

# QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2015

28 April 2015

**ASX CODE**  
RWD

**SHARE PRICE**  
\$0.62

**SHARES ON ISSUE**  
111.7M

**OPTIONS**  
24.1M (\$0.25 - \$1.09)

**MARKET CAPITALISATION**  
\$69.3M (undiluted)

**CASH & INVESTMENTS**  
~\$4M  
Mar'15 Qtly

**DIRECTORS & MANAGEMENT**

Colin McCavana  
*Chairman*

Rod Della Vedova  
*Non-Executive Director*

Michael Ruane  
*Managing Director*

Daniel Tenardi  
*Projects Director*

Paul Savich  
*Corporate Development Officer*

Bianca Taveira  
*Company Secretary*

**KEY SOP PROJECTS**

LD Potash Project  
Karly Potash Project  
Dora Potash Project

**HEAD OFFICE**

Reward Minerals Ltd  
159 Stirling Highway  
Nedlands WA 6009

PO Box 1104  
Nedlands WA 6909

ACN 009 173 602  
ABN 50 007 173 602

T: 08 9386 4699  
F: 08 9386 9473  
E: admin@rewardminerals.com

**Corporate**

Cash on hand at 31 March 2015 was approximately \$3 million. In addition, Reward Minerals Limited (“Reward” or the “Company”) continues to hold approximately \$1 million in listed investments.

During the quarter research was initiated by BW Equities and details are available on the Company’s website.

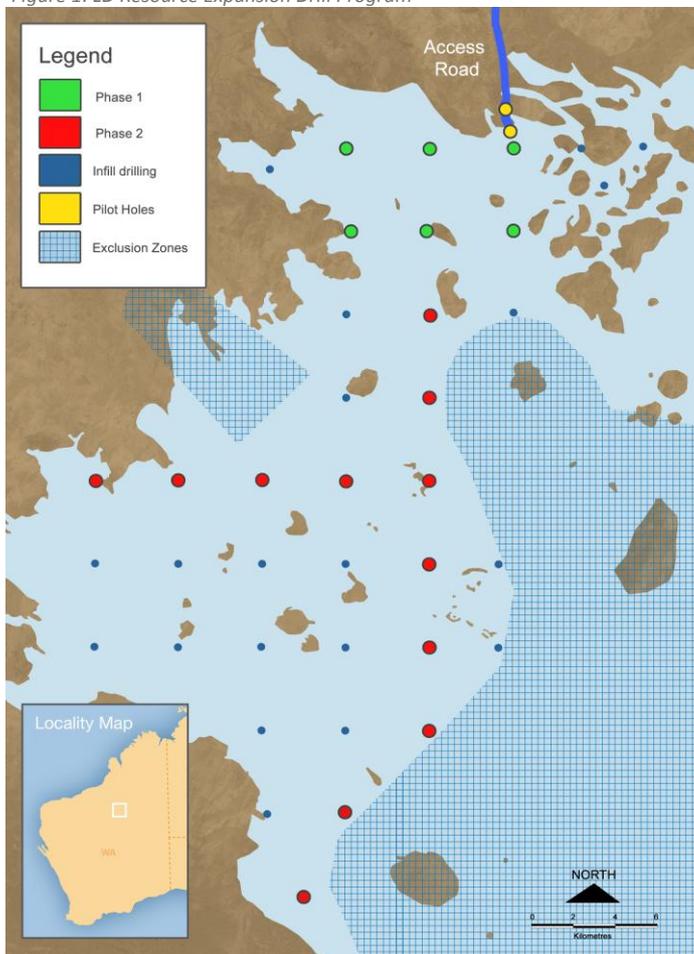
**LD Potash Project**

**Exploration**

In March 2015 the Company commenced drilling at its LD Project. The program is being undertaken to expand the existing high grade Potassium Sulfate (“SOP”) resource at depth using the Company’s recently purchased heli-transportable coring rig. A diagram of proposed hole locations and sequencing is provided in Figure 1 below.

