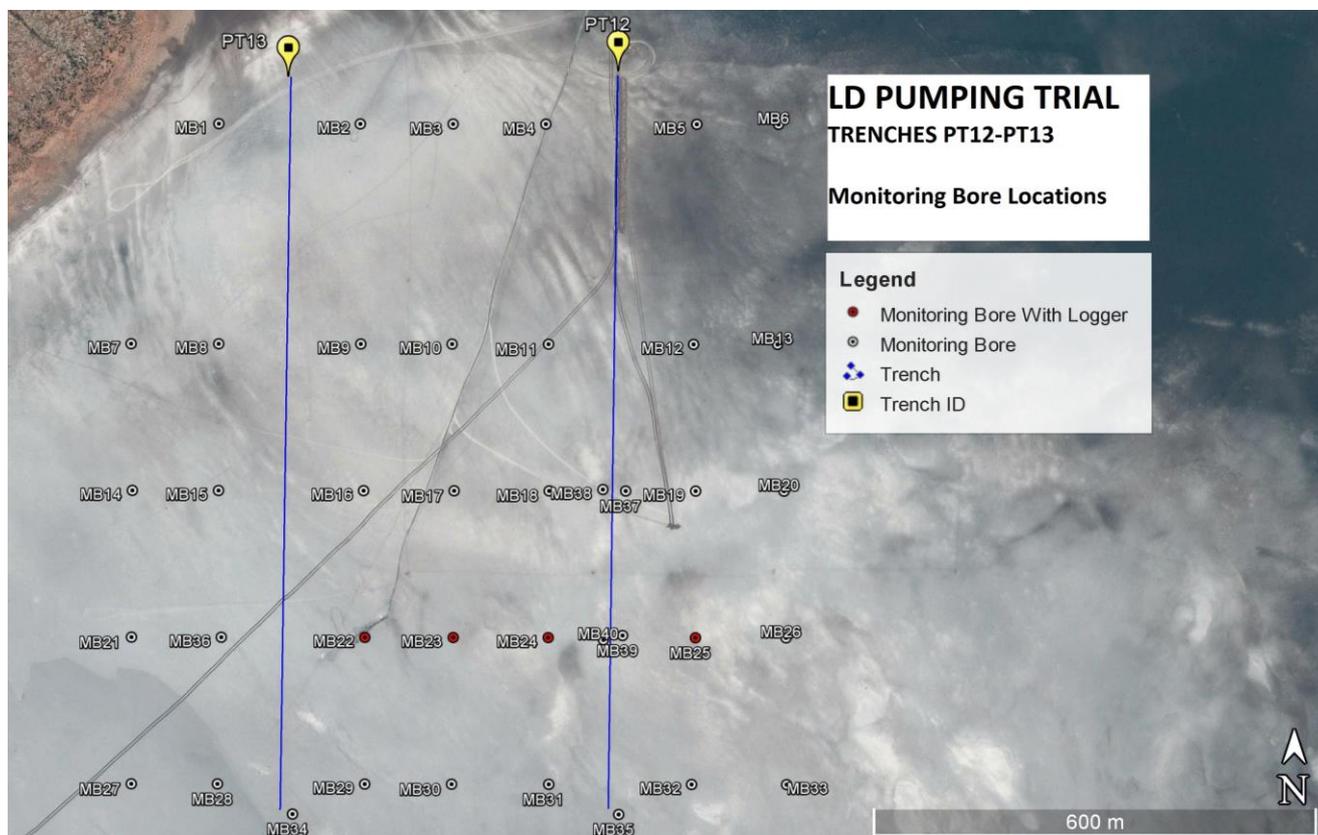
The Potash content of brine pumped from PT12 throughout both periods of extraction was remarkably steady averaging 5.82 g/litre K or 13.0 g/litre SOP. (See Table 1 for analytical data.) In the end, approximately 75 million litres of brine were pumped from PT12 during the exercise.

It is proposed to deepen the trenches to approximately 5 metres to include the zone referred to LD’s total shallow Drainable Resource reported in Reward’s ASX Release dated 7 February 2017. This resource was estimated at 7.48Mt SOP down to 6 metres depth.