LD currently hosts a JORC (2004) Indicated 24.4Mt resource grading 12.37kg SOP/m<sup>3</sup> of brine from surface to an average depth of only four metres.

Figure 1: LD Resource Expansion Drill Program



## LD Potash Project

### Exploration (cont.)

All holes will be cored and cased with slotted PVC piping for brine sampling and analysis. The first hole, LDD1501, was drilled approximately 350 metres from the northern shore of LD to a total depth of 130 metres with core recovery of over 85%.

Core and samples for hole LDD1501 have arrived in Perth and are currently being analysed. Results will be provided to the market when they become available.

By early April the Company had commenced drilling the second hole, LDD1502, on the lake proper some 250 metres from the northern shore (see Figures 2 & 3).

*Figures 2 & 3: LDD1502 drilling*



While drilling progress has been slower than anticipated, teething problems such as mud regimes and rig relocation procedures have been overcome. Issues with equipment bogging on the LD surface have reduced significantly in recent days with the drying out of the lake surface which was inundated by recent rainfall.

## LD Potash Project

### Development

Subsequent to the quarter the Company released the results of its Scoping Study (for full details refer to ASX announcement 2 April 2015). The study is considered an important milestone in the Company's goal of advancing the LD Project toward production and demonstrates strong economics underpinning the Project.

The Company focussed on delivering results which are sound from both technical and economic aspects. While the Scoping Study delivers an estimation accuracy of  $\pm 30\%$ , some 70% of the Project's capital and 60% of operational expenditure estimates are supported by design and/or quotes obtained from reputable suppliers providing a level of assurance typically reserved for more advanced project studies.

Results of the scoping study were assessed for economic viability using a Discounted Cashflow Model developed by the Company and key outcomes are presented below including a sensitivity to the SOP price. Recent SOP sales have been in the range of approximately A\$630/t to A\$1,012/t (sources: €445/t to US\$735/st: US Gulf, Argus FMB, Fertecon).

Table 1: Project Economics

	Low Case	Base Case	High Case
SOP Price	A\$700/t (US\$560/t)	A\$750/t (US\$600/t)	A\$800/t (US\$640/t)
SOP Production	400,000tpa	400,000tpa	400,000tpa
Capital Cost <sup>1</sup>	A\$320M	A\$320M (US\$256M)	A\$320M
Mine Gate Operating Cost	A\$204/t	A\$204/t (US\$164/t)	A\$204/t
Operating Cost (FOB) <sup>2</sup>	A\$328/t	A\$328/t (US\$263/t)	A\$328/t
Life of Mine <sup>3</sup>	+13 years	+13 years	+13 years
Pre-Tax NPV <sub>10%</sub>	A\$425M (US\$340M)	A\$534M (US\$427M)	A\$642M (US\$514M)
Pre-Tax IRR	33%	37%	42%
EBITDA (avg p.a.)	A\$135M (US\$108M)	A\$154M (US\$123M)	A\$173M (US\$138M)

Notes:

1 – Excludes Contingencies

2 – Operating cost includes mining, processing, general administration and haulage and port costs

3 – LOM calculated based on existing 24.4Mt Indicated JORC (2004) resource at 20% specific yield

4 – Exchange rate assumption: USD0.80:AUD1.00

Reward is currently undertaking a drilling program at the LD Project which has the potential to significantly expand the existing 24.4Mt JORC (2004) Indicated SOP resource (at depth) and thereby substantially extend the mine life.

**For full details of the Scoping Study please refer to ASX release dated 2 April 2015.**

## Dora Potash Project

In like with the Company’s focus on its flagship LD Project limited work was performed during the quarter at the Dora Project. In addition tenement holdings have been rationalised to retain potential resource areas while minimising Project holding costs.