Table 1 PT12 Trench Brine Analyses

Trench ID	Sample ID	Date	Ca (mg/l)	K (mg/l)	SOP (g/l)	Mg (mg/l)	Na (mg/l)	SO ₄ (mg/l)	Cl (mg/l)	SG
PT12	North End	2/08/2017	425	6,000	13.40	5,300	103,700	16,050	169,689	1.19
PT12	North End	12/10/2017	475	5,600	12.48	4,770	98,600	27,300	152,059	1.19
PT12	North End	26/10/2017	500	5,800	12.92	5,100	94,100	14,100	156,466	1.18
PT12	South End	28/10/2017	425	6,050	13.48	5,350	104,150	27,450	165,281	1.19
PT12	North End	28/10/2017	475	5,650	12.59	4,820	96,800	26,850	152,059	1.18
PT12	North End	22/11/2017	500	6,000	13.40	4,900	97,400	27,000	156,466	NA

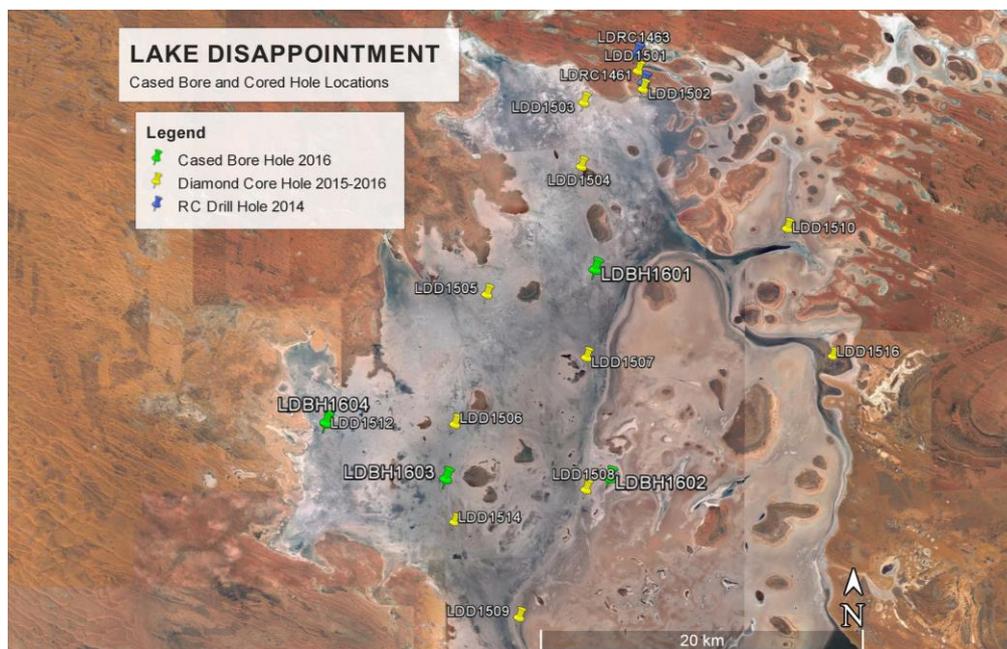
Figure 2 LD Pumping Trials Trenches PT12 to PT13



LD Playa Borehole Pumping

During the period, Reward undertook airlift pumping trials on five cased bores of which four (LDBH 1601 to 1604) were at widespread locations on LD and one (LDRC 1462) located approximately 2km north of the northern shoreline of LD (See Figure 3).

Figure 3 Cased Bore and Cored Hole Locations



The Lake Boreholes were drilled during 2016 to 250mm diameter and cased with 200mm diameter slotted casing. Details are provided in Table 2.

Table 2 Cased Boreholes – Airlift Results ⁽¹⁾

Hole ID	East	North	Cased Depth (m)	Airlift Flow Rates (l/s)	Assays (g/l of Brine)							Total Ions	Brine SG
					Ca	K	SOP	Mg	Na	SO ₄	Cl		
LDBH1601	478589	7414131	81	2.9	0.72	4.53	10.10	2.96	92.78	14.85	145.45	271.4	1.167
LDBH1602	479490	7401184	78	3.0	0.58	4.95	11.00	3.37	93.20	21.45	143.24	277.8	1.170
LDBH1603	469348	7401120	78	7.4	0.39	5.73	12.80	5.93	96.78	22.20	154.26	298.1	1.182
LDBH1604	461906	7404594	90	5.0	0.33	6.55	14.60	7.45	99.75	33.75	160.87	323.3	1.195
LDRC1461 ²	481560	7425711	132 ^{3,4}	5.0	1.12	3.24	7.22	0.99	86.24	10.45	130.65	239.9	1.147
LDRC1463 ⁵	481130	7427520	106	20+	0.95	3.10	7.00	1.35	84.60	12.15	130.02	239.2	1.147

- Notes:
- 1: December 2017
 - 2: Off lake 120m north of LD shoreline - 100mm casing
 - 3: Exploration hole 108mm diameter
 - 4: Total drilled depth and airlift depth - hole remains uncased
 - 5: Off lake 2,000m north of LD shoreline

The Borehole sites were selected with a view to testing sites on LD with different sediment profiles. On lake pumping was delayed until mid-2017 by flooding and other logistical issues at LD.