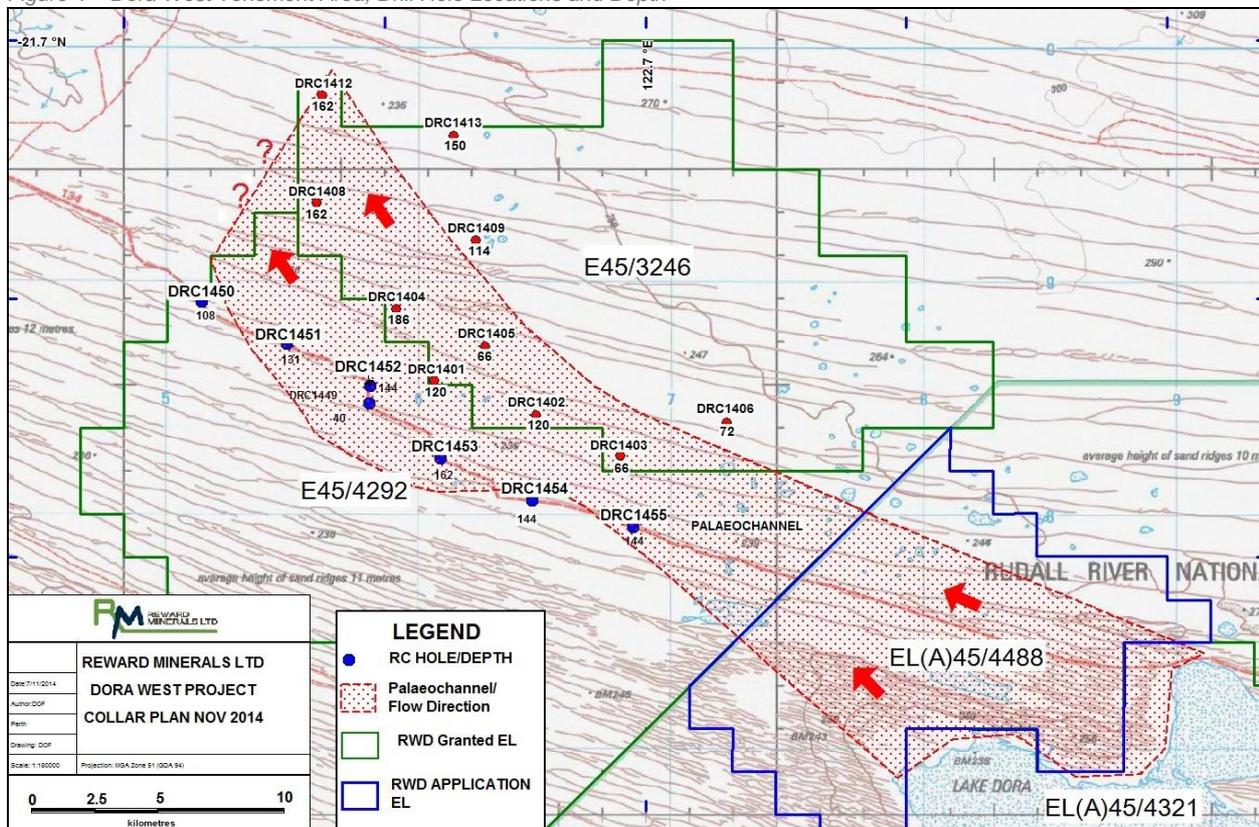
Earlier exploration at the Project targeted the palaeovalley which traverses the granted tenements located north-west of Lake Dora proper. To date 17 holes have been drilled indicating that the static water table (SWT) in the drilling area is generally less than four metres below surface. Heavy brine flows encountered in seven of the holes drilled.

Brines recovered from the holes drilled were relatively low in Total Dissolved Salts (“TDS”) indicating they are well under saturation levels, presumably due to incoming surface runoff. The chemistry of the brines is favourable in terms of K:Mg, SO<sub>4</sub>:K and Na:K ratios however the dilution of the Palaeochannel brines by fresh ground water percolating from the margins of the valley significantly reduces the SOP content of insitu brines. While dilution is not ideal, favourable evaporation conditions in the region counteract the dilution effect of surface waters to a significant degree.

Additional drilling and brine analysis data is required to provide more definitive Palaeochannel depth and width dimensions.

**Refer to the announcement dated 11 October 2014 for full details and analytical results.**

Figure 4 – Dora West Tenement Area, Drill Hole Locations and Depth

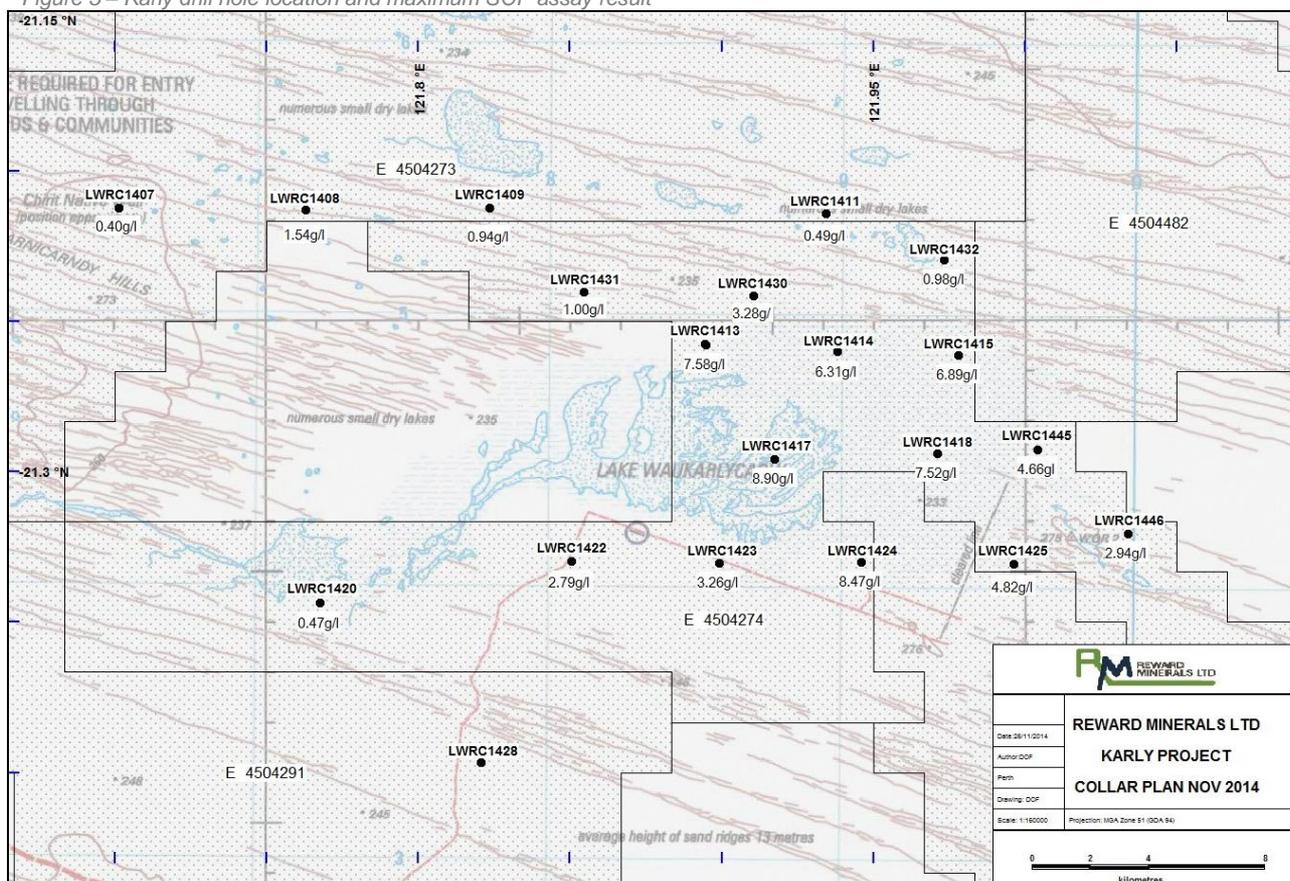


## Karly Potash Project

In line with the Company's focus on its flagship LD Project limited work was performed during the quarter at the Karly Project. In addition tenement holdings have been rationalised to more efficiently cover targeted areas and to minimise Project holding costs.