In this context, Reward elected to conduct air lift pumping of the holes to firstly clean out/develop the bores and then obtain reasonable estimates of brine extraction rates from respective cased bores. Holes LDRC 1461 and 1463 were drilled as part of an off-playa drilling program in 2014. Heavy brine flows were encountered in the holes and these were re-tested in conjunction with the playa boreholes in the current test program (airlift pumping).

As can be seen from the results provided in Table 2 above flow rates and brine analyses were both very encouraging.

Results from LDBH 1603 and 1604 were excellent in terms of both flow rates and brine grade. Airlift flow rates of 7.4l/sec and 5l/sec respectively of brine averaging 13.7 g/litre SOP are highly encouraging. Controlled pumping with variable speed electric submersible pumps is expected to improve the brine flow from these holes. These holes are approximately 8km apart across the interpreted LD Palaeochannel system.

Holes LDBH 1601 and 1602 are located at sites where previous core holes indicated significant thickness of clay sediment. Flowrates from these holes were relatively low 2.9 to 3 l/sec. The flow from LDBH 1602 was somewhat disappointing on the basis that it was located only 2km from LDDH 1508 core hole which intersected 8 metres of friable sand from 71 metres depth and a similar horizon was encountered in LDBH 1602 during drilling. Some technical issues during casing and gravel packing the bore may have contributed to the low flow parameter for LDBH 1602.

It was noted also that the SOP grades in brines recovered from LDBH 1601 to 1602 were somewhat lower (by Reward's standards) than those in 1603 and 1604 (10.6 vs 13.7 g/l SOP).

Additional bores and further pumping trials are planned to firm up brine flow rates and draw down profiles to establish brine transmissivity and specific yield parameters of the deeper sediments at LD.

Pilot Pond Evaporation Trials

In the previous period, Reward completed two new 50 x 40 metre membrane lined ponds to obtain further data on brine evaporation rates (versus brine SG) and Potash harvest grades for a number of different evaporation pathways. These ponds (in conjunction with those already in place) will provide a substantial quantity of product for processing to SOP.

Pumping of brine commenced on 24 October 2017 with an initial brine depth of 500mm. Input brine was pumped from adjacent trench TT1 where the brine grade was 13.0 g/litre SOP.

Brine evaporation rate for the period 30 October 2017 to 27 November 2017 was approximately 10mm per day. Since the brine levels were topped up each week it is expected that the summertime brine evaporation rate for raw LD brine will be of this order. Evaporation rates for LD brine of higher Magnesium content will be established as the brines become more concentrated.

Considerable quantities of salt have already crystallised in the two new ponds. See Figures 4 and 5.

Figure 4 Photo taken 13 December 2017



Figure 5 Photo taken 24 January 2018



Competent Persons Statement

This information in this report that relates to Resource Estimation and hydrogeology is based on information compiled by Mr Robert Kinnell, a hydrogeologist and Competent Person who is a Member of The Australian Institute of Mining and Metallurgy and a Fellow of the Geological Society of London. Mr Kinnell is employed by Strategic Water Management and is a consultant to Reward Minerals 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 Kinnell 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 Metallurgical Flowsheet Design 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 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.

Michael Ruane
Director
on behalf of the Board

Tenement Holdings as at 31 December 2017

Tenement	Status	RWD Ownership at Quarter End	% Interest Acquired During the Quarter	% Interest Disposed During the Quarter
Lake Disappointment, Western Australia				
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%	-	-
E69/2156	Granted	100%	-	-
E69/2157	Granted	100%	-	-
E69/2158	Granted	100%	-	-
E69/2159	Granted	100%	-	-
E69/3275	Granted	100%	-	-
E69/3276	Granted	100%	-	-
L45/302	Granted	100%	-	-
M45/1227	Granted	100%	-	-
LA46/128	Application	100%	-	-
Dora West, Western Australia				
E45/3246	Granted	100%	-	-
E45/4292	Granted	100%	-	-
ELA45/4321	Application	100%	-	-
ELA45/4488	Application	100%	-	-