During 2014 the Company completed a maiden drilling program at the Karly Project. A total of 20 RC drill holes and one cased borehole were completed for a total of 2,909 metres. The widely spaced holes covered a north-west south-east distance of approximately 35km and an east-west distance of approximately 20km at the widest point (see Figure 5 below).

Figure 5 – Karly drill hole location and maximum SOP assay result



The Static Water Level ("SWL") was less than two metres in all areas tested therefore the ground drilled was effectively saturated with water or brine from near surface. Chemistry and ion ratios of brines encountered were similar to those observed at the LD and Dora West Projects and hence suitable for SOP recovery following evaporation.

Data recovered confirmed the Palaeovalley concept and the presence of a large Palaeo-system. Results suggested brine flows into the Waukarlyarly Embayment from a south-easterly direction and concentrates in the vicinity of Lake Waukarlyarly providing brines with SOP values of up to 9kg/m<sup>3</sup> near the evaporation epicentre. Considerable additional exploratory work is required to provide a meaningful assessment of the Waukarlyarly Embayment's Potash potential.

Refer to the announcement dated 3 December 2014 for full details and analytical results.

## Adavale Project

During the quarter the Company relinquished its Adavale Project tenements in Queensland. Despite numerous expressions of interest, Reward has been unable to secure a joint venture partner with sufficient financial resources to explore and evaluate the Potash targets despite their promise. In addition the Company notes substantial increases in tenement holding costs in Queensland which continue to discourage exploration activities within the state.

For further information please visit our website: [www.rewardminerals.com](http://www.rewardminerals.com)

Yours faithfully

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

### Competent Persons Statement

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.

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Mr Simon Coxhell, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Coxhell is a consultant to Reward Minerals Ltd. Mr Coxhell 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Coxhell 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 31 March 2014

Tenement	Status	RWD Ownership at Quarter End	% Interest Acquired During the Quarter	% Interest Disposed During the Quarter
<b>LD, Western Australia</b>				
E45/2801	Granted	100%	-	-
E45/2802	Granted	100%	-	-
E45/2803	Granted	100%	-	-
E69/2156	Granted	100%	-	-
E69/2157	Granted	100%	-	-
E69/2158	Granted	100%	-	-
E69/2159	Granted	100%	-	-
E69/2902	Granted	100%	-	-
E45/3285	Granted	100%	-	-
E45/3286	Granted	100%	-	-
E45/4090	Granted	100%	-	-
E45/4121	Granted	100%	-	-
L45/302	Granted	100%	-	-
M45/1227	Granted	100%	-	-
E45/4257	Relinquished	-	-	100%
E45/4258	Relinquished	-	-	100%
E45/4259	Relinquished	-	-	100%
EL(A)69/3275	Application	-	-	-
EL(A)69/3276	Application	-	-	-
EL(A)69/3277	Application	-	-	-
<b>Lake Auld, Western Australia</b>				
E45/2804	Granted	100%	-	-
<b>Lake Winifred, Western Australia</b>				
E45/4272	Granted	100%	-	-
<b>Dora West, Western Australia</b>				
E45/3246	Granted	100%	-	-
E45/4292	Granted	100%	-	-
EL(A)45/4321	Application	-	-	-
EL(A)45/4488	Application	-	-	-
<b>Karly, Western Australia</b>				
E45/4273	Granted	100%	-	-
E45/4274	Granted	100%	-	-
E45/4291	Granted	100%	-	-
E45/4293	Granted	100%	-	-
E45/4294	Granted	100%	-	-
E45/4299	Granted	100%	-	-
E45/4324	Granted	100%	-	-
EL(A)45/4426	Application	-	-	-
EL(A)45/4482	Application	-	-	-
<b>Adavale, Queensland</b>				
EPM16409	Relinquished	-	-	100%
EPM16410	Relinquished	-	-	100%
EPM16413	Relinquished	-	-	100%